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**THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect about this Composite Document and/or the accompanying Form(s) of Acceptance and Transfer or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in OTO HOLDINGS LIMITED, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance and Transfer to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

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

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance and Transfer, the contents of which form part of the terms and conditions of the Offers.

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**Tempus Holdings  
(Hong Kong) Limited**

*(Incorporated in Hong Kong  
with limited liability)*



Balance Life

**OTO HOLDINGS LIMITED**

**豪特保健控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 6880)**

**COMPOSITE DOCUMENT RELATING TO  
MANDATORY UNCONDITIONAL CASH OFFERS BY  
QUAM SECURITIES COMPANY LIMITED**



**ON BEHALF OF TEMPUS HOLDINGS (HONG KONG) LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
IN THE ISSUED SHARE CAPITAL OF  
OTO HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE  
ACQUIRED BY TEMPUS HOLDINGS (HONG KONG) LIMITED AND/OR  
PARTIES ACTING IN CONCERT WITH IT) AND  
FOR THE CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS**

**Financial adviser to  
Tempus Holdings (Hong Kong) Limited**



**Financial adviser to  
OTO Holdings Limited**



**Independent Financial Adviser to the Independent Board Committee of  
OTO Holdings Limited**



**高銀融資有限公司  
GOLDIN FINANCIAL LIMITED**

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Capitalised terms used on this cover page shall have the same meanings as those defined in this Composite Document.

A letter from Quam Securities containing, among other things, principal terms of the Offers is set out on pages 7 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 23 of this Composite Document.

A letter from the Independent Board Committee to the Independent Shareholders and the Optionholders containing its recommendation in respect of the Offers is set out on pages 24 and 25 of this Composite Document. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee in respect of the Offers and the principal factors considered by it in arriving at its recommendation is set out on pages 26 to 44 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offers are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance and Transfer. Acceptances of the Share Offer should be received by the Registrar and acceptances of the Option Offer should be received by the company secretary of the Company as soon as possible and in any event not later than 4:00 p.m. on Tuesday, 27 January 2015 (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

6 January 2015

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.*

Despatch date of this Composite Document and the accompanying Form(s) of Acceptance and Transfer and commencement date of the Offers ( <i>Note 1</i> )	Tuesday, 6 January 2015
Latest time and date for acceptance of the Offers ( <i>Note 2</i> )	4:00 p.m. on Tuesday, 27 January 2015
Closing Date ( <i>Note 2</i> )	Tuesday, 27 January 2015
Announcement of the results of the Offers (or its extension or revision, if any), to be posted on the website of the Stock Exchange ( <i>Note 2</i> )	No later than 7:00 p.m. on Tuesday, 27 January 2015
Latest date for posting of remittances in respect of valid acceptances received under the Offers ( <i>Note 3</i> )	Thursday, 5 February 2015

*Notes:*

1. The Offers, which are unconditional, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until the Closing Date.
2. The Offers, which are unconditional, will be closed on the Closing Date. The latest time and date for acceptance will be at 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or have expired. In the event that the Offeror decides that the Offers will remain open, the announcement will state the next closing date of the Offers or that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given, before the Offers are closed, to those Shareholders and Optionholders who have not accepted the Offers. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be postponed to 4:00 p.m. on the next business day (as defined under the Takeovers Code) which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be the same day, i.e. 4:00 p.m. on the Closing Date.
3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares and/or the Share Options tendered under the Offers will be despatched to the Independent Shareholders and/or the Optionholders accepting the Offers by ordinary post at their own risk as soon as possible, but in any event within seven business days (as defined under the Takeovers Code) after the date of receipt of all relevant documents (receipt of which renders such acceptance complete and valid) in accordance with the Takeovers Code. Acceptance of the Offers shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 8 headed "Right of Withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

**All references to dates and times contained in this Composite Document refer to Hong Kong dates and times.**

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## DEFINITIONS

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

“Acquisition”	acquisition of the Sale Shares by the Offeror from the Vendors and the Selling Shareholders in accordance with the First Share Purchase Agreement and the Second Share Purchase Agreement respectively
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day”	any day (excluding a Sunday or Saturday) on which licensed banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Internet System”	has the meaning ascribed to it in General Rules of CCASS
“CCASS Phone System”	has the meaning ascribed to it in General Rules of CCASS
“Closing Date”	27 January 2015, the closing date of the Offers, which is 21 days after the date on which this Composite Document is posted or if the Offers are extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive, in accordance with the Takeovers Code
“Company”	OTO Holdings Limited (stock code: 6880), a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Composite Document”	this composite offer and response document in respect of the Offers jointly despatched by the Offeror and the Company in accordance with the Takeovers Code
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Declared Dividend”	the interim dividend of HK cent 0.622 per Share and the special dividend of HK cent 0.415 per Share in respect of the six months ended 30 September 2014, which were declared by the Board on 20 November 2014

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## DEFINITIONS

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“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“First Sale Shares”	157,159,408 Shares acquired by the Offeror from the Vendors pursuant to the First Share Purchase Agreement, which represent approximately 49.13% of the entire issued share capital of the Company as at the Latest Practicable Date, and “First Sale Share” means any of them
“First Share Purchase Agreement”	the share purchase agreement dated 28 November 2014 entered into between the Vendors and the Offeror in relation to the sale and purchase of the First Sale Shares
“Form(s) of Acceptance and Transfer”	collectively, the accompanying WHITE form of acceptance and transfer of Offer Shares in respect of the Share Offer and the PINK form of acceptance and cancellation of outstanding Share Options in respect of the Option Offer
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising all independent non-executive Directors, formed to advise the Independent Shareholders and the Optionholders in respect of the Offers
“Independent Financial Adviser”	Goldin Financial Limited, a corporation licensed to carry out 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 Offers
“Independent Shareholders”	holders of Shares, other than the Offeror and parties acting in concert with it, the Vendors and the Selling Shareholders
“Initial Announcement”	the announcement published by the Company dated 11 June 2014 in relation to a possible offer for the Shares pursuant to Rule 3.7 of the Takeovers Code

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## DEFINITIONS

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“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 16 December 2014 in relation to, among others, completion of the Share Purchase Agreements and the Offers
“Last Trading Day”	28 November 2014, being the last full trading day immediately prior to suspension of trading in the Shares pending the release of the Joint Announcement
“Latest Practicable Date”	2 January 2015, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offeror” or “Purchaser”	Tempus Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period from the date of Initial Announcement until the Closing Date
“Offer Shares”	117,981,600 Shares that are subject to the Share Offer and “Offer Share” means any of them
“Offers”	the Share Offer and the Option Offer
“Optionholders”	the holders of the Share Options from time to time
“Option Offer”	the mandatory unconditional cash offer to be made by Quam Securities on behalf of the Offeror, for cancellation of all outstanding Share Options in accordance with the Takeovers Code
“Option Offer Price”	the price at which the Option Offer is made, i.e. HK\$1.47 per outstanding Share Option with an exercise price of HK\$0.62
“Overseas Optionholders”	Optionholders whose registered addresses, as shown on the register of optionholders of the Company, are outside Hong Kong
“Overseas Shareholders”	Shareholders whose registered addresses, as shown on the register of members of the Company, are outside Hong Kong
“Pingfeng Jewellery”	深圳市平豐珠寶有限公司 (Shenzhen Pingfeng Jewellery Ltd.*), a company incorporated in the PRC with limited liability

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## DEFINITIONS

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“PRC”	the People’s Republic of China (for the purpose of this Composite Document, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Quam Capital”	Quam Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror in respect of the Offers
“Quam Securities”	Quam Securities Company Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Registrar”	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar and transfer office of the Company, with its registered address at 31/F., 148 Electric Road, North Point, Hong Kong
“Relevant Period”	the period commencing on 11 December 2013, being the date falling six months before the commencement of the Offer Period, up to and including the Latest Practicable Date
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“Sale Shares”	the First Sale Shares and the Second Sale Shares, and “Sale Share” means any of them
“Second Sale Shares”	21,980,592 Shares acquired by the Offeror from the Selling Shareholders pursuant to the Second Share Purchase Agreement, which represent approximately 6.87% of the entire issued share capital of the Company as at the Latest Practicable Date, and “Second Sale Share” means any of them
“Second Share Purchase Agreement”	the share purchase agreement dated 28 November 2014 entered into between the Selling Shareholders and the Offeror in relation to the sale and purchase of the Second Sale Shares
“Selling Shareholders”	Mr. Tan Beng Gim and Ms. Chua Siew Hun
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of US\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Offer”	the mandatory unconditional cash offer to be made by Quam Securities 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 concert with it in accordance with the Takeovers Code
“Share Offer Price”	the price at which the Share Offer is made, i.e. at HK\$2.09 per Offer Share
“Share Option(s)”	option(s) to subscribe for Share(s) granted by the Company in accordance with the share option scheme adopted by the Company on 25 November 2011
“Share Purchase Agreements”	the First Share Purchase Agreement and the Second Share Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers issued by the SFC
“Tempus Asset”	深圳市騰邦資產管理股份有限公司 (Shenzhen Tempus Asset Management Co. Ltd.*), a company incorporated in the PRC with limited liability
“Tempus Global”	深圳市騰邦國際商業服務股份有限公司 (Shenzhen Tempus Global Business Service Holdings Ltd.), a joint stock company incorporated in the PRC with limited liability with its shares listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300178)
“Tempus Group”	Tempus Investment Holdings and its subsidiaries
“Tempus Investment Holdings”	騰邦投資控股有限公司 (Tempus Investment Holdings Ltd.*), a company incorporated in the PRC with limited liability
“Tempus Logistics”	深圳市騰邦物流股份有限公司 (Shenzhen Tempus Logistics Holding Ltd.*), a company incorporated in the PRC with limited liability
“Tempus Value Chain”	Tempus Value Chain Limited (formerly known as Tempus International Hongkong Limited), a company incorporated in Hong Kong with limited liability



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## DEFINITIONS

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“Vendors” Mr. Yip Chee Seng, Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Way, David and Mr. Yep Gee Kuarn, the executive Directors as at the Latest Practicable Date

“%” per cent.

\* *The English transliteration of the Chinese names of the PRC entities in this Composite Document, where indicated, is included for identification purpose only and is not the official English names for such PRC entities.*

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## LETTER FROM QUAM SECURITIES

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**Quam Securities Company Limited**

A Member of The Quam Group

*To the Independent Shareholders and the Optionholders*

6 January 2015

Dear Sir or Madam,

**COMPOSITE DOCUMENT RELATING TO  
MANDATORY UNCONDITIONAL CASH OFFERS BY  
QUAM SECURITIES COMPANY LIMITED  
ON BEHALF OF TEMPUS HOLDINGS (HONG KONG) LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
IN THE ISSUED SHARE CAPITAL OF  
OTO HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE  
ACQUIRED BY TEMPUS HOLDINGS (HONG KONG) LIMITED AND/OR  
PARTIES ACTING IN CONCERT WITH IT) AND  
FOR THE CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS**

### **INTRODUCTION**

On 16 December 2014, the Offeror and the Company jointly announced that, among others, the Offeror entered into (i) the First Share Purchase Agreement with the Vendors, pursuant to which the Offeror conditionally agreed to purchase and the Vendors conditionally agreed to sell the First Sale Shares, being the aggregate interest of 157,159,408 Shares held by the Vendors, representing approximately 49.13% of the entire issued share capital of the Company as at the date of the Joint Announcement at a consideration of HK\$2.09 per First Sale Share; and (ii) the Second Share Purchase Agreement with the Selling Shareholders pursuant to which the Offeror conditionally agreed to purchase and the Selling Shareholders conditionally agreed to sell the Second Sale Shares, being the aggregate interest of 21,980,592 Shares held by the Selling Shareholders, representing approximately 6.87% of the entire issued share capital of the Company as at the date of the Joint Announcement at a consideration of HK\$2.09 per Second Sale Share. The Completion of the First Share Purchase Agreement and the Second Share Purchase Agreement took place on 5 December 2014.

Immediately following the Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it hold in aggregate 179,140,000 Shares, representing approximately 56.00% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 and Rule 13.5 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it and to make an offer for cancellation of all the outstanding Share Options.

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## LETTER FROM QUAM SECURITIES

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This letter sets out, among other things, the details of the Offers, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offers and procedures for acceptance are set out in this letter, Appendix I to this Composite Document of which this letter forms part, and the accompanying Forms of Acceptance and Transfer. The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” as set out in this Composite Document.

### MANDATORY UNCONDITIONAL CASH OFFERS

As at the Latest Practicable Date, there are 319,915,600 Shares in issue and 2,858,400 outstanding Share Options. As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 179,140,000 Shares, representing approximately 56.00% of the entire issued share capital of the Company. Pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it), and to cancel all the outstanding Share Options. The Offers comprising the Share Offer and the Option Offer are unconditional in all respects.

#### Principal terms of the Offers

Quam Securities will, on behalf of the Offeror, make the Offers on the following terms in accordance with Rule 26.1 and Rule 13 of the Takeovers Code:

**For each Offer Share. . . . .HK\$2.09 in cash**

**For cancellation of each Share Option  
with an exercise price of HK\$0.62. . . . .HK\$1.47 in cash**

The Share Offer Price of HK\$2.09 for each Offer Share is the same as the purchase price for each Sale Share paid by the Offeror under the Share Purchase Agreements.

The Option Offer Price for each outstanding Share Option with an exercise price of HK\$0.62 per Share is HK\$1.47, which represents the difference between the Share Offer Price and the exercise price of those Share Options.

#### Value of the Offers

Based on the Share Offer Price of HK\$2.09 per Offer Share and 319,915,600 Shares in issue, assuming no Share Options are exercised before the Closing Date, the entire issued share capital of the Company is valued at approximately HK\$668.6 million. The Share Offer will be made to the Independent Shareholders who in aggregate hold 117,981,600 Shares as at the Latest Practicable Date. Based on the Share Offer Price of HK\$2.09 per Offer Share, the Share Offer is therefore valued at approximately HK\$246.6 million.

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## LETTER FROM QUAM SECURITIES

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As at the Latest Practicable Date, excluding the Vendors' Share Options, the Company has 1,622,400 outstanding Share Options with an exercise price of HK\$0.62. Based on the Option Offer Price of HK\$1.47, the consideration payable by the Offeror under the Option Offer for cancellation of all outstanding Share Options (excluding the Vendors' Share Options) is approximately HK\$2.4 million. Accordingly, the Offers are valued at approximately HK\$249.0 million in aggregate.

In the event that all outstanding Share Options, excluding the Vendor's Share Options, are exercised prior to the Closing Date, the Company will have to issue 1,622,400 new Shares. The enlarged issued share capital of the Company would be 321,538,000 Shares. As a result of the exercise of the Share Options excluding the Vendor's Share Options, 119,604,000 Shares will be entitled to the Share Offer. Assuming that the Share Offer, excluding the Vendor's Share Options, is accepted in full (including all Shares issued and allotted as a result of the exercise of the Share Options), the maximum value of the Share Offer will be increased to approximately HK\$250.0 million. In that case, no amount will be payable by the Offeror under the Option Offer and the Company shall receive an aggregate subscription price of approximately HK\$1.0 million arising from the exercise of Share Options, excluding the Vendor's Share Options.

In respect of the Shares to be issued and allotted to the Vendors upon exercise of the Share Options retained by them, these Shares will be dealt with in the same manner as disclosed under section headed "Undertaking of the Vendors" in "Letter from the Board".

### Comparison of value

The Share Offer Price of HK\$2.09 per Offer Share receivable by the Shareholders under the Share Offer represents:

- (i) a premium of approximately 1.5% over the closing price of HK\$2.06 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 8.9% over the closing price of HK\$1.92 per Share as quoted on the Stock Exchange on 28 November 2014, being the Last Trading Day;
- (iii) a premium of approximately 13.1% over the average closing price of approximately HK\$1.848 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 15.9% over the average closing price of approximately HK\$1.804 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 24.3% over the average closing price of approximately HK\$1.681 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and

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## LETTER FROM QUAM SECURITIES

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- (vi) a premium of approximately 142.7% over the unaudited net assets per Share of approximately HK\$0.861 as at 30 September 2014, calculated based on the Group's unaudited consolidated net assets of approximately HK\$275,402,000 as at 30 September 2014 and 319,915,600 Shares in issue as at the Latest Practicable Date.

### **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period of six months preceding the commencement of the Offer Period and ending on the Latest Practicable Date were HK\$2.08 per Share on 30 December 2014 and 31 December 2014 and HK\$0.58 per Share on 14 January 2014 and 5 February 2014 respectively.

### **Confirmation of financial resources**

The Offeror intends to fund the full acceptance of the Offers by its internal resources and a facility granted by Quam Securities. Quam Capital has been appointed as the financial adviser to the Offeror in respect of the Offers and is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offers.

The Offeror confirms that payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the facilities referred to above will not depend to any significant extent on the business of the Company.

### **Compulsory acquisition**

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

### **Condition of the Share Offer**

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

### **Effect of accepting the Offers**

By accepting the Share Offer, the Independent Shareholders will sell their Shares free from any encumbrances and with all rights attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date of despatch of this Composite Document. Acceptance of the Option Offer by the Optionholders will result in the cancellation of those outstanding Share Options, together with all rights attaching thereto.

The Declared Dividend was declared on 20 November 2014 to the shareholders of the Company whose names appear on the Company's register of members on 8 December 2014, which was paid on 31 December 2014. Those shareholders of the Company whose names appear on the Company's register of members on 8 December 2014 will receive the Declared Dividend, whether they accept the Share Offer or not.

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## LETTER FROM QUAM SECURITIES

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### **Payment**

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but within seven business days (as defined under the Takeovers Code) of the date of receipt of a duly completed acceptance. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offers complete and valid.

### **Overseas Shareholders and Overseas Optionholders**

As the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders and Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Shareholders and Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (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 by the accepting Overseas Shareholders or Overseas Optionholders in respect of such jurisdictions). Any acceptance by such persons will be deemed to constitute a representation and warranty from such person to the Offeror that he/she/it is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and that, such acceptance shall be valid and binding in accordance with applicable laws. Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

### **Stamp duty**

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to HK\$1.00 for every HK\$1,000.00 or part thereof of the amount payable in respect of relevant acceptances by the Independent Shareholders, or (if higher) the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will then pay the stamp duty so deducted to the Stamp Office. The Offeror will bear buyer's ad valorem stamp duty.

No stamp duty is payable in connection with the acceptance with the Option Offer.

### **Tax implications**

None of the Company, the Offeror, their ultimate beneficial owners and parties acting in concert with any of them, Quam Securities, Quam Capital, Somerley Capital Limited, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Offers is in a position to advise the Independent Shareholders and/or the Optionholders on their individual tax implications. Independent Shareholders and/or the Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of the Offeror, the Company, their ultimate

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## LETTER FROM QUAM SECURITIES

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beneficial owners and parties acting in concert with any of them, Quam Securities, Quam Capital, Somerley Capital Limited, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offers.

### INFORMATION ON THE GROUP

The principal activity of the Company is investment holding. The Group is principally engaged in sales of health and wellness products in Hong Kong, Macau, PRC and Malaysia.

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

### INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in Hong Kong on 4 November 2014 with limited liability. As at the Latest Practicable Date, save for the entering into the Share Purchase Agreements and the transactions in connection therewith, the Offeror did not conduct any business activities. Mr. Huang Jingkai is the sole director of the Offeror. The Offeror is wholly-owned by Tempus Value Chain, which is wholly-owned by Tempus Logistics. Tempus Logistics is owned as to 65% by Tempus Investment Holdings and 35% by Pingfeng Jewellery. Pingfeng Jewellery is in turn owned as to 60% and 30% by Tempus Investment Holdings and Mr. Zhong Baisheng respectively. Tempus Investment Holdings is an investment holding company which is owned as to 67% by Mr. Zhong Baisheng.

Tempus Investment Holdings has been awarded “Top 500 Enterprises of China 2014” by 中國企業聯合會 (China Enterprise Confederation\*). Tempus Logistics and its subsidiaries are principally engaged in the business of logistics, e-commerce, value chain management and Internet of Things technology related services in the PRC.

Tempus Investment Holdings currently holds approximately 32.9% of the issued share capital of Tempus Global, a joint stock company listed on the Shenzhen Stock Exchange (stock code: 300178) and is its single largest shareholder. Tempus Global is principally engaged in internet-based business travel management and financial services. Tempus Investment Holdings also owns 99% equity interest in Tempus Asset. Tempus Asset and its subsidiary are principally engaged in the operation of 深圳(福田)國際互聯網金融產業園 (Shenzhen (Futian) International Internet Financial Industrial Park\*), which is in Futian Free Trade Zone, Shenzhen, the PRC.

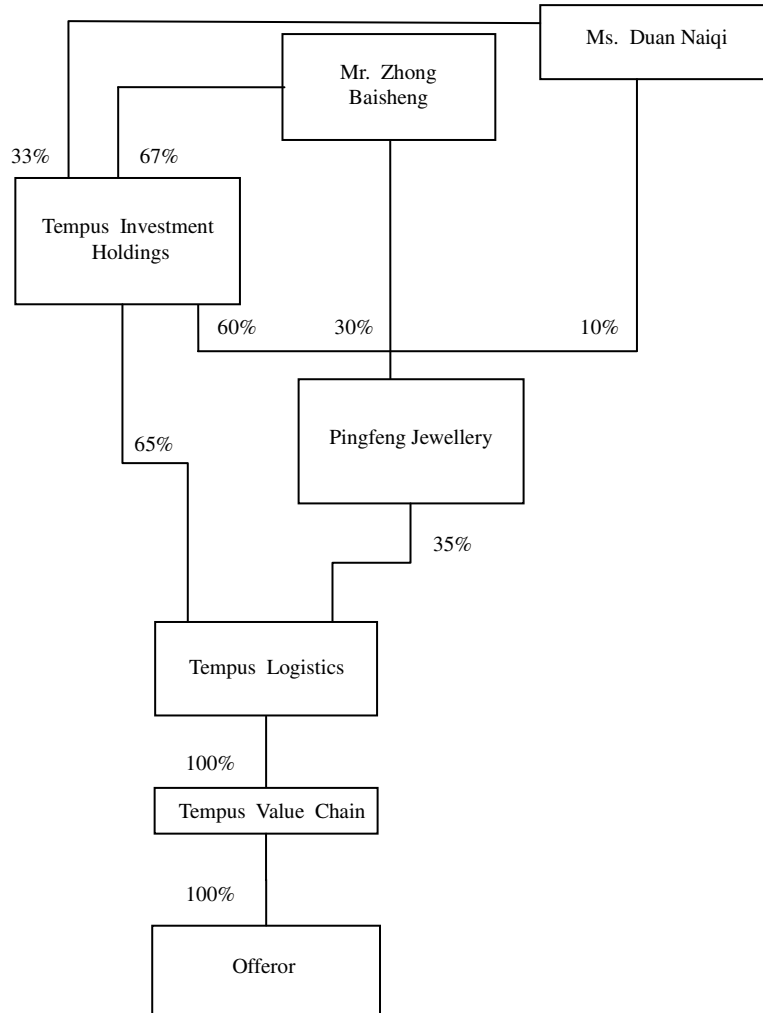
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## LETTER FROM QUAM SECURITIES

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### SHAREHOLDING STRUCTURE OF THE OFFEROR

Set out below is the shareholding structure of the Offeror:



### INTENTIONS OF THE OFFEROR REGARDING THE GROUP

#### Business

The Offeror intends to continue the existing principal businesses of the Group. The Offeror will, following the completion of the Offers, conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may diversify the business of the Group with the objective of broadening its source of income and exploring other business opportunities for the Company such as acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror should appropriate opportunities arise. The Offeror has no plan, and has not engaged in any discussion or negotiation, to dispose of or downsize the Group's existing businesses nor inject any assets or businesses into the Group.



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## LETTER FROM QUAM SECURITIES

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The Offeror considers that the Acquisition and the Offers represent an opportunity to invest in a majority stake in a Hong Kong listed vehicle which may serve as a platform for it to develop business opportunities it identifies from time to time in the future. The Offeror therefore considers that the Acquisition and the Offers are in its long-term commercial interest.

The Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

### **Proposed change of Board composition of the Company**

The Board is currently made up of six Directors, comprising four executive Directors and two independent non-executive Directors. After Completion and the first closing date of the Offers (or such other time as permitted by the Takeovers Code), save for Mr. Yip Chee Lai, Charlie, all the existing Directors will resign as Directors with effect on the earliest date on which such resignation may take effect under the Takeovers Code.

The Offeror intends to nominate Mr. Huang Jingkai as executive Director, Mr. Zhong Baisheng and Ms. Zhang Yan as non-executive Directors, Mr. Han Biao and Mr. Liu Yaohui as independent non-executive Directors, and Mr. Zhong Baisheng as non-executive chairman of the Board. Such appointments are expected to take effect immediately after the despatch of this Composite Document and will be in full compliance with relevant regulations and Rule 26.4 of the Takeovers Code. Additional independent non-executive Director(s) may also be appointed later in accordance with the requirements under the Listing Rules and Takeovers Code as and when appropriate.

Set out below are the biographical details of the proposed Directors and chairman of the Board nominated by the Offeror:

#### *Executive Director*

#### **Mr. Huang Jingkai (黃鏡愷先生)**

Mr. Huang Jingkai, aged 32, is the director of Tempus Investment Holdings, director of Tempus Value Chain and director of the Offeror, the director and chief executive officer of Tempus Logistics and the chairman of the board of directors of 前海騰邦國際名酒交易中心 (Qianhai Tempus International Fine Wine Exchange\*). Mr. Huang obtained the legal professional qualification certificate from the Ministry of Justice of the PRC. He has the qualification certificate of secretary of board of directors issued by the Shenzhen Stock Exchange. He obtained Bachelor of Arts and Bachelor of Laws. Mr. Huang is also a graduate of the senior business administration seminar of the University of Tsinghua of the PRC. Mr. Huang is 深圳市福田區第六屆人民代表大會常務委員會委員 (a member of the 6th standing committee of the People's Congress of the Futian District of Shenzhen\*). He is also the standing vice president of the Shenzhen Wine Industry Association and the vice chairman of Guangdong Provincial Alcohol Industry Association and the vice chairman of the China National Association for Liquor and Spirits Circulation.

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## LETTER FROM QUAM SECURITIES

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### *Non-executive Directors*

#### **Mr. Zhong Baisheng (鍾百勝先生)**

Mr. Zhong Baisheng, aged 49, is the founder of Tempus Group, the chairman of the board of directors of Tempus Investment Holdings and Tempus Global. Mr. Zhong is 中國人民政治協商會議廣東省深圳市第五屆常務委員會委員 (a member of the 5th standing committee of the Chinese People's Political Consultative Committee of Shenzhen City of Guangdong Province\*).

#### **Ms. Zhang Yan (張艷女士)**

Ms. Zhang Yan, aged 32, is the vice general manager of Tempus Assets since August 2014. Ms. Zhang has approximately 9 years of corporate banking experience in Industrial and Commercial Bank of China before she joined Tempus Group, of which 3 years was the head of corporate banking department of Industrial and Commercial Bank of China (Canada). Ms. Zhang obtained her Bachelor of Economics from the University of Tsinghua of the PRC.

### *Independent non-executive Directors*

#### **Mr. Han Biao (韓彪先生)**

Mr. Han Biao, aged 51, is the Professor and mentor for Doctor of Philosophy degree candidate of the School of Economics of the University of Shenzhen of the PRC. He was an independent director of Tempus Global from April 2011 to April 2014. He was an independent director of 深圳市機場股份有限公司 (Shenzhen Airport Co. Limited\*) from 2004 to 2008 and an independent director of 深圳香江控股股份有限公司 (Shenzhen Heungkong Holding Co., Ltd\*) from 2004 to 2007. Mr. Han is a member of the 10th standing committee of the Chinese Association of Quantitative Economics and a member of 5th standing committee of the China Society of Logistics. Mr. Han obtained his Doctor of Economics from the Northern Jiaotong University of the PRC, his Master of Engineering from 西安公路學院 (Xian Highway Institute\*) of the PRC and his Bachelor of Engineering from 西安公路學院 (Xian Highway Institute\*) of the PRC.

#### **Mr. Liu Yaohui (劉耀輝先生)**

Mr. Liu Yaohui, aged 48, is the partner of the Shenzhen branch of 大華會計師事務所(特殊普通合夥) (Da Hua CPAs (Special General Partnership)\*) since 2009. He was an independent director of Tempus Global from April 2011 to April 2014. He is a qualified accountant of the PRC since 1996 and obtained his Master of Arts in International Accounting from the City University of Hong Kong.

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## LETTER FROM QUAM SECURITIES

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### **Public float and maintaining the listing status of the Company**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. The Company and the new Directors to be nominated by the Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that not less than 25% of the Shares will be held by the public.

The Stock Exchange has stated that if, at the close of the Offers, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

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

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

### **FURTHER DETAILS OF THE OFFERS**

Further details regarding the Offers, including the terms of the Offers and procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance and Transfer.

### **GENERAL**

To ensure equality of treatment of all Shareholders and/or Optionholders, those Shareholders and/or Optionholders who hold the Shares and/or Share Options as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owner of the Shares and/or the Share Options, whose investments are registered in nominee names, to accept the Offers, it is essential that they provide instructions to their nominees of their intentions with regard to the Offers.

All documents and remittances will be sent to the Shareholders and/or the Optionholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the registers of members, in case of joint holders whose name appear first in the said register of members, unless otherwise specified in the accompanying Forms of Acceptance and Transfer completed, returned and received by the Registrar and/or the company secretary of the Company. None of the Offeror, the Company and their ultimate beneficial owners and parties acting in concert with any of them, Quam Securities, Quam Capital, Somerley Capital Limited, the Independent Financial Adviser, the Registrar or any of their respective directors or any other person involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

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## LETTER FROM QUAM SECURITIES

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### ADDITIONAL INFORMATION

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

Yours faithfully,  
For and on behalf of  
**Quam Securities Company Limited**  
**Alexis Wong**  
*Director*

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LETTER FROM THE BOARD

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Balance Life

**OTO HOLDINGS LIMITED**

**豪特保健控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 6880)**

*Executive Directors:*

Mr. Yip Chee Seng (*Chairman*)  
Mr. Yip Chee Lai, Charlie (*Chief Executive Officer*)  
Mr. Yip Chee Way, David  
Mr. Yep Gee Kuarn

*Registered office:*

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

*Independent non-executive Directors:*

Mr. Chan Yip Keung  
Ms. Lo Yee Hang

*Headquarters and principal place  
of business in Hong Kong*  
26th Floor, Pacific Plaza  
410 Des Voeux Road West  
Hong Kong

6 January 2015

*To the Independent Shareholders and the Optionholders*

Dear Sir or Madam,

**COMPOSITE DOCUMENT RELATING TO  
MANDATORY UNCONDITIONAL CASH OFFERS BY  
QUAM SECURITIES COMPANY LIMITED  
ON BEHALF OF TEMPUS HOLDINGS (HONG KONG) LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
IN THE ISSUED SHARE CAPITAL OF  
OTO HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE  
ACQUIRED BY TEMPUS HOLDINGS (HONG KONG) LIMITED AND/OR  
PARTIES ACTING IN CONCERT WITH IT) AND  
FOR THE CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS**

**INTRODUCTION**

Reference is made to the Joint Announcement.

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## LETTER FROM THE BOARD

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On 16 December 2014, the Offeror and the Company jointly announced that, among other things, on 28 November 2014 (after trading hours), the Offeror entered into the First Share Purchase Agreement and the Second Share Purchase Agreement with the Vendors and the Selling Shareholders respectively, pursuant to which the Offeror has conditionally agreed to purchase a total of 179,140,000 Shares, representing approximately 56.00% of the entire issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK\$374,402,600 (equivalent to HK\$2.09 per Sale Share). The consideration for the Sale Shares was agreed between the parties after arm's length negotiations, taking into account (i) the prevailing market price of the Shares; (ii) the unaudited consolidated net asset value of the Group as at 30 September 2014; and (iii) the listing status of the Company and the fact that the Purchaser is able to exercise statutory control over the Company upon Completion. Completion took place on 5 December 2014, the fifth Business Day following the execution of the Share Purchase Agreements.

Immediately following Completion, the Offeror was interested in an aggregate 179,140,000 Shares, representing approximately 56.00% of the issued share capital of the Company as at the Latest Practicable Date, where the Vendors held 1,236,000 Share Options and 22,794,000 Shares, representing approximately 7.13% of the issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it and to make an offer for cancellation of all the outstanding Share Options.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group and the Offers; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders and the Optionholders; and (iii) the "Letter from the Independent Financial Adviser" to the Independent Board Committee in relation to the Offers.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Chan Yip Keung and Ms. Lo Yee Hang, has been formed to advise the Independent Shareholders and the Optionholders in respect of the Offers. Goldin Financial Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offers, in particular as to whether the Offers are fair and reasonable and as to the acceptance of the Offers. The appointment of Goldin Financial Limited has been approved by the Independent Board Committee.

You are advised to read the "Letter from the Independent Board Committee" addressed to the Independent Shareholders and the Optionholders and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offers.

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## LETTER FROM THE BOARD

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### MANDATORY UNCONDITIONAL CASH OFFERS

#### Principal terms of the Offers

The terms of the Offers as set out in the “Letter from Quam Securities” are extracted below. You are recommended to refer to the “Letter from Quam Securities” and the Forms of Acceptance and Transfer for further details.

Quam Securities is making the Offers on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

**For each Offer Share . . . . . HK\$2.09 in cash**

**For cancellation of each Share Option with an exercise price of  
HK\$0.62 . . . . . HK\$1.47 in cash**

The Share Offer Price of HK\$2.09 for each Offer Share is the same as the purchase price for each Sale Share paid by the Offeror under the Share Purchase Agreements. The Offer Shares to be acquired under the Share Offer shall be fully paid, free from any encumbrances and with all rights attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date of despatch of this Composite Document.

The Option Offer Price for each outstanding Share Option with an exercise price of HK\$0.62 per Share is HK\$1.47, which represents the difference between the Share Offer Price and the exercise price of those Share Options.

Further details regarding the Offers, including the terms and procedures for acceptance of the Offers are set out in the “Letter from Quam Securities” and Appendix I to this Composite Document and the accompanying Forms of Acceptance and Transfer.

### INFORMATION ON THE GROUP

The principal activity of the Company is investment holding. The Group is principally engaged in sales of health and wellness products in Hong Kong, Macau, PRC and Malaysia.

For the six months ended 30 September 2014, the Group recorded unaudited consolidated profit before income tax of approximately HK\$9.3 million and profit attributable to the Shareholders of approximately HK\$6.6 million. For the year ended 31 March 2014, the Group recorded audited consolidated profit before income tax of approximately HK\$11.7 million and profit attributable to the Shareholders of approximately HK\$8.7 million. For the year ended 31 March 2013, the Group recorded audited consolidated profit before income tax of approximately HK\$3.7 million and profit attributable to the Shareholders of approximately HK\$2.0 million. The unaudited net assets attributable to the Shareholders as at 30 September 2014 were approximately HK\$275.4 million.

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## LETTER FROM THE BOARD

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### SHAREHOLDING STRUCTURE

Set out below are the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	<b>Immediately before Completion</b>		<b>Immediately after Completion and as at the Latest Practicable Date</b>	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Vendors				
Mr. Yip Chee Seng	72,240,520	22.6	5,456,000	1.7
Mr. Yip Chee Lai, Charlie	18,998,472	5.9	5,746,000	1.8
Mr. Yip Chee Way, David	16,813,896	5.2	5,796,000	1.8
Mr. Yep Gee Kuarn	71,900,520	22.5	5,796,000	1.8
Selling Shareholders	21,980,592	6.9	—	—
Offeror	—	—	179,140,000	56.0
Public Shareholders	117,981,600	36.9	117,981,600	36.9
<b>Total</b>	<b><u>319,915,600</u></b>	<b><u>100.0</u></b>	<b><u>319,915,600</u></b>	<b><u>100.0</u></b>

### INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Quam Securities” as set out in this Composite Document.

### INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the section headed “Intentions of the Offeror regarding the Group” in the “Letter from Quam Securities” as set out in this Composite Document. The Board is pleased to note the Offeror’s intention to continue the existing businesses of the Group and is willing to render reasonable co-operation to the Offeror for the implementation of its intentions regarding the Group. For the proposed change to the composition of the Board, please refer to the sub-section headed “Proposed change of Board composition of the Company” in the “Letter from Quam Securities” as set out in this Composite Document.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. The Company and the new Directors to be nominated by the Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that not less than 25% of the Shares will be held by the public.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all time, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) 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.



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## LETTER FROM THE BOARD

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### CONTINUING CONNECTED TRANSACTIONS

The Group conducted certain continuing connected transactions with OTO Bodycare Pte. Ltd. (“**OTO Singapore**”). On 25 November 2011, the Group entered into an agreement (the “**R&D Sharing Agreement**”) for sharing research and development expenses with OTO Singapore for a term of three years, pursuant to which the parties have agreed to share the research and development expenses of new product development on the terms and conditions stated therein. For details, please refer to the annual report of the Company for the year ended 31 March 2014 and the interim report of the Company for the six months ended 30 September 2014. The R&D Sharing Agreement constituted continuing connected transaction on the part of the Company and was expired on 24 November 2014. The Group has renewed the R&D Sharing Agreement on 25 November 2014.

As at the Latest Practicable Date, the Vendors and the Selling Shareholders (other than Mr. Yip Chee Lai, Charlie) together owned the entire issued share capital in OTO Singapore. Mr. Yep Gee Kuarn, an executive Director, is a director of OTO Singapore.

Immediately after Completion, the Group would no longer share research and development expenses in relation to new product development with OTO Singapore. The R&D Sharing Agreement was terminated on 9 December 2014. Also, the Group will no longer purchase finished goods from OTO Singapore for the purpose of supplementing finished goods in Malaysia in case of sudden increase in sales in Malaysia, instead, the Company will try to maintain a reasonable level of inventory in Malaysia.

### UNDERTAKING OF THE VENDORS

The Vendors have undertaken to the Offeror that, during the Offer Period, they (i) will continue to be the beneficial owners of any Shares and Share Options (unaffected by any encumbrance) they have retained; and (ii) will not accept the Offers to be made by the Offeror as required under the Takeovers Code and will not sell, dispose of, transfer or otherwise deal in any Shares and Share Options they have retained.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 24 and 25 of this Composite Document and the letter from the Independent Financial Adviser set out on pages 26 to 44 of this Composite Document, which contains, among other things, its advice to the Independent Board Committee in relation to the Offers and the principal factors considered by it in arriving at its recommendation.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Forms of Acceptance and Transfer for further details in respect of the procedures for acceptance of the Offers.

Yours faithfully  
By the order of the Board  
**OTO HOLDINGS LIMITED**  
**Yip Chee Seng**  
*Chairman*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Balance Life

**OTO HOLDINGS LIMITED**

**豪特保健控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 6880)**

6 January 2015

*To the Independent Shareholders and the Optionholders*

Dear Sir or Madam,

**COMPOSITE DOCUMENT RELATING TO  
MANDATORY UNCONDITIONAL CASH OFFERS BY  
QUAM SECURITIES COMPANY LIMITED  
ON BEHALF OF TEMPUS HOLDINGS (HONG KONG) LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
IN THE ISSUED SHARE CAPITAL OF  
OTO HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE  
ACQUIRED BY TEMPUS HOLDINGS (HONG KONG) LIMITED AND/OR  
PARTIES ACTING IN CONCERT WITH IT) AND  
FOR THE CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS**

We refer to this Composite Document dated 6 January 2015 jointly issued by the Offeror and the Company, of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. Goldin Financial Limited has been appointed as the independent financial adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the letter from the Independent Financial Adviser on pages 26 to 44 of the Composite Document.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Taking into account the terms of the Offers and the advice from the Independent Financial Adviser, we consider that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and recommend the Independent Shareholders and the Optionholders to accept the Offers.

Your faithfully,  
For and on behalf of  
**the Independent Board Committee of  
OTO Holdings Limited**

**Mr. Chan Yip Keung**

**Ms. Lo Yee Hang**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from Goldin Financial Limited setting out the advice to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers, which has been prepared for the purpose of inclusion in the Composite Document.*



**高銀融資有限公司**

**GOLDIN FINANCIAL LIMITED**

**Goldin Financial Limited**

23rd Floor

Two International Finance Centre

8 Finance Street

Central

Hong Kong

6 January 2015

*To: the Independent Board Committee and the Independent Shareholders and Optionholders of OTO Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
QUAM SECURITIES COMPANY LIMITED  
ON BEHALF OF TEMPUS HOLDINGS (HONG KONG) LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
IN THE ISSUED SHARE CAPITAL OF  
OTO HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY TEMPUS HOLDINGS (HONG KONG) LIMITED  
AND/OR PARTIES ACTING IN CONCERT WITH IT) AND  
FOR THE CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS**

### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers. The details of the Offers, among other things, are set out in the Composite Document (the “Composite Document”) dated 6 January 2015, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own in aggregate 179,140,000 Shares, representing approximately 56.00% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 and Rule 13.5 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it and to make an offer for cancellation of all the outstanding Share Options.

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## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all independent non-executive Directors namely, Mr. Chan Yip Keung and Ms. Lo Yee Hang, has been formed to advise the Independent Shareholders and the Optionholders in relation to the terms and conditions of the Offers, in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers.

### **THE INDEPENDENT FINANCIAL ADVISER**

We, Goldin Financial Limited, have been appointed by the Company with approval of the Independent Board Committee to advise the Independent Board Committee, the Independent Shareholders and the Optionholders as to whether the terms of the Offers are fair and reasonable and whether the Independent Shareholders and the Optionholders should accept the Offers. Our appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

### **BASIS OF OUR ADVICE**

In arriving at our recommendation, we have relied on the statements, information and representations contained or referred to in the Composite Document and the information provided and representations made to us by the Directors and the management of the Company. We have assumed that all the statements, information and representations contained or referred to in the Composite Document and all information provided and representations made by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were provided and made and as at the Latest Practicable Date. Independent Shareholders and the Optionholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to date throughout the Offer Period. We have no reason to doubt the truth, accuracy and completeness of the information provided and representations made to us by the Directors and the management of the Company. We consider that the information provided and representations made to us are sufficient for us to form a reasonable basis for our opinion. We are not aware of any reason to suspect any relevant information has been withheld; nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. The Directors have confirmed that, having made all reasonable enquiries and to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Composite Document, including this letter, incorrect or misleading. While we have taken reasonable steps to arrive at the opinion in compliance with the Takeovers Code, we have not carried out any independent verification of the information provided and representations made to us by the Directors and the management of the Company; nor have we conducted an independent investigation into the business and affairs of the Group and the Offeror.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

This letter is issued to advise the Independent Board Committee and the Independent Shareholders and the Optionholders regarding the Offers, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations on the Offers to the Independent Board Committee and the Independent Shareholders and the Optionholders, we have taken into account the following principal factors and reasons:

#### 1. Background of the Offers

##### *The Share Purchase Agreements*

The Offeror and the Company jointly announced that on 28 November 2014 (after trading hours), the Offeror entered into the First Share Purchase Agreement and the Second Share Purchase Agreement with the Vendors and the Selling Shareholders respectively, pursuant to which the Offeror has agreed to purchase a total of 179,140,000 Shares, representing approximately 56.00% of the entire issued share capital of the Company as at the date of the Joint Announcement, for a total consideration of HK\$374,402,600 (equivalent to HK\$2.09 per Sale Share). Completion of the First Share Purchase Agreement and the Second Share Purchase Agreement took place on 5 December 2014.

##### *First Sale Shares*

The First Sale Shares comprise a total of 157,159,408 Shares, representing approximately 49.13% of the entire issued share capital of the Company as at the date of the Joint Announcement. The First Sale Shares were acquired by the Offeror free from any encumbrance and together with all rights attached and accrued to them, including but not limited to all dividends declared, paid or made in respect of them after the date of the First Share Purchase Agreement, but excluding the Declared Dividend.

Immediately after Completion, the Vendors retain 22,794,000 Shares (the “Vendors’ Shares”), representing approximately 7.13% of the entire issued share capital of the Company as at the date of the Joint Announcement, and Share Options (the “Vendors’ Options”) convertible into 1,236,000 new Shares (the “Option Shares”, together with the Vendors’ Shares, the “Retained Shares”). It is the intention of the Vendors that they will hold any Retained Shares as investments following the closing of the Offers, but in any event, save for the undertakings given in the First Share Purchase Agreement by the Vendors to the Purchaser that during the Offer Period, they (i) will continue to be the beneficial

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owners of any Retained Shares (unaffected by any encumbrance); and (ii) in respect of the Vendors' Shares and any Vendors' Options, will not accept the Offers to be made by the Offeror as required under the Takeovers Code as a result of entering into the Share Purchase Agreements and will not sell, dispose of, transfer or otherwise deal in any Retained Shares, there are no restrictions on the disposition of any Retained Shares held by the Vendors under the terms of the First Share Purchase Agreement. As at the Latest Practicable Date, except for the aforesaid undertakings given by the Vendors, there were no other undertaking which are material that should be disclosed. Save as disclosed in the Joint Announcement, there is no other arrangement between the Offeror and the Vendors regarding any Retained Shares. For the avoidance of doubt, the Vendors can exercise the Vendors' Options during the Offer Period.

The consideration for the First Sale Shares pursuant to the First Share Purchase Agreement is HK\$328,463,162.72 (equivalent to HK\$2.09 per First Sale Share), of which a deposit of HK\$5,000,000 had been paid to the bank account jointly controlled by the Vendors and the Purchaser on 2 September 2014. The Deposit has been released to one of the Vendors as part of the consideration to be paid upon Completion and the remaining balance of HK\$323,463,162.72 has been paid to the Vendors on Completion. The consideration was agreed between the Purchaser and the Vendors after arm's length negotiations, taking into account (i) the prevailing market price of the Shares; (ii) the unaudited consolidated net asset value of the Group as at 30 September 2014; and (iii) the listing status of the Company and the fact that the Purchaser is able to exercise statutory control over the Company upon Completion.

### *Second Sale Shares*

The Second Sale Shares comprise a total of 21,980,592 Shares, representing approximately 6.87% of the entire issued share capital of the Company as at the date of the Joint Announcement. The Second Sale Shares were acquired by the Offeror free from any encumbrance and together with all rights attached and accrued to them, including but not limited to all dividends declared, paid or made in respect of them after the date of the Second Share Purchase Agreement, but excluding the Declared Dividend. Immediately after Completion, the Selling Shareholders did not hold any Shares.

The consideration for the Second Sale Shares pursuant to the Second Share Purchase Agreement is HK\$45,939,437.28 (equivalent to HK\$2.09 per Second Sale Share), which has been paid to the Selling Shareholders on Completion.

### *Mandatory unconditional cash offer*

Prior to Completion, the Offeror and parties acting in concert with it did not own any Shares, convertible securities, options, warrants or derivatives in the Company. Immediately following Completion and as at the date of the Joint Announcement, the Offeror and parties acting in concert with it hold in aggregate 179,140,000 Shares, representing approximately 56.00% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 and Rule 13.5 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it and to make an offer for cancellation of all the outstanding Share Options.



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As at the Latest Practicable Date, there are 319,915,600 Shares in issue and 2,858,400 outstanding Share Options. Save for the aforesaid, the Company does not have any outstanding options, warrants, derivatives or convertible rights in respect of the Shares.

Quam Securities will, on behalf of the Offeror, make the Offers on the following terms:

**For each Offer Share . . . . . HK\$2.09 in cash**

**For cancellation of each Share Option with an exercise price of  
HK\$0.62 . . . . . HK\$1.47 in cash**

The Share Offer Price of HK\$2.09 for each Offer Share is the same as the purchase price for each Sale Share paid by the Offeror under the Share Purchase Agreements.

The Option Offer Price for each outstanding Share Option with an exercise price of HK\$0.62 per Share is HK\$1.47, which represents the difference between the Share Offer Price and the exercise price of those Share Options.

### 2. Information on the Group

The principal activity of the Company is investment holding. The Group is principally engaged in sales of health and wellness products in Hong Kong, Macau, PRC and Malaysia.

#### 2.1 Financial information of the Group for the three financial years ended 31 March 2012, 2013 and 2014 and the six months ended 30 September 2013 and 2014

Set out below is a summary of the audited financial information of the Group for each of the three financial years ended 31 March 2014 as extracted from the annual reports of the Company for the financial years ended 31 March 2013 and 2014 and the unaudited financial information of the Group for each of the six months ended 30 September 2013 and 2014 as extracted from the interim report of the Company for the six months ended 30 September 2014.

**Table 1: Financial highlights of the Group**

	For the year ended 31 March			% change	% change	For the six months		% change
	2012	2013	2014	from 2012	from 2013	ended 30 September	ended 30 September	from 2013
	(audited)	(audited)	(audited)	to 2013	to 2014	2013	2014	to 2014
HK\$000	Approximate	Approximate	Approximate	Approximate	Approximate	Approximate	Approximate	Approximate
Revenue	245,658	259,201	339,700	5.5%	31.1%	153,375	188,713	23.0%
Gross profit	163,389	168,106	221,418	2.9%	31.7%	99,384	126,231	27.0%
Gross profit margin	66.5%	64.9%	65.2%	(1.6%)	0.3%	64.8%	66.9%	2.1%
Profit before taxation	21,404	3,716	11,697	(82.6%)	214.8%	6,825	9,293	36.2%
Profit after taxation								
for the year	15,354	2,046	8,722	(86.7%)	326.3%	5,372	6,636	23.5%

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	<b>As at 31 March</b>			<b>As at 30 September</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
<i>HK\$'000</i>	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>
Non-current assets	25,109	31,080	31,598	32,683
Current assets	280,015	272,420	302,245	301,182
(Current liabilities)	(37,573)	(41,523)	(63,106)	(58,005)
(Non-current liabilities)	(178)	(348)	(163)	(458)
Net current assets	242,442	230,897	239,139	243,177
Net assets	267,373	261,629	270,574	275,402

For the year ended 31 March 2013, revenue of the Group increased by approximately 5.5% to approximately HK\$259.20 million from approximately HK\$245.66 million for the year ended 31 March 2012, which was attributable to new products launching and establishment of new business channels such as online sales and penetration into the big retail chain stores. The gross profit increased by approximately HK\$4.7 million or approximately 2.9% to approximately HK\$168.1 million for the year ended 31 March 2013 from approximately HK\$163.4 million for the corresponding year ended 31 March 2012. The gross profit margin decreased from approximately 66.5% for the year ended 31 March 2012 to approximately 64.9% for the year ended 31 March 2013, primarily due to changes in sales channel mix during the year, whereby the Group's corporate sales and international sales, which generated comparatively lower gross profit margin, contributed higher proportion of revenue as a whole to the total revenue of the Group, as well as the retail sales of certain older model products of the Group at promotional prices during the year under review. During the year ended 31 March 2013, the Group increased its overall staff to 302 employees as at 31 March 2013 compared with 176 employees as at 31 March 2012 in view of the expansion of operation of the Group in the PRC. also In addition, the depreciation expense for the year ended 31 March 2013 increased to approximately HK\$3.6 million, representing an increase of approximately HK\$2.1 million or 140.0% as compared with HK\$1.5 million for the corresponding year ended 31 March 2012, which was mainly due to addition of property, plant and equipment for the expansion of the Group's retail network in the PRC. Other expenses for the year ended 31 March 2013 was approximately HK\$117.1 million, representing an increase of approximately HK\$21.4 million or approximately 22.4%, from approximately HK\$95.7 million for the corresponding year ended 31 March 2012, which was primarily attributable to various items including the increase in commission paid to consignment counters at department stores due to increase in revenue generated from consignment counters and the increase in other operating expenses mainly as a result of expansion of retail network in the PRC. Due to the increase in staff costs, depreciation charges and expenses for the expansion of the Group's PRC operation, the Group's profit for the year ended 31 March 2013 which was approximately HK\$2.0 million, representing a decrease of approximately HK\$13.4 million or approximately 86.7% from approximately HK\$15.4 million for the corresponding year ended 31 March 2012.

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For the financial year ended 31 March 2014, the Group's overall revenue growth had increased to 31.1% as compared to 5.5% for the previous corresponding year. The Group's net profit had also increased by 326.3% to HK\$8.7 million, which was attributable to the Group's strategy to design and develop about 10 to 15 new products each year. During the financial year ended 31 March 2014, the Group has launched of 13 new products which comprised 10 new relaxation products and 3 new fitness products and the new products launched in the market had contributed approximately HK\$77.2 million or 22.7% (2013: HK\$55.0 million or 21.2%) of the Group's total revenue. The gross profit increased by approximately HK\$53.3 million or approximately 31.7% to approximately HK\$221.4 million for the year ended 31 March 2014 from approximately HK\$168.1 million for last corresponding year. The gross profit margin slightly increased from approximately 64.9% for last corresponding year to approximately 65.2% for the year ended 31 March 2014. The slight increase in gross profit margin was primarily due to changes in sales channel mix during the year, whereby the Group's corporate sales and international sales, which generated comparatively lower gross profit margin, contributed lower proportion of revenue as a whole to the overall revenue of the Group. Staff costs for the year ended 31 March 2014 were approximately HK\$71.0 million, representing an increase of approximately HK\$19.0 million, or approximately 36.5%, from HK\$52.0 million for last corresponding year, which was mainly due to the increase in the overall staff strength to 439 employees as at 31 March 2014 compared with 302 employees as at 31 March 2013, as a result of the expansion plan of the Group in the PRC and acquisition of the business in Malaysia. Depreciation expense for the year ended 31 March 2014 was approximately HK\$6.8 million, representing an increase of approximately HK\$3.2 million or 88.9% as compared with approximately HK\$3.6 million for last corresponding year, which was mainly due to additions of property, plant and equipment for the expansion of the Group's retail network in the PRC and Malaysia. Other expenses for the year ended 31 March 2014 was approximately HK\$147.4 million, representing an increase of approximately HK\$30.3 million or approximately 25.9%, from approximately HK\$117.1 million for last corresponding year, which was attributable to various items including (i) the increase in commission paid to consignment counters at department stores due to the increase in revenue generated from consignment counters; (ii) the increase in rent, rate and building management fees for retail stores due to the increased number of stores in PRC; and (iii) the increase in other operating expenses mainly as a result of the expansion of retail network in the PRC and Malaysia. As a result, the Group's profit for the year ended 31 March 2014 was approximately HK\$8.7 million, representing an increase of approximately HK\$6.7 million or approximately 326.3% from approximately HK\$2.0 million for last corresponding year.

For the six months ended 30 September 2014, the Group's revenue increased by approximately HK\$35.3 million or 23.0% to approximately HK\$188.7 million from approximately HK\$153.4 million for the corresponding period last year, which was mainly due to (i) new retail stores and consignment counters opened in the PRC; (ii) acquisition of the retail network in Malaysia; and (iii) more roadshow events being organized in PRC and Hong Kong. The gross profit increased by approximately HK\$26.8 million or 27.0% to approximately HK\$126.2 million for the Period from approximately HK\$99.4 million for the corresponding period last year. The gross profit margin slightly increased by 2.1% to 66.9% for the Period from 64.8% for the corresponding period last year, which was mainly attributed to larger proportion of revenue generated from the retail segment, which has higher gross profit margin. During the six months ended 30 September 2014, the staff cost increased by approximately 30.7% from approximately HK\$30.6 million to approximately 40.0 million, which was mainly due to the increase in the number of staffs from 330 employees as at 30 September 2013 to 548 employees as at 30 September 2014 as a result of the acquisition of Malaysia business and expansion of retail

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network in PRC. Other expenses for the six months ended 30 September 2014 was approximately HK\$82.6 million, representing an increase of approximately 21.3%, from approximately HK\$68.1 million for the corresponding period last year. The increase is mainly attributable to various items, including the increase in commissions paid to the department stores for the increased revenue generated from the consignment counters and the increase in rental expenses for office, warehouse, staff quarters and retail stores. As a result, the Group's profit for the six months ended 30 September 2014 was approximately HK\$6.6 million, representing an increase of approximately HK\$1.2 million or 23.5% from approximately HK\$5.4 million last corresponding period.

As at 30 September 2014, the Group recorded net current assets and net assets of approximately HK\$243.2 million and approximately HK\$275.4 million, respectively.

### *2.2 Prospect and outlook of the Group*

The Company is an investment holding company and the holding company of the Group. The Group is principally engaged in sales of health and wellness products. According to the annual report of the Company for the year ended 31 March 2014 and the interim report of the Company for the six months ended 30 September 2014, the revenue of the Group during these periods are principally derived from the sales of health and wellness products in Hong Kong and the PRC. In view of the above, we have conducted researches from public domains on the future outlook and prospects of the health and wellness products industry, particularly in Hong Kong and the PRC, where approximately 86.52% and approximately 84.79% of the total revenues of the Group are generated therefrom for the year ended 31 March 2014 and for the six months ended 30 September 2014, respectively. Given the fact that more than 80% of the revenue of the Group was derived from the Hong Kong and the PRC market, we consider the below research on Hong Kong and the PRC market relevant.

#### *Sales of consumer goods in Hong Kong*

Hong Kong's consumer retail market has maintained a stable growth mainly contributed by the strong economic growth of the PRC and consumer spending power has increased due to the continued appreciation of Renminbi against the Hong Kong dollar. According to the Hong Kong Annual Digest of Statistics 2014 Edition ("Hong Kong Statistics 2014") issued by Census and Statistics Department of the HKSAR, the total retail sales of consumer goods of Hong Kong grew from approximately HK\$274.74 billion in 2009 to approximately HK\$494.45 billion in 2013, representing a compound annual growth rate (the "CAGR") of approximately 15.82%. Despite the steady growing trend in the past few years, the total retail sales of consumer goods for the first ten months of 2014 amounted to approximately HK\$404.22 billion, represented a slight decrease of approximately 0.24% as compared to the corresponding period in the prior year of approximately HK\$405.19 billion. In particular, notwithstanding the National Day Golden Week in the PRC in October with a semi-annual 7-day national holiday to allow travel activities which may help boost the tourism market as well as the retail sales market in Hong Kong, the growth of retail sales weakened in October 2014, which increased by approximately 1.95% as compared to the corresponding previous month, while the retail sales in October 2013 increased by approximately 5.45% as compared to September 2013, reflecting the adverse impacts of the protests "Occupy Movement" launched in late September 2014, and according to the government spokesman from the Census and Statistics Department of the HKSAR government ([http://www.censtatd.gov.hk/press\\_release/pressReleaseDetail.jsp?charsetID=1&pressRID=3496](http://www.censtatd.gov.hk/press_release/pressReleaseDetail.jsp?charsetID=1&pressRID=3496)), retail sales actually slackened to show a year-on-year decline in October 2014 after excluding the boost from the surge in sales of consumer durable goods due to the launch of new smartphone models. Despite the year-on-year growth of retail sales bounced back in November according to the government

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spokesman from the Census and Statistics Department of the HKSAR government as announced on 30 December 2014, there is no certainty that the political issues would cease and the retail sales performance in the near term may continue to be negatively affected by the recent unstable political situation, which would directly affect the Group's retail business in Hong Kong. In addition to the abovementioned growing trend of the consumer retail market in Hong Kong, the overall tourism industry has been growing rapidly, as evidenced by the CAGR of approximately 20.35% in the total tourism expenditure associated to inbound tourism from 2009 to 2013, according to the survey as published by Hong Kong Tourism Board in April 2014 ("Hong Kong Tourism Board Survey"). In particular, the total spending by PRC visitors of approximately HK\$217.09 billion accounted for approximately 78.52% of the total visitor spending in 2013, being the key contributor to the Hong Kong tourism industry, and the growth of spending by the PRC visitors in 2013 reached approximately 21.48% as compared to the previous year, while the overall growth of spending by all visitors of approximately 15.95%, indicating that such growth is mainly attributable to the PRC visitors. In respect of the spending by PRC visitors, the shopping category accounted for approximately 77.80% among all categories including hotel bills, meals outside hotels, entertainment, tours and others, with the total shopping expenditure by PRC visitors reaching approximately HK\$168.90 billion with a CAGR of approximately 26.18% as compared to that of 2009, which we consider that the growth in shopping expenditure by the PRC visitors would have a positive effect to Hong Kong's consumer retail market. In view of the community's concern about the impact of the continuous growth in Mainland visitors arrivals on residents' livelihood, the HKSAR Government have been looking into means to adjust the growth in visitor arrivals. Such adjustment measures, if announced, may hinder the growth of Mainland visitors which may bring negative impact to the retail market as well as the overall economy of Hong Kong, and therefore to the consumer goods sector in Hong Kong.

Furthermore, the average rents in private retail sector has been on a moderate increasing trend, with an average CAGR of approximately 8.72% in the average rents per square metre per month among the Hong Kong areas from 2009 to 2013, based on Hong Kong Statistics 2014. Despite the fluctuating average monthly rents during the first ten months in 2014, both average monthly rents in October 2014 and for the first ten months in 2014 among the Hong Kong areas increased slightly of approximately 7.21% and approximately 4.46% as compared to those of 2013 respectively based on property market statistics published by Rating and Valuation Department of the HKSAR government and we are of the view that the rents in private retail sector is expected to remain high. With a total of 29 retail outlets in Hong Kong, the high rental had been eroding the profitability of Group's retail business in the region and the Group has been relocating its retail outlets to reduce the rental costs. Given the competitive operating environment for the retail sale sector and that the recent political instability and the possible adjustment measures which may hinder the growth of Mainland and other visitors, and therefore the consumer goods sector, we consider the outlook of the sales for consumer goods sector in Hong Kong remain uncertain.

### *Sales of consumer goods in the PRC*

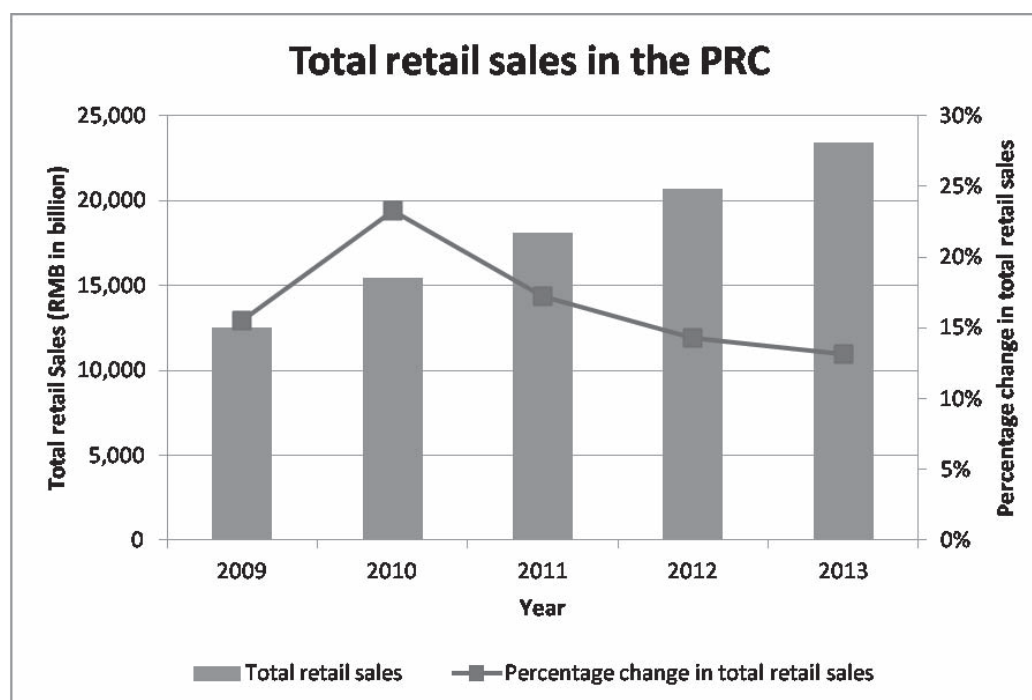
According to the statistical data from the National Bureau of Statistics of China, the gross domestic product (the "GDP") of the PRC increased with a CAGR of approximately 13.66%, from approximately RMB34,090 billion in 2009 to approximately RMB56,885 billion in 2013. The GDP of the PRC is projected to grow with a CAGR of approximately 9.17% from 2015 to 2019, reaching approximately RMB100,213 billion in 2019, as estimated by International Monetary Fund. Despite the estimated GDP would keep the moderate growing trend, such economic growth is expected to slow down in the coming few years.

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The spending power in the PRC has been rising steadily at the same time, with the per capita annual disposal income of urban households increased with a CAGR of approximately 11.93% from 2009 to 2013. The total retail sales of consumer goods has been rising in line with the per capita annual disposal income of urban households during the same period, with a CAGR of approximately 16.94%. However, we also noted that the yearly growth rate is declining in the previous years, from the highest growth rate of approximately 23.30% in 2010 to approximately 13.14% in 2013.



Source: National Bureau of Statistics of China

According to the annual report of the Company for the year ended 31 March 2014, the Group has a total of 86 retail outlets in the PRC, including 10 retail outlets and 76 consignment counters, which are primarily located in the Yangtze River Delta, Pearl River Delta, Beijing- Tianjin-Hebei Region and Chengdu. According to the market research report released by the research centre of Centaline (Holdings) Company Limited, one of the largest property agents in Hong Kong established in 1978, served in Mainland China, Hong Kong and Macau, based on a sample of a total of 40 shopping malls from 19 highlighted cities in the PRC, the rental in first-class malls increased 9% and the rental in second-class and third-class malls increased by 7% during the first half of 2014 as compared to the previous year. Such growing rental market trend is expected to increase the operating cost of the Group.

### *Health and wellness industry in Hong Kong and the PRC*

An aging population and increasing health consciousness are major factors boosting demand for home healthcare equipment. According to Census and Statistics Department of Hong Kong SAR, Hong Kong had a total population of approximately 6.73 million in 2003 and grew to 7.19 million in 2013 representing a CAGR of approximately 0.66%. The proportion of 50 year-old and above population

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grew from 33.22% in 2009 to 37.40% in 2013, showing an increase in the aging population. According to National Bureau of Statistics of China, the PRC had a total population of approximately 1.33 billion in 2009 and increased slightly to approximately 1.36 billion in 2013 representing a CAGR of approximately 0.56%. The proportion of 0-14 year-old population shrank from approximately 18.54% in 2009 to approximately 16.42% in 2013 due to change in birth control where the proportion of 65 year-old and above population grew from approximately 8.50% in 2009 to approximately 9.68% in 2013, showing an increase in the aging population. These trends have resulted in an increasing demand for medical and healthcare products designed for the ageing population.

Furthermore, the rapid development of the PRC economy and rising income leading to a improved living standards are largely responsible for the increase in health consciousness across the PRC. As mentioned above, the annual disposable income in urban household per capita has been rising rapidly, from RMB17,175 in 2009 to RMB26,955 in 2013, with a CAGR of approximately 11.93%. Pairing up with the abovementioned growing GDP in the PRC, it is expected that the national demand for medical and healthcare products would increase.

Notwithstanding the aging population and increasing health consciousness which may lead to increase in the demand of the health and wellness products in both Hong Kong and the PRC, in light of the estimated slow down economic growth, the recent declining growth rate in the total retail sales of consumer goods and the increasing rental costs in Hong Kong and the PRC, we are of the view that the operating environment of the Group's health and wellness products business would be challenging and the prospects of the Group in Hong Kong and the PRC remain uncertain.

Despite the considerable sale growth achieved by the Group, the notable increase in the net profit of the Group in the first half year of 2014 as compared to the corresponding period for the previous year, which was mainly contributed from the expansion of the PRC market, the historical positive trend in the sales of consumer goods in both Hong Kong and the PRC and the development effort taken by the Group to stay competitive in the local market including the development of online shopping and corporate sales channels other than the traditional sales channel and the participation in the research and development of products with creative and unique functions as a whole, taking into account that the uncertainty as to the recent political instability in Hong Kong on the Group's retail business, the negative impact of which has not been reflected in the latest results, the fact that traditional retail sales channel remains as the primary contributor to the revenue of the Group, as well as the slowing down of the economic growth in the PRC and the challenging operating environment under rising rental costs, we are of the view that the future prospects of the Group remain unclear at the time being.

### 3. Principal terms of the Offers

Quam Securities will, on behalf of the Offeror, make the Offers on the following terms:

**For each Offer Share . . . . . HK\$2.09 in cash**

**For cancellation of each Share Option with an exercise price of  
HK\$0.62 . . . . . HK\$1.47 in cash**

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The Share Offer Price of HK\$2.09 for each Offer Share is the same as the purchase price for each Sale Share paid by the Offeror under the Share Purchase Agreements.

The Option Offer Price for each outstanding Share Option with an exercise price of HK\$0.62 per Share is HK\$1.47, which represents the difference between the Share Offer Price and the exercise price of those Share Options.

The Share Offer Price of HK\$2.09 per Offer Share represents:

- (i) a premium of approximately 8.9% over the closing price of HK\$1.92 per Share as quoted on the Stock Exchange on 28 November 2014, being the Last Trading Day;
- (ii) a premium of approximately 13.1% over the average closing price of approximately HK\$1.848 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 15.9% over the average closing price of approximately HK\$1.804 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 24.3% over the average closing price of approximately HK\$1.681 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 1.5% over the closing price of HK\$2.06 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a premium of approximately 142.7% over the unaudited consolidated net assets per Share of approximately HK\$0.861 as at 30 September 2014, calculated based on the Group's unaudited consolidated net assets of approximately HK\$275,402,000 as at 30 September 2014 and 319,915,600 Shares in issue as at the date of the Joint Announcement.



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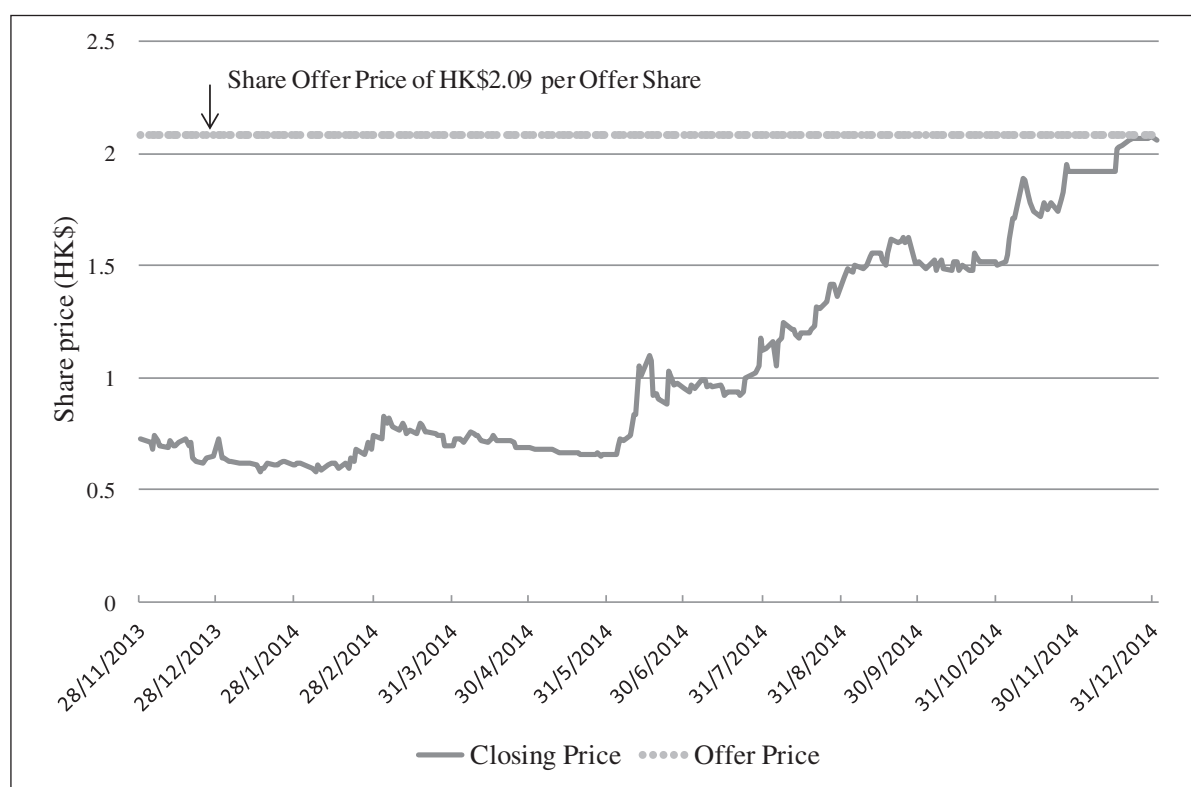
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### 4. Trading performance of the Shares

#### 4.1 Historical price performance of the Shares

The following chart sets out the daily closing prices of the Shares on the Stock Exchange for the period from 28 November 2013 (being the first trading day of the 12-month period ending on the Last Trading Day) up to and including the Latest Practicable Date (the “Review Period”).

**Chart 1: Share Offer Price versus the closing price of the Shares during the Review Period**



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

Note: Trading in the Shares was suspended on 11 June 2014, from 27 August 2014 to 28 August 2014, 21 October 2014, from 1 December 2014 to 16 December 2014.

As shown in Chart 1 above, the closing Share price for the Review Period was trading within a range of from a lowest price at HK\$0.58 to a highest price of HK\$2.08 with an average closing Share price of approximately HK\$1.05. The Share Offer Price of HK\$2.09 represents a premium of approximately 260.34% over the aforementioned lowest closing Share price, premium of approximately 0.48% to the aforementioned highest closing Share price and a premium of approximately 98.30% to the average closing Share price during the Review Period respectively.

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It is noted that the closing Share price has been on an increasing trend in general since June 2014. On 11 June 2014, the Company issued an announcement pursuant to Rule 3.7 of the Takeovers Code (the “Rule 3.7 Announcement”) that the Board has been informed by Mr. Yip Chee Seng and Mr. Yep Gee Kuarn, the controlling Shareholders and executive Directors, that they were recently approached by an independent third party neither connected nor acting in concert with the Company, its Directors, chief executive, substantial Shareholders, subsidiaries and associates, about the acquisition of their shareholding interest in the Company that may or may not lead to an general offer under Rule 26.1 of the Takeovers Code. On 12 June 2014, being the first trading day of the Shares after publication of the Rule 3.7 Announcement, the Share price increased from HK\$0.84 to HK\$1.05, with the highest of HK\$1.18. The Shares were then traded between HK\$1.05 and HK\$1.95 during the period from 12 June 2014 to the Last Trading Day. Since there was no information of change in the financial position of the Group was published in the public domain and the management of the Company also confirmed to us that they are not aware any material change in the financial position and prospects of the Group during such period, we are of the view the surge in Share price during such period is due to market speculation on the possible change in control of the Company rather than change in the fundamentals of the Company.

It is also noted that the closing Share price surged from HK\$1.92 on the Last Trading Day to the highest of HK\$2.08 during the period from the date of the Joint Announcement up to the Latest Practicable Date. Save for the Joint Announcement, the Company did not issue any other announcement which is price-sensitive in nature from the date of the Joint Announcement to the Latest Practicable Date.

In view that the Share Offer Price is above the closing prices of the Shares during the entire Review Period, we consider that the Share Offer Price is attractive.

Independent Shareholders who wish to realise their investment in the Shares 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 Share Offer if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Share Offer. Nevertheless, we consider that the Share Offer provides an alternative exit to the Independent Shareholders to realise their investment in the Company at the Share Offer Price without exerting a downward pressure on the price of the Shares when disposing of a large number of Shares in the open market taking into account the low liquidity of the Shares as discussed under the section headed “Liquidity of the Shares” below.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4.2 Liquidity of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

**Table 2: Historical trading volume of the Shares**

Month	Total trading volume <i>(no. of Shares)</i>	No. of trading days	Average daily trading volume <i>(no. of Shares)</i>	Percentage of average daily trading volume to no. of outstanding Shares <i>(Note)</i> <i>(Approximate)</i>
<b>2013</b>				
December	23,098,000	20	1,154,900	0.361%
<b>2014</b>				
January	3,866,000	21	184,095	0.058%
February	7,902,000	19	415,895	0.130%
March	35,852,000	21	1,707,238	0.534%
April	3,392,000	20	169,600	0.053%
May	2,972,000	20	148,600	0.046%
June	93,184,000	19	4,904,421	1.533%
July	39,742,920	22	1,806,496	0.565%
August	53,550,000	19	2,818,421	0.881%
September	33,463,700	21	1,593,510	0.498%
October	7,062,000	20	353,100	0.110%
November	31,289,300	20	1,564,465	0.489%
December	40,336,000	9	4,481,778	1.401%
<b>2015</b>				
January (Up to the Latest Practicable Date)	2,198,000	1	2,198,000	0.687%

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

*Note: Based on the number of outstanding Shares as at the end of each of their respective months being of 319,915,600 as at the Latest Practicable Date.*

As illustrated in Table 2, save for the peak of relatively high volume activities in June, which accounted for approximately 1.53% of the total number of the Shares in issue, the average daily trading volume of Shares only accounted for less than 1% of the total number of the Shares in issue, which was generally thin. As discussed in the paragraphs under the section headed “4.1 Historical price performance of the Shares” above, the slight increase in trading volume of the Shares in June was due to the market response to the Rule 3.7 Announcement. In addition, there was a slight increase in trading volume of the Shares in December due to the market response to the Joint Announcement.

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Based on the above, except for June and December, the average daily trading volume of Shares accounted for only a small portion of the outstanding Shares subsisted in the market during the Review Period, which ranged from 148,600 Shares to approximately 2,818,421 Shares, representing approximately 0.05% to approximately 0.88% of the Shares in issue. Based on the above, we are of the view that the Shares had not been actively traded during the Review Period. Given the relatively low liquidity, it may be difficult for the Independent Shareholders to dispose of a large number of the Shares in the open market without exerting a downward pressure on the price of the Shares. As such, we are of the view that the Share Offer provides an alternative exit to the Independent Shareholders to realise their investment in the Shares.

### 5. Background and intention of the Offeror

#### 5.1 Information on the Offeror

The Offeror is an investment holding company incorporated in Hong Kong on 4 November 2014 with limited liability. As at the date of the Joint Announcement, save for the entering into the Share Purchase Agreements, the Offeror did not conduct any business activities. Mr. Huang Jingkai is the sole director of the Offeror. The Offeror is wholly-owned by Tempus Value Chain, which is wholly-owned by Tempus Logistics. Tempus Logistics is owned as to 65% by Tempus Investment Holdings and 35% by Pingfeng Jewellery. Pingfeng Jewellery is in turn owned as to 60% and 30% by Tempus Investment Holdings and Mr. Zhong Baisheng respectively. Tempus Investment Holdings is an investment holding company which is owned as to 67% by Mr. Zhong Baisheng.

Tempus Investment Holdings has been awarded “Top 500 Enterprises of China 2014” by 中國企業聯合會 (China Enterprise Confederation\*). Tempus Logistics and its subsidiaries are principally engaged in the business of logistics, e-commerce, value chain management and Internet of Things technology related services in the PRC.

Tempus Investment Holdings currently holds approximately 32.9% of the issued share capital of Tempus Global, a joint stock company listed on the Shenzhen Stock Exchange (Stock code: 300178) and is its single largest shareholder. Tempus Global is principally engaged in internet-based business travel management and financial services. Tempus Investment Holdings also owns 99% equity interest in Tempus Asset. Tempus Asset and its subsidiary are principally engaged in the operation of 深圳(福田)國際互聯網金融產業園 (Shenzhen (Futian) International Internet Financial Industrial Park\*), which is in Futian Free Trade Zone, Shenzhen, the PRC.

#### 5.2 Intentions of the Offeror to the Group

The Offeror intends to continue the existing principal businesses of the Group. The Offeror will, following the Completion of the Offers, conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may diversify the business of the Group with the objective of broadening its source of income and exploring other business opportunities for the Company such as acquisitions or investments in assets

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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and/or businesses or cooperation with business partners of the Offeror should appropriate opportunities arise. The Offeror has no plan, and has not engaged in any discussion or negotiation, to dispose of or downsize the Group's existing businesses nor inject any assets or businesses into the Group.

The Offeror considers that the Acquisition and the Offers represent an opportunity to invest in a majority stake in a Hong Kong listed vehicle which may serve as a platform for it to develop business opportunities it identifies from time to time in the future. The Offeror therefore considers that the Acquisition and the Offerors are in its long-term commercial interest.

The Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

The Board is currently made up of six Directors, comprising four executive Directors and two independent non-executive Directors. After Completion and the first closing date of the Offers (or such other time as permitted by the Takeovers Code), save for Mr. Yip Chee Lai, Charlie, all the existing Directors will resign as Directors with effect on the earliest date on which such resignation may take effect under the Takeovers Code. The Offeror will nominate new Directors to the Board subject to compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules. Further announcement will be made upon any changes to the directorship of the Company.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. The Company and the new Directors to be nominated by the Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that not less than 25% of the Shares will be held by the public.

As mentioned above, the Offeror intends to continue the existing principal business of the Group and will explore other business or investment opportunities. Having considered that (i) the Group has been facing the challenging operating environment of the health and wellness industry in Hong Kong and the PRC; (ii) no business plan or strategy for the future business development of the Group has been formulated by the Offeror as at the Latest Practicable Date, or if, identified, such projects would bring positive impacts to the Group; and (iii) the proposed change in the composition of the Board pursuant to which all the existing Directors save for Mr. Yip Chee Lai, Charlie will resign and the inputs from the new Directors to the Group's future business development is currently uncertain, the prospects and/or improvement in the results of the Group in the near future is considered to be unclear.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATIONS

#### The Share Offer

Having considered the principal factors and reasons for the Share Offer as mentioned in previous sections, in particular that:

- (a) the Share Offer Price represents premium over the closing price of the Shares on the Last Trading Day and the Latest Practicable Date, over the average closing prices of the Shares for the 5, 10 and 30 consecutive trading days immediately prior to and including the Last Trading Day and over the unaudited consolidated net assets per Share as at 30 September 2014;
- (b) the liquidity of the Shares was low during the Review Period, and thus, the Share Offer provides an alternative exit to the Independent Shareholders to realise their investment in the Company at the Share Offer Price without exerting a downward pressure on the price of the Shares when disposing of a large number of Shares in the open market;
- (c) given that the uncertainty as to the recent political instability in Hong Kong on the Group's retail business, the negative impact of which has not been reflected in the latest results, the fact that traditional retail sales channel remains as the primary contributor to the revenue of the Group, as well as the slowing down of the economic growth in the PRC and the challenging operating environment under rising rental costs, the future prospects of the Group remain unclear at the time being; and
- (d) it is uncertain that any of the business or investment opportunities would be identified, or if, materialised, such projects would bring positive impacts to the Group, and that the proposed changes of the Board would have a positive impact on the existing business of the Group and its performance,

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

In the event that the market price of the Shares exceeds the Share Offer Price during the period while the Share Offer is open and the sales proceeds (net of transaction costs) exceed the net amount receivable under the Share Offer, Independent Shareholders should consider to sell their Shares in the open market if they are able to do so. In any event, Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the Offer Period.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### The Option Offer

The Option Offer Price for every Share Option is HK\$1.47. Any Optionholders accepting the Option Offer in respect of all or part of their Share Options will surrender and give up the subscription rights attaching to the relevant Share Options. Pursuant to the the share option scheme adopted by the Company on 25 November 2011, in the case that a general offer is made to the Shareholders, any Share Options not yet exercised before the close of the Offer Period shall lapse immediately after the close of the Option Offer. As at the Latest Practicable Date, excluding the Vendors' Options, the Company had 1,622,400 outstanding Share Options with 1,622,400 option Shares to be issued upon the exercise thereof. Based on the Option Offer Price of HK\$1.47, the consideration payable by the Offeror under the Option Offer for cancellation of all outstanding Share Options (excluding the Vendors' Options) is approximately HK\$2.4 million.

The "see-through" price approach is adopted in the evaluation of the terms of the Option Offer. The "see-through" price refers to the difference between the offer price for each share subject to a general offer less any given exercise price of the convertibles, and will be the minimum reasonable offer price for any convertibles under a general offer. We noted that under the Option Offer, the Option Offer Price of HK\$1.47 for every Share Option represents the difference between the Share Offer Price of HK\$2.09 and the prevailing exercise price of the Share Options of HK\$0.62 each. On this basis and given our view that the terms of the Share Offer are fair and reasonable, we consider that the Option Offer Price is acceptable and the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Optionholders to, and we recommend the Optionholders to, accept the Option Offer.

The Optionholders are hereby advised to consider whether to exercise their Share Options and selling the option Shares in the open market if the market price of the option Shares exceeds the sum of the exercise price of the Share Options and the Option Offer Price during the Offer Period and the net proceeds from such sale (after deducting the amount payable for exercising the Share Options and the transaction costs) would exceed the net amount receivable under the Option Offer.

Yours faithfully,  
For and on behalf of  
**Goldin Financial Limited**  
**Billy Tang**  
*Director*

## 1. PROCEDURES FOR ACCEPTANCE

To accept any of the Offers, you should complete and sign the relevant accompanying Forms of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions forms part of the terms of the relevant Offers.

### 1.1 The Share Offer

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the **white** 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), to the Registrar, Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong marked “OTO Holdings Limited — Share Offer” on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share 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 any 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 authorising it to accept the Share Offer on your behalf and requesting it to deliver the **white** 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 deliver the **white** 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
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by



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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 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 Share Offer in respect of your Shares, you should nevertheless complete and sign the **white** Form of Acceptance and Transfer and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Quam Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the **white** Form of Acceptance and Transfer.
- (d) 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 not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **white** Form of Acceptance and Transfer should nevertheless be completed 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) in respect of your Shares or that it is/they 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 any 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 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, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given should be provided to the Registrar.
- (e) Acceptance of the Share Offer will be treated as valid only if the completed and signed **white** Form of Acceptance and Transfer is received by the Registrar on or before the latest time for the acceptance of the Share Offer and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, 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 that/those share certificate(s) and/or

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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 documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his/her 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.
- (f) Seller's ad valorem stamp duty payable by the Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.
- (g) No acknowledgement of receipt of any **white** 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) in respect of your Shares will be given.

### 1.2 The Option Offer

- (a) Without prejudice to the paragraph headed "Effect of accepting the Offers" in the "Letter from Quam Securities" contained in this Composite Document and the paragraph headed "6. Lapse of Share Options" of this Appendix, if you are an Optionholder and you wish to accept the Option Offer in respect of your Share Options (whether in full or in part), you must send the duly completed and signed **pink** Form of Acceptance and Transfer together with the relevant certificate(s) or other documents (if any) evidencing the grant of the Share Options to you and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share Options for the aggregate principal amount of Share Options which you hold that you wish to tender to the Option Offer to the company secretary of the Company at 26th Floor, Pacific Plaza, 410 Des Voeux Road West, Hong Kong, marked "OTO Holdings Limited — Option Offer" on the envelope as soon as possible but in any event so as to reach the company secretary of the Company by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

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- (b) No stamp duty will be deducted from the amount paid or payable to the Optionholder(s) who accept(s) the Option Offer.
- (c) No acknowledgement of receipt of any **pink** Form of Acceptance and Transfer and/or the certificate(s) or other documents (if any) evidencing the grant of the Share Options to you and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (d) If the certificate(s) in respect of your Share Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **pink** Form of Acceptance and Transfer should nevertheless be completed and delivered to the Company together with a letter stating that you have lost one or more of your Share Option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your Share Option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.
- (e) If the certificate(s) in respect of your Share Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, you must exercise the Share Options to the extent exercisable as indicated in the paragraph headed “5. Exercise of Share Options” of this Appendix below, but (i) the relevant exercise notice and cheque for the subscription monies must reach the Company before the Offers close; and (ii) the relevant **white** Form of Acceptance and Transfer must reach the Registrar on or before 4:00 p.m. on the Closing Date. You should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.

### 1.3 General

Subject to the terms of the Takeovers Code, acceptance(s) of the Offers may, at the discretion of the Offeror, be treated as valid even if not entirely in order or not accompanied by the relevant 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), but, in such cases, the consideration due will not be despatched until the 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) has/have been received by the Registrar and/or the company secretary of the Company.

## 2. SETTLEMENT UNDER THE OFFERS

### 2.1 The Share Offer

Provided that a valid **white** Form of Acceptance and Transfer and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule

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30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount due to each of the Shareholders who accept the Share Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her under the Share Offer will be despatched to such Shareholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the date on which the duly completed acceptances of the Share Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid.

### 2.2 The Option Offer

Provided that a valid **pink** Form of Acceptance and Transfer and the relevant option certificate(s) or other documents (if any) evidencing the grant of the relevant Share Options and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Share Options are complete and in good order and in all respects and have been received by the company secretary of the Company before the close of the Option Offer, a cheque for the amount due to each of the Optionholders who accept the Option Offer in respect of the Share Options tendered by him/her under the Option Offer will be despatched to such Optionholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the date on which the duly completed acceptances of the Option Offer and the relevant documents of title in respect of such acceptances are received by the company secretary of the Company to render each such acceptance complete and valid.

Settlement of the consideration to which any Shareholder or Optionholder is entitled under the Share Offer or the Option Offer, as the case may be, will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty of the Share Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder or Optionholder.

### 3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offers have previously been revised or extended with the consent of the Executive, to be valid, the **white** Form of Acceptance and Transfer must be received by the Registrar and the **pink** Form of Acceptance and Transfer must be received by the company secretary of the Company, in each case, in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.

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## APPENDIX I      FURTHER TERMS OF THE OFFERS AND PROCEDURES FOR ACCEPTANCE

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- (b) If the Offers are extended, the Offeror will issue an announcement in relation to any extension of the Offers, which announcement will state either the next closing date or, a statement that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Offers are closed to those Shareholders and Optionholders who have not accepted the relevant Offers. If, in the course of the Offers, the Offeror revises the terms of the Offers, all Shareholders and Optionholders, whether or not they have already accepted the Offers, will benefit under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (c) If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance and Transfer to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.
- (d) Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Shareholders and the Optionholders who accept the Offers become entitled to withdraw their acceptance under the paragraph headed "8. RIGHT OF WITHDRAWAL" below and duly do so.

### 4.    NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such 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 Offers.

### 5.    EXERCISE OF SHARE OPTIONS

The Optionholder who wishes to accept the Share Offer may (i) exercise his/her/its Share Options (to the extent exercisable) by completing, signing and delivering a notice for exercising the Share Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Share Options to the Company before the close of the Option Offer; and (ii) at the same time, or in any event no later than 4:00 p.m. on the Closing Date, complete and sign the **white** Form of Acceptance and Transfer and deliver it to the Registrar together with a copy of the set of documents delivered to the Company for exercising the Share Options. Exercise of the Share Options is subject to the terms and conditions of the share option scheme adopted by the Company on 25 November 2011 and the terms attaching to the grant of the relevant Share Options. Delivery of the completed and signed **white** Form of Acceptance and Transfer to the Registrar will not serve to complete the exercise of the Share Options but will only be deemed to be an irrevocable authority to the Offeror and/or Quam Securities and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on exercise of the Share Options as if it/they were delivered to the Registrar with the **white** Form of Acceptance and Transfer. If the Optionholder fails to exercise his/her/its Share Options as aforesaid and in accordance with the terms and conditions of the share

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option scheme adopted by the Company on 25 November 2011, there is no guarantee that the Company may issue the relevant share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the Share Options to such Optionholder in time for it to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer.

### 6. LAPSE OF SHARE OPTIONS

As referred to in the paragraph headed “Effect of accepting the Offers” in the “Letter from Quam Securities” contained in this Composite Document, the Optionholders should note that under the rules of the share option scheme adopted by the Company on 25 November 2011, all Share Options (to the extent not exercised) will lapse automatically on the Closing Date.

Nothing in this Composite Document or the Option Offer will serve to extend the life of any Share Option which lapses under the share option scheme adopted by the Company on 25 November 2011. No exercise of Share Options or acceptance of the Option Offer may be made in relation to any Share Option that has lapsed.

### 7. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offers. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange’s website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised, extended or expired. The announcement will state the following:
- (i) the total number of Shares and rights over Shares for which acceptances of the Share Offer have been received;
  - (ii) the total number of Share Options for which acceptances of the Option Offer have been received;
  - (iii) the total number of Shares and rights over Shares and Share Options held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
  - (iv) the total number of Shares and rights over Shares and Share Options acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

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**APPENDIX I      FURTHER TERMS OF THE OFFERS AND PROCEDURES FOR ACCEPTANCE**

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

- (b) In computing the total number of Shares and Share Options represented by acceptances, only valid acceptances that are complete and in good order, and which have been received by the Registrar (in the case of the Share Offer) or the company secretary of the Company (in the case of the Option Offer), no later than 4:00 p.m. on the Closing Date (unless the Offers are extended or revised with the consent of the Executive), being the latest time and date for acceptance of the Offers, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

**8. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offers tendered by the Shareholders and the Optionholders (as the case may be) shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “7. Announcements” above, the Executive may require that the Shareholders and the Optionholders who have tendered acceptances of the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Shareholders and the Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title or the relevant certificate(s) in respect of the Share Options (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance and Transfer to the Shareholders and the Optionholders.

**9. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS**

The making of the Offers to the Overseas Shareholders and the Overseas Optionholders may be affected by the laws of the relevant jurisdictions. The Overseas Shareholders and the Overseas Optionholders should observe any applicable legal or regulatory requirements. The Overseas Shareholders and the Overseas Optionholders should obtain appropriate legal advice regarding the implications of the Offers in the relevant jurisdictions with a view to observing any applicable legal

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**APPENDIX I      FURTHER TERMS OF THE OFFERS AND PROCEDURES FOR ACCEPTANCE**

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or regulatory requirements. It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or regulatory or legal requirements. The Overseas Shareholders and the Overseas Optionholders will also be fully responsible for the payment of any transfer or other taxes and duties by the accepting Overseas Shareholders or Overseas Optionholders payable in respect of all relevant jurisdictions. Acceptance of the Offers by the Overseas Shareholders and the Overseas Optionholders will constitute a representation and warranty by such person that the local laws and requirements have been complied with and such person is permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

**10. TAXATION ADVICE**

Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

**11. GENERAL**

- (i) All communications, notices, Form(s) of Acceptance and Transfer, share certificates, certificate(s) of Share Options, transfer receipts (as the case may be), other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Shareholders and/or the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Quam Securities, Quam Capital, Somerley Capital Limited, Independent Financial Adviser and any of their respective directors nor the Registrar or the company secretary of the Company or other parties involved in the Offers or any of their respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (ii) The provisions set out in the accompanying Form(s) of Acceptance and Transfer form part of the terms and conditions of the Offers.
- (iii) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance and Transfer or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (iv) The Offers and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.



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**APPENDIX I      FURTHER TERMS OF THE OFFERS AND PROCEDURES FOR ACCEPTANCE**

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- (v) Due execution of the Form(s) of Acceptance and Transfer will constitute an authority to the Offeror, Quam Securities, or such person or persons as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares and/or the Share Options in respect of which such person or persons has/have accepted the Offers.
- (vi) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares and/or the Share Options (as the case may be) sold to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of this Composite Document or subsequently becoming attached to them, including, in the case of the Shares, the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (vii) Reference to the Offers in this Composite Document and in the Form(s) of Acceptance and Transfer shall include any extension or revision thereof.
- (viii) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or Share Options in respect of which as indicated in the Form(s) of Acceptance and Transfer is the aggregate number of Shares or Share Options held by such nominee for such beneficial owner who is accepting the Offers.
- (ix) All acceptance, instructions, authorities and undertakings given by the Shareholders and the Optionholders in the Form(s) of Acceptance and Transfer shall be irrevocable except as permitted under the Takeovers Code.
- (x) The English text of this Composite Document and the Form(s) of Acceptance and Transfer shall prevail over the respective Chinese text for the purpose of interpretation.

## 1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the consolidated financial information of the Group for each of the six months ended 30 September 2013 and 2014 and the three years ended 31 March 2012, 2013 and 2014, as extracted from the relevant interim and annual reports of the Company.

The Company's auditors, Deloitte Touche Tohmatsu, have not issued any qualified opinion on the Group's financial statements for the three years ended 31 December 2014.

	For the six months ended 30 September		For the year ended 31 March		
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (audited)	2013 HK\$'000 (audited)	2012 HK\$'000 (audited) (restated)
<b>Revenue</b>	188,713	153,375	339,700	259,201	245,658
Other income	6,018	4,017	10,126	6,549	6,434
Other gains and losses	952	2,754	541	(1,771)	1,354
Changes in inventories of finished goods	2,343	2,993	7,268	4,000	(861)
Finished Goods purchased	(62,275)	(54,746)	(120,305)	(91,186)	(77,694)
Staff costs	(39,998)	(30,600)	(71,046)	(52,049)	(36,728)
Depreciation expense	(3,661)	(2,717)	(6,827)	(3,595)	(1,471)
Finance costs	(198)	(184)	(344)	(350)	(333)
Listing expenses					(19,266)
Other expenses	(82,601)	(68,067)	(147,416)	(117,083)	(95,689)
<b>Profit before tax</b>	9,293	6,825	11,697	3,716	21,404
Income tax expense	(2,657)	(1,453)	(2,975)	(1,670)	(6,050)
<b>Profit for the period/year attributable to Shareholders</b>	<u>6,636</u>	<u>5,372</u>	<u>8,722</u>	<u>2,046</u>	<u>15,354</u>
Other comprehensive income (expense):					
Fair value loss on available-for-sale investments					(89)
Reclassification for cumulative fair value loss attributable to disposal of available-for-sale investments to profit or loss					191
Exchange difference arising from on translation	468	817	(30)	(155)	107
Total comprehensive income for the period	<u>7,104</u>	<u>6,189</u>	<u>8,692</u>	<u>1,891</u>	<u>15,563</u>
<b>Earning per share</b>					
- Basic (HK\$)	<u>0.02</u>	<u>0.02</u>	<u>0.03</u>	<u>0.01</u>	<u>0.06</u>
- Diluted (HK\$)	<u>0.02</u>	<u>0.02</u>	<u>0.03</u>	<u>0.01</u>	<u>0.06</u>
<b>Dividend per Share (HK cents)</b>	<u>1.037</u>	<u>—</u>	<u>0.814</u>	<u>—</u>	<u>2.38</u>

Note: There is no exceptional item because of size, nature or incidence for each of the six months ended 30 September 2013 and 2014 and the three years ended 31 March 2012, 2013 and 2014.

**APPENDIX II****FINANCIAL INFORMATION OF THE GROUP**

	As at 30 September		As at 31 March		2012
	2014	2013	2014	2013	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
					<i>(restated)</i>
<b>ASSETS AND LIABILITIES</b>					
Non-current assets	32,683	28,123	31,598	31,080	25,109
Current assets	301,182	286,095	302,245	272,420	280,015
<b>Total assets</b>	<b>333,865</b>	<b>314,218</b>	<b>333,843</b>	<b>303,500</b>	<b>305,124</b>
Current liabilities	58,005	46,144	63,106	41,523	37,573
Total assets less current liabilities	275,860	268,074	270,737	261,977	267,551
Non-current liabilities	458	256	163	348	178
<b>Total liabilities</b>	<b>58,463</b>	<b>46,400</b>	<b>63,269</b>	<b>41,871</b>	<b>37,751</b>
<b>Net assets</b>	<b>275,402</b>	<b>267,818</b>	<b>270,574</b>	<b>261,629</b>	<b>267,373</b>

## 2. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2014

Set out below are the audited financial statements of the Group for the year ended 31 March 2014 which are published in the Company's annual report published on 30 June 2014.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2014*

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
Revenue	7	339,700	259,201
Other income	8	10,126	6,549
Other gains and losses	9	541	(1,771)
Changes in inventories of finished goods		7,268	4,000
Finished goods purchased		(120,305)	(91,186)
Staff costs		(71,046)	(52,049)
Depreciation expense		(6,827)	(3,595)
Finance costs	10	(344)	(350)
Other expenses		<u>(147,416)</u>	<u>(117,083)</u>
Profit before tax	11	11,697	3,716
Income tax expense	12	<u>(2,975)</u>	<u>(1,670)</u>
Profit for the year		<u>8,722</u>	<u>2,046</u>
Other comprehensive expense for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		<u>(30)</u>	<u>(155)</u>
Total comprehensive income for the year		<u>8,692</u>	<u>1,891</u>
Earnings per share	16		
Basic (HK\$)		<u>0.03</u>	<u>0.01</u>
Diluted (HK\$)		<u>0.03</u>	<u>0.01</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	<i>Notes</i>	<b>31.3.2014</b> <i>HK\$'000</i>	<b>31.3.2013</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	17	14,216	10,336
Investment property	18	9,290	7,650
Deferred tax assets	19	966	888
Deposit placed at an insurance company	23	3,061	3,061
Utility and other deposits paid		4,065	9,145
		<u>31,598</u>	<u>31,080</u>
<b>Current assets</b>			
Inventories	20	18,510	11,242
Trade and other receivables	21	49,712	39,865
Amounts due from related parties	22	978	386
Tax recoverable		3,298	2,930
Pledged bank deposits	23	18,111	17,984
Bank balances and cash	23	211,636	200,013
		<u>302,245</u>	<u>272,420</u>
<b>Current liabilities</b>			
Trade and other payables	24	44,816	28,476
Amount due to a related party	22	127	—
Obligations under finance leases	25	186	179
Tax payable		3,139	878
Bank borrowings	26	14,838	11,990
		<u>63,106</u>	<u>41,523</u>
<b>Net current assets</b>		<u>239,139</u>	<u>230,897</u>
<b>Total assets less current liabilities</b>		<u>270,737</u>	<u>261,977</u>
<b>Capital and reserves</b>			
Share capital	27	24,928	24,928
Reserves		245,646	236,701
		<u>270,574</u>	<u>261,629</u>
<b>Non-current liability</b>			
Obligations under finance leases	25	163	348
		<u>270,737</u>	<u>261,977</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Share capital	Share premium	Capital redemption reserve	Share option reserve	Translation reserve	Capital reserve	Statutory reserve	Warrant reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note)									
At 1 April 2012	24,960	227,810	—	—	107	(128,447)	393	—	142,550	267,373
Profit for the year	—	—	—	—	—	—	—	—	2,046	2,046
Other comprehensive expense for the year										
- exchange difference arising on translation	—	—	—	—	(155)	—	—	—	—	(155)
Total comprehensive (expense) income for the year	—	—	—	—	(155)	—	—	—	2,046	1,891
Shares repurchased and cancelled	(32)	(167)	32	—	—	—	—	—	(32)	(199)
Issue of warrants	—	—	—	—	—	—	—	180	—	180
Dividend paid (note 15)	—	—	—	—	—	—	—	—	(7,616)	(7,616)
At 31 March 2013	24,928	227,643	32	—	(48)	(128,447)	393	180	136,948	261,629
Profit for the year	—	—	—	—	—	—	—	—	8,722	8,722
Other comprehensive expense for the year										
- exchange difference arising on translation	—	—	—	—	(30)	—	—	—	—	(30)
Total comprehensive (expense) income for the year	—	—	—	—	(30)	—	—	—	8,722	8,692
Recognition of share-based payments	—	—	—	253	—	—	—	—	—	253
Expiry of warrants	—	—	—	—	—	—	—	(180)	180	—
At 31 March 2014	24,928	227,643	32	253	(78)	(128,447)	393	—	145,850	270,574

Note: The Article of Association of 騰多商貿(上海)有限公司 Dainty (Shanghai) Co., Ltd. ("OTO Shanghai") requires the appropriation of 10% of its profit after tax determined in accordance with generally accepted principles of the People's Republic of China (the "PRC") to the statutory reserve. The statutory reserve should only be used for making up losses, capitalisation into capital and expansion of the production and operation.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	<i>Note</i>	<b>2014</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>			
Profit before tax		11,697	3,716
Adjustments for:			
Gain on fair value of investments at fair value through profit or loss		—	(45)
Depreciation of property, plant and equipment		6,827	3,595
Finance costs		344	350
Gain on fair value of investment property		(1,640)	(950)
Gain on disposal of property, plant and equipment		—	(166)
Loss on written off of property, plant and equipment		—	3,351
Share-based payment expense		253	—
Interest income		<u>(4,314)</u>	<u>(1,982)</u>
Operating cash flows before movements in working capital		13,167	7,869
Increase in inventories		(4,314)	(4,000)
Increase in trade and other receivables		(3,448)	(7,893)
Increase in amounts due from related parties		(509)	(190)
Increase in trade and other payables		16,404	6,707
Increase in utility and other deposits paid		(412)	(1,228)
Increase in amount due to a related party		<u>127</u>	<u>—</u>
Cash generated from operations		21,015	1,265
Hong Kong Profits Tax paid		(1,140)	(2,074)
Macau Complimentary Income Tax paid		(767)	(684)
PRC Enterprise Income Tax refunded (paid)		<u>795</u>	<u>(1,168)</u>
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>		<u>19,903</u>	<u>(2,661)</u>
<b>INVESTING ACTIVITIES</b>			
Placement of bank deposits with original maturity over three months		(39,056)	—
Acquisition of business	28	(5,126)	—
Proceeds from redemption of equity-linked note		—	1,979
Interest received		4,314	1,937
Proceeds from disposal of property, plant and equipment		—	59
Additions of property, plant and equipment		(9,506)	(10,395)
Increase in pledged bank deposits		<u>(127)</u>	<u>(2,066)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(49,501)</u>	<u>(8,486)</u>

**APPENDIX II****FINANCIAL INFORMATION OF THE GROUP**

	<i>Note</i>	<b>2014</b>	<b>2013</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		—	(7,616)
Repayment of obligations under finance leases		(178)	(157)
Interest paid		(344)	(350)
Increase (decrease) in trust receipt loans		2,848	(791)
Repayment of bank loans		—	(1,044)
Proceeds from issue of warrants		—	180
Payments of share repurchase		—	(199)
		<u>          </u>	<u>          </u>
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>		<u>2,326</u>	<u>(9,977)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(27,272)	(21,124)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		200,013	221,211
Effect of foreign exchange rate changes		<u>(66)</u>	<u>(74)</u>
		<u>          </u>	<u>          </u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<u>172,675</u>	<u>200,013</u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances and cash		211,636	200,013
Bank deposits with original maturity over three months		<u>(38,961)</u>	<u>          </u>
		<u>172,675</u>	<u>200,013</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2014*

**1. GENERAL**

The Company was incorporated in the Cayman Islands on 20 January 2011 as an exempted company with limited liability under the Companies Law (2004 Revision), Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1 - 1111, Cayman Islands and its principal place of business is located on 26th Floor, Pacific Plaza, 410 Des Voeux Road West, Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Prior to 5 September 2013, the parent and ultimate holding company of the Company was Brilliant Summit Enterprise Limited ("BSEL"), a company incorporated in the British Virgin Islands ("BVI") and collectively controlled by Mr. Yip Chee Seng, Mr. Yep Gee Kuarn, Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Way, David, Mr. Tan Beng Gim and Ms. Chua Siew Hun (collectively referred to as the "Controlling Shareholders").

On 5 September 2013 and 13 May 2014 respectively, 50% of the Company's shares owned by BSEL (i.e. 103,980,000 shares) were transferred from BSEL to the Controlling Shareholders in proportion to their respective shareholding in BSEL, pursuant to a shareholders' agreement between the Controlling Shareholders and BSEL dated 25 November 2011. Thereafter, all the shares of the Company held by BSEL had been transferred to the Controlling Shareholders.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 37.

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 new and revised HKFRSs 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 2009 - 2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities

HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period (please see note 18 for the 2014 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

### Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other

comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

### **New and revised HKFRSs in issue 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:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle <sup>4</sup>
Amendments to HKFRSs HKFRS 9	Annual Improvements to HKFRSs 2011-2013 Cycle <sup>2</sup> Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>2</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC) - Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>3</sup> Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016

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

### 3. PRINCIPAL ACCOUNTING POLICIES

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 Stock Exchange and by the predecessor Hong Kong Companies Ordinance, Cap. 32.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, 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 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 or value in use 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;
- is exposed, or has 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.

When necessary, adjustments are made to the financial statements of 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.

**Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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.

Sales of goods that result in award credits for customers, under the Group's customer loyalty programmes, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to the fair value of the awards for which they could be redeemed. Such consideration is not recognised as revenue at the time of the initial sale transaction, but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled or the award credits expires.

Service income is recognised when services are provided.

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.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

**Property, plant and equipment**

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at 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 property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 profit or loss.

**Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

**Inventories**

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

**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 lessor***

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

***The Group as lessee***

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**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.

**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.



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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

### ***Financial assets***

The Group's financial assets are 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 debt instrument 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 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 debt instrument, 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.

### ***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 deposit placed at an insurance company, trade and other receivables, amounts due from related parties, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets 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 of the financial asset, the estimated future cash flows of the financial assets 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 financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, 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, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the 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 asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets 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 a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, 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 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*

Debt and equity instruments issued by the group entities are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Warrants issued by the Company to acquire a fixed number of the Company's own equity instruments for a fixed amount of cash are equity instruments. Any consideration received is recognised directly in equity. Changes in fair value of the equity instruments are not recognised in the consolidated financial statements. When the warrants are exercised, the portion of subscription money for the nominal value of the ordinary shares is recognised to the share capital account while any excess of the subscription money over the nominal value of ordinary shares is taken into the share premium account.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchases, sale, issue or cancellation of the Company's own equity instruments.

### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

### *Financial liabilities*

Financial liabilities (including trade and other payables, amount due to a related party 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, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **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 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 bases used in the

computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences 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 the initial recognition of 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 deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits 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.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### **Impairment on assets**

At the end of the reporting period, the Group reviews the carrying amounts of its assets 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 a 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 to sell 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 immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) 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 immediately in profit or loss.

### **Research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed

above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

**Retirement benefit costs**

Payments to the state-managed retirement benefits schemes and the defined contribution retirement benefits plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options 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 options reserve will be transferred to retained profits.

**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.

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. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

### **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.

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

## **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 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 on-going 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 and liabilities within the next financial year.

### **Estimated allowances for inventories**

The Group makes allowances for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories. If conditions which have an impact on the net realisable value of inventories deteriorate/improve; additional allowances/reversal of allowances may be required. The carrying amount of inventories as at 31 March 2014 amounting to HK\$18,510,000 (2013: HK\$11,242,000).

**Fair value of investment property**

Investment property is stated at fair value based on the valuation performed by independent professional valuer. The determination of the fair value involves certain assumptions of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment property and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income. The carrying amount of investment property as at 31 March 2014 amounting to HK\$9,290,000 (2013: HK\$7,650,000).

**5. CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that 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 Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of debts, which includes bank borrowings and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. The management considers the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through payments of dividends, new share issues as well as issue of new debts or repayment of existing debts, if necessary.

**6. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	<u>270,909</u>	<u>255,489</u>
<b>Financial liabilities</b>		
Liabilities at amortised cost	<u>47,320</u>	<u>35,301</u>

**(b) Financial risk management objectives and policies**

The Group's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.



(i) *Foreign currency risk*

The Group undertakes certain transactions denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not use any derivative financial instrument to hedge the foreign exchange risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group's foreign currency monetary assets are mainly bank balances and the Group's foreign currency monetary liabilities are mainly trade payables, bank borrowings and amount due to a related party.

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

	Assets		Liabilities	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
United States dollar ("US\$")	5,743	11,312	24,997	20,330
HK\$	19,218	3,964	—	—
Renminbi ("RMB")	134,088	41,069	257	—
Singapore dollar ("SGD")	3,214	10,405	138	—
Japanese Yen ("JPY")	—	—	—	323
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

*Sensitivity analysis*

As US\$ and Macau Pataca ("MOP") are pegged to HK\$, the sensitivity analysis does not include US\$ denominated assets and liabilities held by entity with HK\$ as its functional currency and HK\$ denominated assets held by entity with MOP as its functional currency as it is expected that there would be no material currency risk exposure.

The Group is mainly exposed to the currency risk of RMB, SGD and JPY against HK\$.

The following table details the Group's sensitivity to a 10% (2013: 10%) increase or decrease in HK\$ against RMB, SGD and JPY. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2013: 10%) change in foreign currency rates. The following table indicates the impact to the profit after tax where HK\$ strengthens 10% (2013: 10%) against the respective foreign currencies. For a 10% (2013: 10%) weakening of HK\$ against the foreign currency, there would be an equal and opposite impact on the profit after tax.

	RMB Impact		SGD Impact		JPY Impact	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Decrease) increase in profit after tax	<u>(11,175)</u>	<u>(3,429)</u>	<u>(257)</u>	<u>(869)</u>	<u>—</u>	<u>27</u>

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) **Interest rate risk**

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate bank borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors closely the interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group is exposed to fair value interest rate risk in relation to fixed-rate deposit placed at an insurance company, fixed-rate bank deposits (note 23) and fixed-rate obligations under finance leases (note 25). The management will take appropriate measures to manage interest rate exposure if interest rate fluctuates significantly. The management considers the fair value interest rate risk to the Group is insignificant.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Best Lending Rate and London Interbank Offered Rate ("LIBOR") arising from the Group's borrowings.

*Sensitivity analysis*

In the opinion of the directors, no sensitivity analysis is prepared for the interest rate risk for variable-rate bank balances since the impact on the Group's results for the year is not significant as the interest rates are low and did not fluctuate significantly during the years.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period existed for the whole year. A 50 basis points (2013: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2013: 50 basis points) higher and all other variables were held constant, the potential effect on the Group's profit after tax during the year is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Decrease in profit after tax	<u>(62)</u>	<u>(50)</u>

If interest rates had been 50 basis points (2013: 50 basis points) lower and all other variables were held constant, there would be an equal and opposite impact on the profit after tax.

(iii) *Credit risk*

At the end of the reporting period, 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 arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from related parties, pledged bank deposits and bank balances.

The Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on pledged bank deposits and bank balances is limited because the majority of the counterparties are banks with good reputation. The credit risk on receivables from department stores and corporate customers are limited because all department stores and corporate customers have good repayment records.

The credit risk on amounts due from related parties are insignificant after considering the financial strength of these related entities.

The Group has concentration of credit risk as 56% (2013: 45%) of the total trade receivables represented amounts due from the Group's largest five trade debtors which mainly include department stores and wholesale customers.

In addition, the Group has concentration of credit risk on liquid funds which are deposited with several banks with good reputation.

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

(iv) *Liquidity risk*

The management of the Group has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The management manages liquidity risk by closely monitoring the Group's cash flow position.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. 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. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Specifically, bank loans 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 within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

	<b>Weighted average effective interest rate</b>	<b>Repayable on demand or less than 3 months</b>	<b>3 months to 1 year</b>	<b>Over 1 year</b>	<b>Total undiscounted cash flows</b>	<b>Carrying amount at 31.3.2014</b>
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 March 2014</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	—	32,355	—	—	32,355	32,355
Amount due to a related company	—	127	—	—	127	127
Bank borrowings at variable interest rate	2.21	14,838	—	—	14,838	14,838
Obligations under finance leases	3.58	52	158	172	382	348
		<u>47,372</u>	<u>158</u>	<u>172</u>	<u>47,702</u>	<u>47,668</u>

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.3.2013 HK\$'000
<b>As at 31 March 2013</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	—	23,311	—	—	23,311	23,311
Bank borrowings at variable interest rate	2.61	11,990	—	—	11,990	11,990
Obligations under finance leases	3.59	<u>53</u>	<u>157</u>	<u>382</u>	<u>592</u>	<u>527</u>
		<u>35,354</u>	<u>157</u>	<u>382</u>	<u>35,893</u>	<u>35,828</u>

Bank loans with a repayment on demand clause are included in the “Repayable on demand or less than 3 months” time band in the above maturity analysis. As at 31 March 2014 and 2013, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$14,838,000 and HK\$11,990,000 respectively. Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid by monthly instalments which will be wholly repayable during the year ending 31 March 2015 in accordance with the scheduled repayment dates set out in the loan agreements. On this basis, the aggregate principal and interest cash flows repayable of these bank borrowings in the “Repayable on demand or less than 3 months” time band as at 31 March 2014 will amount to HK\$14,893,000 (2013: HK\$12,042,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) **Fair value**

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

**7. REVENUE AND SEGMENT INFORMATION**

Revenue represents the amount received or receivable for the sales of health and wellness products, net of sales related taxes, during the year.

The operating segments of the Group represent the components of the Group whose operating results are regularly reviewed by the chief operating decision maker for the purposes of making decisions about resources allocation and assessment of performance. The chief operating decision maker comprises the executive directors of the Company.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment is focused on revenue and operating results from each of the four geographical locations, Hong Kong, Macau, PRC and Malaysia (2013: Hong Kong, Macau and PRC). Segment information in Malaysia is presented for the current year upon the acquisition of business from OTO Bodycare Sdn. Bhd. ("OTO Malaysia") in October 2013, details of which are set out in note 28.

No revenue from any single customer during both years contributed over 10% of the total revenue of the Group.

## (a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments, i.e. the four (2013: three) geographical locations as mentioned above, for the year:

## Year ended 31 March 2014

	Hong Kong	Macau	PRC	Malaysia	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue					
External sales	181,057	34,802	112,896	10,945	339,700
Inter-segment sales	<u>12,348</u>	<u>—</u>	<u>—</u>	<u>237</u>	<u>12,585</u>
Segment revenue	<u>193,405</u>	<u>34,802</u>	<u>112,896</u>	<u>11,182</u>	352,285
Elimination					<u>(12,585)</u>
Group revenue					<u>339,700</u>
Segment profit	28,013	11,715	21,188	820	61,736
Unallocated administrative expenses					(54,550)
Other gains and losses					541
Interest income					4,314
Finance costs					<u>(344)</u>
Profit before tax					11,697
Income tax expense					<u>(2,975)</u>
Profit for the year					<u>8,722</u>

**APPENDIX II****FINANCIAL INFORMATION OF THE GROUP****Year ended 31 March 2013**

	<b>Hong Kong</b>	<b>Macau</b>	<b>PRC</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue				
External sales	172,617	29,439	57,145	259,201
Inter-segment sales	<u>10,405</u>	<u>—</u>	<u>623</u>	<u>11,028</u>
Segment revenue	<u>183,022</u>	<u>29,439</u>	<u>57,768</u>	270,229
Elimination				<u>(11,028)</u>
Group revenue				<u>259,201</u>
Segment profit	36,084	9,632	8,758	54,474
Unallocated administrative expenses				(50,619)
Other gains and losses				(1,771)
Interest income				1,982
Finance costs				<u>(350)</u>
Profit before tax				3,716
Income tax expense				<u>(1,670)</u>
Profit for the year				<u>2,046</u>

Inter-segment sales are made at cost plus a certain percentage profit mark-up.

The accounting policies of reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the pre-tax gross profit generated from each segment net of staff costs, depreciation expense, and other expenses directly attributable to each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.



## (b) Other information

## Year ended 31 March 2014

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Malaysia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation expense	3,192	13	3,385	237	6,827
Additions to property, plant and equipment	<u>5,169</u>	<u>—</u>	<u>4,195</u>	<u>1,428</u>	<u>10,792</u>

## Year ended 31 March 2013

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation expense	2,432	14	1,149	3,595
Additions to property, plant and equipment	8,024	—	2,801	10,825
Gain on disposal of property, plant and equipment	166	—	—	166
Loss on written off a property, plant and equipment	<u>(3,351)</u>	<u>—</u>	<u>—</u>	<u>(3,351)</u>

## (c) Product information

The Group has a large portfolio of health and wellness products which are broadly divided into four categories, namely relaxation products, fitness products, therapeutic products and diagnostic products. The following is an analysis of the Group's revenue by each of the four categories:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Relaxation products	269,723	202,752
Fitness products	59,999	44,116
Therapeutic products	6,847	8,970
Diagnostic products	<u>3,131</u>	<u>3,363</u>
	<u>339,700</u>	<u>259,201</u>

**(d) Geographical information**

The following table sets out information about the geographical location of the Group's non-current assets other than financial instruments and deferred tax assets.

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	21,805	23,232
Macau	47	476
PRC	4,122	3,422
Malaysia	<u>1,597</u>	<u>—</u>
Total assets	<u><u>27,571</u></u>	<u><u>27,130</u></u>

**(e) Segment assets and liabilities**

No assets and liabilities are included in the measures of the Group's segment reporting that are reported to the chief operating decision maker. Accordingly, no segment assets and liabilities are presented.

**8. OTHER INCOME**

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Repair income	1,816	1,480
Delivery income	3,499	2,418
Bank interest income and interest income from deposit placed at an insurance company	4,314	1,982
Warranty income	28	1
Rental income	229	192
Other service income	160	160
Compensation income	9	31
Sundry income	<u>71</u>	<u>285</u>
	<u><u>10,126</u></u>	<u><u>6,549</u></u>

**9. OTHER GAINS AND LOSSES**

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain from changes in fair value of investment property	1,640	950
Net exchange (loss) gain	(1,099)	419
Gain on disposal of property, plant and equipment	—	166
Loss on written off of property, plant and equipment	—	(3,351)
Gain from changes in fair value of investments at fair value through profit or loss	<u>—</u>	<u>45</u>
	<u>541</u>	<u>(1,771)</u>

**10. FINANCE COSTS**

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	313	317
Finance leases	<u>31</u>	<u>33</u>
	<u>344</u>	<u>350</u>

## 11. PROFIT BEFORE TAX

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before tax has been arrived at after charging:		
Auditors' remuneration	1,300	1,050
Cost of inventories recognised as an expense	113,037	87,186
Depreciation for property, plant and equipment	6,910	3,625
— Shared by related companies as part of the research and development expenditure	<u>(83)</u>	<u>(30)</u>
— Shared by the Group	<u>6,827</u>	<u>3,595</u>
Staff retirement benefit costs (including directors' retirement benefit scheme contribution)	4,115	2,757
Operating lease payments in respect of rented premises (included in other expenses)		
— Minimum lease payments	28,159	23,699
— Contingent rent	48,604	37,431
Share-based payment expenses (included in staff costs)	253	—
Research and development expenditure		
— Included in staff costs	1,522	1,207
— Included in depreciation expense	523	130
— Included in other expenses	<u>326</u>	<u>283</u>
	<u>2,371</u>	<u>1,620</u>
Research and development expenditure shared by related companies (note 32)		
— Staff costs	(241)	(288)
— Depreciation expense	(83)	(30)
— Other expenses	<u>(52)</u>	<u>(68)</u>
	<u>(376)</u>	<u>(386)</u>
Research and development expenditure shared by the Group	<u>1,995</u>	<u>1,234</u>

## 12. INCOME TAX EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	—	1,262
Macau Complimentary Income Tax	1,166	877
PRC Enterprise Income Tax	<u>1,887</u>	<u>—</u>
	<u>3,053</u>	<u>2,139</u>
(Over) underprovision of taxation in prior years:		
Hong Kong Profits Tax	—	224
Macau Complimentary Income Tax	—	(89)
PRC Enterprise Income Tax	<u>—</u>	<u>(730)</u>
	<u>—</u>	<u>(595)</u>
Deferred tax (note 19)	<u>(78)</u>	<u>126</u>
	<u>2,975</u>	<u>1,670</u>

No Hong Kong Profits Tax is provided for the current year as the subsidiary operating in Hong Kong incurred tax loss for the year. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2013.

The Macau Complimentary Income Tax is calculated at 12% of the estimated assessable profit exceeding MOP300,000 (2013: progressively at rates ranging from 3% to 12% of the estimated assessable profit exceeding MOP200,000).

Under the Law of the PRC on Enterprise Income Tax, the tax rate of the PRC subsidiary is 25%.

Taxable income of the subsidiary in Malaysia is subject to corporate tax at the rate of 25%. No Malaysia Corporate Income Tax is provided for the current year as the subsidiary operating in Malaysia incurred tax loss for the year.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before tax	<u>11,697</u>	<u>3,716</u>
Tax at Hong Kong Profits Tax rate of 16.5%	1,930	613
Tax effect of income not taxable for tax purposes	(895)	(956)
Tax effect of expenses not deductible for tax purposes	1,053	1,116
Tax effect on tax exemption	(35)	(24)
Tax effect of tax loss not recognised	629	1,030
Tax effect on different tax rate of operations in other jurisdictions	206	297
Overprovision of taxation in prior years	—	(595)
Others	<u>87</u>	<u>189</u>
Income tax expense for the year	<u>2,975</u>	<u>1,670</u>

Details of deferred taxation are set out in note 19.

## 13. DIRECTORS' EMOLUMENTS

The amount of directors' emoluments paid and payable by the Group during the year is set out below:

	Year ended 31 March 2014					Total emoluments HK\$'000
	Fee HK\$'000	Salary and other benefits HK\$'000	Performance related incentive payments HK\$'000	Retirement benefits scheme contributions HK\$'000	Share- based payments HK\$'000	
Mr. Yip Chee Seng	—	3,148	—	—	25	3,173
Mr. Yip Chee Lai, Charlie	—	2,733	936	15	24	3,708
Mr. Yip Chee Way, David	—	1,448	190	—	24	1,662
Mr. Yep Gee Kuarn	67	671	—	—	25	763
Mr. Chan Yip Keung	270	—	—	—	12	282
Mr. Chung Kin Fai	220	—	—	—	12	232
Ms. Lo Yee Hang	220	—	—	—	12	232
	<u>777</u>	<u>8,000</u>	<u>1,126</u>	<u>15</u>	<u>134</u>	<u>10,052</u>

	Year ended 31 March 2013					
	Fee	Salary and other benefits	Performance related incentive payments	Retirement benefits scheme contributions	Share-based payments	Total emoluments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Yip Chee Seng	—	3,000	—	—	—	3,000
Mr. Yip Chee Lai, Charlie	—	2,602	852	15	—	3,469
Mr. Yip Chee Way, David	—	1,380	164	—	—	1,544
Mr. Yep Gee Kuarn	100	—	—	—	—	100
Mr. Chan Yip Keung	270	—	—	—	—	270
Mr. Chung Kin Fai	220	—	—	—	—	220
Ms. Lo Yee Hang	220	—	—	—	—	220
	<u>810</u>	<u>6,982</u>	<u>1,016</u>	<u>15</u>	<u>—</u>	<u>8,823</u>

*Note 1:* The performance related incentive payments are determined as a percentage, ranging from 0.5% to 2% per annum, of the Group's turnover of respective geographical locations.

Mr. Yip Chee Lai, Charlie is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 31 March 2014 and 2013.

#### 14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2013: three) were the directors of the Group during the year, whose emoluments are included in note 13 above. The emoluments of remaining two (2013: two) individuals during the year are as follows:

	2014 HK\$'000	2013 HK\$'000
Salary and other benefits	1,592	2,053
Performance related bonus	887	—
Share-based payments	<u>23</u>	<u>—</u>
Total emoluments	<u>2,502</u>	<u>2,053</u>



Their emoluments were within the following bands:

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	—	1
HK\$1,500,001 to HK\$2,000,000	<u>1</u>	<u>—</u>
	<u><u>2</u></u>	<u><u>2</u></u>

During the years ended 31 March 2014 and 2013, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

#### 15. DIVIDEND

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend recognised as distribution during the year:		
2012 Final — HK cents 0.950 per share	—	3,040
2012 special dividend — HK cents 1.430 per share	<u>—</u>	<u>4,576</u>
	<u><u>—</u></u>	<u><u>7,616</u></u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2014 of HK cents 0.814 (2013: Nil) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

## 16. EARNINGS PER SHARE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>8,722</u>	<u>2,046</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	319,594	319,870
Effect of dilutive potential ordinary shares in respect of share options	<u>18</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>319,612</u>	<u>319,870</u>

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding warrants as the exercise price of those warrants was higher than the average market price for shares for the year ended 31 March 2013.

## 17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold land	Furniture, fixtures and equipment	Motor vehicles	Leasehold improvements	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>						
At 1 April 2012	1,091	4,250	8,864	1,270	12,392	27,867
Additions	—	—	4,450	462	5,913	10,825
Disposals	—	—	(130)	(295)	—	(425)
Written off (note)	—	—	(3,500)	—	(1,924)	(5,424)
Exchange adjustments	—	—	67	—	22	89
At 31 March 2013	1,091	4,250	9,751	1,437	16,403	32,932
Additions	—	—	3,254	—	6,252	9,506
Acquired on acquisition of business (note 28)	—	—	568	194	524	1,286
Exchange adjustments	—	—	(2)	(3)	(23)	(28)
At 31 March 2014	1,091	4,250	13,571	1,628	23,156	43,696
<b>DEPRECIATION</b>						
At 1 April 2012	742	1,605	8,183	938	9,937	21,405
Provided for the year	44	94	736	266	2,485	3,625
Eliminated on disposals	—	—	(73)	(295)	—	(368)
Eliminated on written off (note)	—	—	(292)	—	(1,781)	(2,073)
Exchange adjustments	—	—	1	—	6	7
At 31 March 2013	786	1,699	8,555	909	10,647	22,596
Provided for the year	44	94	1,116	310	5,346	6,910
Exchange adjustments	—	—	11	—	(37)	(26)
At 31 March 2014	830	1,793	9,682	1,219	15,956	29,480
<b>CARRYING VALUES</b>						
At 31 March 2014	<u>261</u>	<u>2,457</u>	<u>3,889</u>	<u>409</u>	<u>7,200</u>	<u>14,216</u>
At 31 March 2013	<u>305</u>	<u>2,551</u>	<u>1,196</u>	<u>528</u>	<u>5,756</u>	<u>10,336</u>

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

	<b>Depreciation rate</b>
Buildings	4%
Leasehold land	Over the shorter of the term of the lease or 50 years
Furniture, fixtures and equipment	20% - 50%
Motor vehicles	33%
Leasehold improvements	Over the shorter of the term of the lease or 3 years

The leasehold land represents land in Hong Kong under medium-term lease.

The carrying value of motor vehicles includes an amount of HK\$250,000 (2013: HK\$528,000) in respect of assets held under finance leases.

*Note:* During the year ended 31 March 2013, certain equipment in relation to products with weak marketability were written off.

## 18. INVESTMENT PROPERTY

	<i>HK\$'000</i>
<b>FAIR VALUE</b>	
At 1 April 2012	6,700
Increase in fair value	<u>950</u>
At 31 March 2013	7,650
Increase in fair value	<u>1,640</u>
At 31 March 2014	<u><u>9,290</u></u>

The Group's property interest held under operating lease to earn rentals or for capital appreciation purpose is measured using fair value model and is classified and accounted for as investment property.

The fair value of the Group's investment property at 31 March 2014 and 2013 have been arrived at on the basis of a valuation carried out on the respective dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent qualified professional valuers not connected with the Group. The valuation report on the property was signed by directors of Jones Lang LaSalle Corporate Appraisal and Advisory Limited who are members of the Hong Kong Institute of Surveyors.

The fair value of the property was determined based on the direct comparison approach. In the valuation, which falls under Level 3 of the fair value hierarchy, market unit rate, taking into account the floor level, view, size and building age, is one of the key inputs. The higher the market unit rate, the higher the fair value, and vice versa. There has been no change to the valuation technique during the year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers into or out of Level 3 during the year.

The investment property shown above is situated on land in Hong Kong under long term leases.

## 19. DEFERRED TAX ASSETS

The following are the deferred tax assets recognised by the Group and movements thereon during the year and prior year.

	<b>Depreciation in excess of tax allowance on property, plant and equipment HK\$'000</b>	<b>Fair value adjustments on customer loyalty programmes HK\$'000</b>	<b>Total HK\$'000</b>
As at 1 April 2012	1,003	11	1,014
(Charge) credit to profit or loss	<u>(127)</u>	<u>1</u>	<u>(126)</u>
As at 31 March 2013	876	12	888
(Charge) credit to profit or loss	<u>(40)</u>	<u>118</u>	<u>78</u>
As at 31 March 2014	<u>836</u>	<u>130</u>	<u>966</u>

As at 31 March 2014, the Group has unused tax losses of HK\$3,814,000 available for offset against future assessable profits. No deferred tax asset has been recognised due to the unpredictability of future assessable profit streams. The tax losses may be carried forward indefinitely.

At the end of the reporting period, the temporary difference associated with undistributed earnings of the PRC subsidiary for which deferred tax liability has not been recognised is HK\$4,179,000 (2013: HK\$Nil). No deferred taxation has been recognised in respect of this difference because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

**20. INVENTORIES**

All inventories represent finished goods held for resale.

**21. TRADE AND OTHER RECEIVABLES**

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	34,682	32,474
Prepayments	3,736	3,342
Other receivables	2,441	1,571
Utility and other deposits	<u>8,853</u>	<u>2,478</u>
	<u>49,712</u>	<u>39,865</u>

The management expects that other receivables would be realised within twelve months after the end of the reporting period.

Retail sales are normally settled in cash or by credit card with the settlement from the corresponding financial institutions within 14 days. Receivables from retail sales in department stores are collected within three months. The Group granted an average credit period from 30 days to 90 days to the corporate customers.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	27,345	21,293
31 - 60 days	4,413	5,679
61 - 90 days	2,202	3,099
Over 90 days	<u>722</u>	<u>2,403</u>
	<u>34,682</u>	<u>32,474</u>

Before accepting any new corporate customer, the Group assesses the potential corporate customer's credit quality and defines credit limits for corporate customer. Credit limits granted to corporate customers are reviewed annually.

As at 31 March 2014, included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$5,857,000 (2013: HK\$9,149,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. There has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience.

Aging of trade receivables (by due date) which are past due but not impaired:

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 - 30 days	3,571	6,399
31 - 60 days	1,723	2,043
61 - 90 days	139	199
Over 90 days	<u>424</u>	<u>508</u>
	<u><u>5,857</u></u>	<u><u>9,149</u></u>

As at 31 March 2014 and 2013, the Group has not provided for any allowance for doubtful debts.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date at which credit was initially granted up to the reporting date.

## 22. AMOUNTS DUE FROM (TO) RELATED PARTIES

	<i>Notes</i>	<b>2014</b>	<b>2013</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Amount due from			
OTO Malaysia	i	657	93
OTO Bodycare Pte. Ltd. (“OTO Singapore”)	ii	<u>321</u>	<u>293</u>
		<u><u>978</u></u>	<u><u>386</u></u>
Amount due to			
OTO Singapore	ii	<u>127</u>	<u>—</u>

*Notes:*

- (i) Mr. Yep Gee Kuarn and Mr. Yip Chee Seng are shareholders of OTO Malaysia in which hold 45.8% and 54.2% interest respectively. Included in the amount due from OTO Malaysia is an amount of HK\$602,000 (2013: Nil) which arose from collection of payments by OTO Malaysia on behalf of the Group and is considered as non-trade in nature. The amount is repayable on demand and the maximum amount outstanding during the year was HK\$602,000.

The remaining amount is trade in nature and repayable within 30 days.

- (ii) Mr. Yip Chee Seng, Mr. Yep Gee Kuarn, Mr. Yip Chee Way, David, Mr. Tan Beng Gim and Ms. Chua Siew Hua are shareholders of OTO Singapore. Mr. Yep Gee Kuarn is a director of OTO Singapore. Mr. Yip Chee Way, David, Mr. Tan Beng Gim and Ms. Chua Siew Hun have an indirect interest in OTO Singapore by holding 36.4%, 31.8% and 31.8% interests respectively in The Essence Shop Pte. Ltd., a company which has a 4.2% interest in OTO Singapore. Mr. Yip Chee Seng and his spouse together hold a 90.4% interest in OTO Singapore and Mr. Yep Gee Kuarn and his spouse together hold a 5.4% interest in OTO Singapore.

The amount is trade in nature and repayable within 30 days.

### 23. DEPOSIT PLACED AT AN INSURANCE COMPANY/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Deposit placed at an insurance company carries interest rate of 4% (2013: 4%) per annum and will mature in 2016.

Pledged bank deposits carry interest rates ranging from 0.25% to 3.3% (2013: 0.1% to 3.25%) per annum.

Deposits amounting to HK\$18,111,000 (2013: HK\$17,984,000) have been pledged to secure short term bank loans and trust receipt loans and therefore classified as current assets.

Bank balances carry floating average market interest rates ranging from 0.12% to 0.41% (2013: 0.08% to 0.51%) per annum and fixed interest rates ranging from 2.85% to 3.35% (2013: 0.25% to 0.38%) per annum.

Bank deposits with original maturity over three months carry fixed interest rates ranging from 3.05% to 3.3% (2013: Nil) per annum.

### 24. TRADE AND OTHER PAYABLES

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	18,477	12,620
Receipts in advance	4,634	3,920
Accruals	10,931	8,493
Others (note)	10,774	3,443
	<u>44,816</u>	<u>28,476</u>

*Note:* Includes HK\$811,000 (2013: HK\$215,000) deferred revenue in relation to customer loyalty programmes.



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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 - 30 days	11,682	9,246
31 - 60 days	3,771	2,575
61 - 90 days	2,964	799
Over 90 days	<u>60</u>	<u>—</u>
	<u>18,477</u>	<u>12,620</u>

The average credit period for trade purchases ranges from 0 to 60 days.

## 25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Amounts payable under finance leases:				
Within one year	210	210	186	179
In more than one year but not more than two years	<u>172</u>	<u>382</u>	<u>163</u>	<u>348</u>
	382	592	349	527
Less: Future finance charges	<u>(33)</u>	<u>(65)</u>	<u>N/A</u>	<u>N/A</u>
Present value of lease obligations	<u>349</u>	<u>527</u>	349	527
Less: Amounts due within one year shown under current liabilities			<u>(186)</u>	<u>(179)</u>
Amounts due after one year shown as non-current liability			<u>163</u>	<u>348</u>

The Group has leased motor vehicles under finance leases. The lease terms are four years. The average effective borrowing rate for the year ended 31 March 2014 is 3.58% (2013: 3.59%) per annum. Interest rate is fixed and ranged from 3.5% to 3.75% (2013: 3.5% to 3.75%) on the contract date. The leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the finance lease obligations, determined based on the present value of the estimated future cash flow discounted using the prevailing market rate at the end of the reporting period approximates to their carrying amount. All finance lease obligations are denominated in Hong Kong dollars.

## 26. BANK BORROWINGS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Secured trust receipt loans	<u>14,838</u>	<u>11,990</u>
Carrying amount of bank borrowings that contain a repayment on demand clause and are repayable within one year	<u>14,838</u>	<u>11,990</u>

The details of the Group's borrowings at the end of the reporting period are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Variable rates:		
— Best Lending Rate plus margin	721	712
— LIBOR plus 1.75% to 2.25%	13,618	9,491
— Standard Bills Rates	<u>499</u>	<u>1,787</u>
	<u>14,838</u>	<u>11,990</u>

The range of effective interest rate per annum to the Group's variable rate borrowings are as follows:

	2014	2013
Variable rate borrowings	<u>1.98% - 6.02%</u>	<u>1.85% - 5.44%</u>

The Group's borrowings are denominated in US\$ (2013: JPY and US\$).

## 27. SHARE CAPITAL

	Number of Share	shares capital US\$
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 April 2012, 31 March 2013 and 31 March 2014	<u>10,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid or credited as fully paid:		
At 1 April 2012	320,000,000	3,200,000
Shares repurchased and cancelled	<u>(406,000)</u>	<u>(4,060)</u>
At 31 March 2013 and 2014	<u>319,594,000</u>	<u>3,195,940</u>
	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Presented as	<u>24,928</u>	<u>24,928</u>

In December 2012, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of the ordinary shares of US\$ 0.01 each	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration paid <i>HK\$'000</i>
December, 2012	<u>406,000</u>	<u>0.50</u>	<u>0.48</u>	<u>199</u>

The above shares were cancelled upon repurchase.

**28. ACQUISITION OF BUSINESS**

On 1 October 2013, OTO Wellness Sdn. Bhd. (“OTO Wellness”), a subsidiary of the Company, entered into a sales and purchase agreement with OTO Malaysia, pursuant to which OTO Wellness agreed to acquire and, OTO Malaysia agreed to sell, the business in Malaysia operated by OTO Malaysia (the “Target Business”) for an aggregate consideration of RM2,127,000 (equivalent to approximately HK\$5,126,000), which was determined with reference to the carrying amount of the acquired assets of the Target Business as at the date of acquisition.

The carrying amount of the acquired assets of the Target Business comprised:

	<i>HK\$'000</i>
Property, plant and equipment	1,286
Inventories	2,970
Deposits	<u>870</u>
	<u>5,126</u>

The fair value of the identifiable assets acquired and liabilities assumed have been arrived at on the basis of a valuation carried out on 1 October 2013 by Roma Appraisals Limited, independent qualified professional valuers not connected with the Group. Since the difference between the consideration and the fair value of the identifiable assets acquired and liabilities assumed was minimal, no goodwill was recognised from the acquisition.

Net cash outflow on acquisition of business:

	<i>HK\$'000</i>
Cash consideration paid	<u>5,126</u>

Details of the acquisition are set out in the announcement of the Company dated 2 October 2013.

Revenue of HK\$10,945,000 and loss of HK\$133,000 attributable to the Target Business for the period from the acquisition date to 31 March 2014 was consolidated in the Group’s profit and loss for the year ended 31 March 2014.

Had the acquisition been completed on 1 April 2013, total group revenue for the year would have been HK\$349,128,000, and profit for the year would have been HK\$9,822,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2013, nor is it intended to be a projection of future results.

**29. MAJOR NON-CASH TRANSACTIONS**

For the year ended 31 March 2013, the Group entered into a finance lease arrangement in respect of a motor vehicle with a capital value at the inception of the lease of HK\$430,000.

**30. PLEDGE OF ASSETS**

The following assets were pledged to banks as securities to obtain the banking facilities at the end of the reporting period:

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leasehold land and buildings		
— included in property, plant and equipment	2,718	2,856
Investment property	9,290	7,650
Bank deposits	<u>18,111</u>	<u>17,984</u>
	<u>30,119</u>	<u>28,490</u>

In addition, the Group's obligations under finance leases are secured by the lessor's charge over the leased assets with carrying values as disclosed in note 17.

**31. OPERATING LEASE ARRANGEMENTS****The Group as lessor**

At the end of the reporting period, an investment property was let out under an operating lease. Gross rental income earned during the year is HK\$229,000 (2013: HK\$192,000).

At the end of the reporting period, the Group had contracted with a tenant for the future minimum lease payments of HK\$Nil (2013: HK\$229,000) under a non-cancellable operating lease which fall due within one year.

Lease is negotiated and rental is fixed for a term of one year.

**The Group as lessee**

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

	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	32,275	26,872
In the second to fifth years inclusive	<u>6,779</u>	<u>12,203</u>
	<u>39,054</u>	<u>39,075</u>

Operating lease payments represent rentals payable by the Group for its office, shops and consignment counters at department stores. Leases are negotiated for terms ranging from one year to three years with fixed monthly rentals and certain arrangements are subject to contingent rents based on a fixed percentage of the monthly gross turnover with or without monthly minimum lease payments.

**32. RELATED PARTY DISCLOSURES**

Other than those balances and transactions disclosed in notes 22 and 28, during the year the Group entered into following transactions with related parties:

<b>Name of related parties</b>	<b>Nature of transaction</b>	<b>2014</b>	<b>2013</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
OTO Singapore	Trade purchases	805	—
	Share of research and development expenses	321	293
OTO Malaysia	Share of research and development expenses	55	93
Mr. Yip Chee Lai, Charlie	Rental expenses	<u>48</u>	<u>144</u>

Pursuant to a tenancy agreement dated as of 1 September 2011 and entered into between the Group as tenant and Mr. Yip Chee Lai, Charlie on behalf of the landlords (being Mr. Yip Chee Lai, Charlie and his spouse), the landlords agreed to lease a residential property located in the Western District in Hong Kong as a staff quarter for a term from 1 June 2011 to 31 May 2013 at an annual rental of HK\$144,000. During the year, the landlords agreed to extend the tenancy for two months at a monthly rental of HK\$12,000.

On 25 November 2011, the Group entered into an agreement for sharing of research and development expenses with OTO Singapore and OTO Malaysia pursuant to which, following the listing of the Company's shares on the Stock Exchange, the parties have agreed to share the research and development expenses of new product development on the terms and conditions stated therein. OTO Singapore, OTO Malaysia and the Group will share the research and development expenses on an annual basis in proportion to their respective turnovers during the same year.

The balances of amounts due from/to related parties are disclosed in the consolidated statement of financial position and in note 22.

The compensation to key management personnel comprises only the directors' emoluments, details of which are disclosed in note 13.

### **33. RETIREMENT BENEFIT SCHEME**

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

The employees employed in Macau are members of the defined contribution retirement benefit plan. The subsidiary established in Macau is required to contribute MOP30 per month for each employee to the retirement benefit plan to fund the benefits.

The employees employed in the PRC are members of the state-managed benefit scheme operated by PRC government. The subsidiary established in the PRC is required to contribute a certain percentage of the salaries of its employees to the scheme. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

The employees employed in Malaysia are members of Employees Provident Fund, a Malaysian government agency under the Ministry of Finance. The subsidiary established in Malaysia is required to contribute certain percentage of the salaries of its employees to the scheme. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

As at 31 March 2014 and 2013, the Group had no significant obligation apart from the contribution as stated above.

### **34. SHARE-BASED PAYMENTS**

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution in writing passed by all the shareholders of the Company on 25 November 2011 for the primary purpose of recognising and acknowledging the contribution of the eligible participant had or may have made to the Group. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares of the Company.

On 29 January 2014, the Company granted 3,180,000 share options (the “Share Options”), to subscribe for the ordinary shares of the Company at a price of US\$0.01 each in the capital under the Scheme.

The grant of Share Options comprised (i) 1,680,000 Share Options to the directors of the Company and (ii) 1,500,000 Share Options to certain members of the senior management and employees of the Company to subscribe for shares in the Company at HK\$0.62 per share.

At 31 March 2014, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 3,180,000 (2013: Nil), representing approximately 1% of the shares of the Company in issue at that date. The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 10% of the total number of shares in issue on the date on which trading of the shares commenced on the Main Board of the Stock Exchange being 32,000,000 shares.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 per eligible participant. Options may be exercised at any time during the exercise period as disclosed below. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company’s shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share.

Details of the shares options are as follows:

	<b>Date of Grant</b>	<b>Vesting period</b>	<b>Exercise period</b>	<b>Exercise Price</b>	<b>Exercise Date</b>
Type I	29 January 2014	30%: exercisable on the date of grant	29.1.2014 to 28.1.2017	HK\$ 0.62 per share	Any date within the exercise period
		40%: 29.1.2014 to 28.1.2015	29.1.2015 to 28.1.2017		
		30%: 29.1.2014 to 28.1.2016	29.1.2016 to 28.1.2017		



The following table discloses movement of the Company's share options held by directors and eligible employees during the year:

Option type	Outstanding at 1 April 2013	Granted during the year	Outstanding at 31 March 2014
Type I	—	3,180,000	3,180,000
Exercisable at the end of the year			954,000
Weighted average exercise price	—	HK\$0.62	HK\$0.62

During the year ended 31 March 2014, 3,180,000 share options were granted on 29 January 2014. The estimated fair value of the options granted on this date is HK\$636,000.

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

	31 March 2014
Share price on the date of grant	HK\$0.62
Exercise price	HK\$0.62
Expected volatility	48.468%
Contractual life	3 years
Risk-free rate	0.658%
Expected dividend yield	0.00%
Option type	Call

Expected volatility was determined by using the historical price volatilities of Company's share price as at the date of valuation as extracted from Bloomberg.

Total consideration received during the year from employees, including the directors of the Company, for taking up the options granted was HK\$18 (2013: Nil).

The Group recognised the total expenses of HK\$253,000 for the year ended 31 March 2014 (2013: Nil) in relation to share options granted by the Company.

### 35. WARRANTS

On 4 October 2012, the Group entered into the Warrant Placing Agreement with a placing agent in connection with the warrant placing, pursuant to which the placing agent agreed to place 20,000,000 warrants conferring rights to subscribe for 20,000,000 warrant shares of the Company at the exercise price of HK\$0.655 per warrant share (subject to anti-dilutive adjustments). The Group had received HK\$180,000 from the warrant holders upon issue of these warrants.

The warrant placing was completed on 19 October 2012. The warrants were classified as equity instrument of the Company and have no material effect on profit or loss of the Group. The warrants were expired on 19 October 2013, no warrant was exercised.

### 36. SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Investments in subsidiaries	132,087	132,087
Prepayments and other receivables	463	537
Amounts due from subsidiaries	27,141	31,792
Bank balances and cash	97,856	95,423
Other payables and accrued expenses	(1,069)	(443)
Amounts due to subsidiaries	<u>(1,286)</u>	<u>(1,286)</u>
	<u>255,192</u>	<u>258,110</u>
Share capital	24,928	24,928
Reserves	<u>230,264</u>	<u>233,182</u>
	<u>255,192</u>	<u>258,110</u>

#### Movement of reserves

	Share premium <i>HK\$'000</i>	Warrants premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2012	227,810	—	—	—	16,099	243,909
Loss for the year	—	—	—	—	(3,124)	(3,124)
Shares repurchased and cancelled	(167)	—	32	—	(32)	(167)
Issue of warrants	—	180	—	—	—	180
Dividend paid	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,616)</u>	<u>(7,616)</u>
At 31 March 2013	227,643	180	32	—	5,327	233,182
Loss for the year	—	—	—	—	(3,171)	(3,171)
Recognition of share-based payments	—	—	—	253	—	253
Expiry of warrants	<u>—</u>	<u>(180)</u>	<u>—</u>	<u>—</u>	<u>180</u>	<u>—</u>
At 31 March 2014	<u>227,643</u>	<u>—</u>	<u>32</u>	<u>253</u>	<u>2,336</u>	<u>230,264</u>

## 37. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries, all of which are wholly-owned by the Company, as at 31 March 2014 and 2013 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			2014	2013	
OTO (BVI) Investment Limited	BVI 7 January 2011	US\$16,252	100%	100%	Investment holding
OTO (HK) Investment Limited	Hong Kong 17 February 2011	HK\$1	100%	100%	Investment holding
OTO Bodycare (H.K.) Limited	Hong Kong 14 November 1986	HK\$1,000,000	100%	100%	Sales of health and wellness products in Hong Kong
OTO International (Macau) Company Limited	Macau 13 September 2005	MOP30,000	100%	100%	Sales of health and wellness products in Macau
Dainty (Shanghai) Co., Ltd.	PRC 25 March 2010	Registered and paid-up capital US\$5,150,000 (2013: Registered capital US\$5,150,000 (Paid up capital US\$3,157,959))	100%	100%	Sales of health and wellness products in PRC
OTO Wellness Sdn. Bhd.	Malaysia 17 July 2013	MYR1,000,000	100%	N/A	Sales of health and wellness products in Malaysia
OTO Wellness Pte. Ltd.	Singapore 1 October 2013	SGD10,000	100%	N/A	Inactive

*Note:* The Company holds OTO BVI directly and all other subsidiaries indirectly.

### 3. MATERIAL CHANGES

The Directors confirm that as at the Latest Practicable Date, there had been no material changes in the financial or trading position or outlook of the Group since 31 March 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up.

### 4. STATEMENT OF INDEBTEDNESS

At the close of business on 31 October 2014, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Composite Document, the Group had in aggregate outstanding borrowings of approximately HK\$12.4 million.

The following table illustrates the Group's secured trust receipt loans and obligations under finance lease as at 31 October 2014:

	<i>HK\$'000</i>
Secured bank borrowings	
Trust receipt loans	11,750
Obligations under finance lease	<u>651</u>
	<u>12,401</u>

As at 31 October 2014, the secured bank borrowings were secured by the Group's pledged deposits, property, plant and equipment and investment property. The obligations under finance lease were secured by the Group's property, plant and equipment.

Save as disclosed above and apart from intra-group liabilities and normal trade payables arising in the normal course of business, as at the close of business on 31 October 2014, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptances credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

## 1. RESPONSIBILITY STATEMENTS

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document, other than that relating to the Vendors and the Group, and confirm that, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document, other than those expressed by the Vendors and the Directors, 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 statements in this Composite Document misleading.

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 confirm that, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document, other than those expressed by the sole director of the Offeror, 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 statements in this Composite Document misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company of US\$0.01 each as at 31 March 2014 and as at the Latest Practicable Date were as follows:

<b>Authorised</b>	<i>US\$</i>
<u>10,000,000,000</u> Shares as at the Latest Practicable Date	<u>100,000,000</u>
 <b>Issued</b>	
319,594,000 Shares as at 31 March 2014	3,195,940
321,600 Shares issued on exercise of Share Options with exercise prices of HK\$0.62	3,216
<u>319,915,600</u> Shares as at the Latest Practicable Date	<u>3,199,156</u>

All Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital. Save as disclosed, the Company has not issued any other Share since 31 March 2014, the date to which the latest audited financial statements of the Company were made up.

The Company's share option scheme was adopted on 25 November 2011. As at the Latest Practicable Date, the number of shares in respect of which options had been granted and remained outstanding under the share option scheme was 2,858,400, all of which have an exercise price of HK\$0.62 per Share.

Save as disclosed above, as at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right on the holder thereof to subscribe for, convert or exchange into new Shares.

### 3. DISCLOSURE OF INTERESTS BY DIRECTORS OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

#### *Long positions in Shares*

<b>Name of Director</b>	<b>Number of Shares held</b>	<b>Nature of interest</b>	<b>Approximate percentage of issued share capital (%)</b>
Mr. Yip Chee Seng	5,456,000	Beneficial owner	1.7
Mr. Yip Chee Lai, Charlie	5,746,000	Beneficial owner	1.8
Mr. Yip Chee Way, David	5,796,000	Beneficial owner	1.8
Mr. Yep Gee Kuarn	5,796,000	Beneficial owner	1.8

#### *Share Options to subscribe for Shares*

<b>Name of Director</b>	<b>Date of Grant</b>	<b>Exercise price (HK\$)</b>	<b>Number of Share Options outstanding as at the Latest Practicable Date</b>
Mr. Yip Chee Seng	29 January 2014	0.62	318,000
Mr. Yip Chee Lai, Charlie	29 January 2014	0.62	300,000
Mr. Yip Chee Way, David	29 January 2014	0.62	300,000
Mr. Yep Gee Kuarn	29 January 2014	0.62	318,000
Mr. Chan Yip Keung	29 January 2014	0.62	148,000
Ms. Lo Yee Hang	29 January 2014	0.62	148,000

Save as disclosed in this section, as at the Latest Practicable Date, none of the Directors and their respective associates had any interests or short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange.

#### 4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or held any option in respect of such capital:

<b>Name of Shareholder</b>	<b>Capacity and nature of interest</b>	<b>Number of Shares and Share Options held</b>	<b>Approximate % of interest</b>
The Offeror	Beneficial owner	179,140,000	56%
Tempus Value Chain	Interest of controlled corporation (Note 1)	179,140,000	56%
Tempus Logistics	Interest of controlled corporation (Note 2)	179,140,000	56%
Pingfeng Jewellery	Interest of controlled corporation (Note 3)	179,140,000	56%
Tempus Investment Holdings	Interest of controlled corporation (Note 4)	179,140,000	56%
Mr. Zhong Baisheng	Interest of controlled corporation (Note 5)	179,140,000	56%
Chua Siew Hun	Interests of parties to an agreement to acquire interests of the Company (Note 6)	24,030,000	7.51%
Tan Beng Gim	Interests of parties to an agreement to acquire interests of the Company (Note 6)	24,030,000	7.51%

Name of Shareholder	Capacity and nature of interest	Number of Shares and Share Options held	Approximate % of interest
Lee Lay Hoon	Interest of spouse (Note 7)	24,030,000	7.51%
Lim Kim Show	Interest of spouse (Note 7)	24,030,000	7.51%
Tan Swee Geok	Interest of spouse (Note 7)	24,030,000	7.51%
Yap Hui Meng	Interest of spouse (Note 7)	24,030,000	7.51%
Yeo Bee Lian	Interest of spouse (Note 7)	24,030,000	7.51%

*Note 1:* The Offeror is wholly owned by Tempus Value Chain.

*Note 2:* Tempus Value Chain is wholly owned by Tempus Logistics.

*Note 3:* Tempus Logistics is 35% owned by Pingfeng Jewellery.

*Note 4:* Tempus Logistics is 65% owned by Tempus Investment Holdings. Pingfeng Jewellery is 60% owned by Tempus Investment Holdings.

*Note 5:* Pingfeng Jewellery is 30% owned by Mr. Zhong Baisheng. Tempus Investment Holdings is 67% owned by Mr. Zhong Baisheng.

*Note 6:* Mr. Yip Chee Seng, Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Way, David and Mr. Yep Gee Kuarn are the beneficial owners of 22,794,000 Shares and 1,236,000 Share Options of the Company as at the Latest Practicable Date. Pursuant to a confirmatory agreement dated as of 1 February 2011 and entered into between Mr. Yip Chee Seng, Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Way, David, Mr. Yep Gee Kuarn, Mr. Tan Beng Gim and Ms. Chua Siew Hun, from 1 April 2008, in the process of decision-making in the shareholders' meeting of each company in the Group, it was agreed that all decisions must be subject to unanimous decision of them unless such decisions so made would be in breach of any applicable laws or regulations. By virtue of such arrangements, each of Mr. Yip Chee Seng, Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Way, David, Mr. Yep Gee Kuarn, Mr. Tan Beng Gim and Ms. Chua Siew Hun is taken to be interested in any Shares in which each of them is interested and they are interested pursuant to section 318 of the SFO.

*Note 7:* Ms. Yap Hui Meng, Ms. Yeo Bee Lian, Ms. Tan Swee Geok, Ms. Lee Lay Hoon and Dr. Lim Kim Show, are the spouses of Mr. Yip Chee Seng, Mr. Yip Chee Lai, Charlie, Mr. Yep Gee Kuarn, Mr. Tan Beng Gim and Ms. Chua Siew Hun respectively and therefore are deemed under the SFO to be interested in the said long position in which each of them are deemed to be interested.



Save as disclosed in this section, as at the Latest Practicable Date, the Directors were not aware of any other persons or corporations (other than a Director or the chief executive of the Company) who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or held any option in respect of such capital.

## 5. DISCLOSURE OF INTERESTS BY THE OFFEROR AND ITS DIRECTOR

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 are as follows:

<b>Name of Shareholder</b>	<b>Capacity and nature of interest</b>	<b>Number of Shares held</b>	<b>Approximate % of interest</b>
The Offeror	Beneficial owner	179,140,000	56%
Tempus Value Chain	Interest of controlled corporation (Note 1)	179,140,000	56%
Tempus Logistics	Interest of controlled corporation (Note 2)	179,140,000	56%
Pingfeng Jewellery	Interest of controlled corporation (Note 3)	179,140,000	56%
Tempus Investment Holdings	Interest of controlled corporation (Note 4)	179,140,000	56%
Mr. Zhong Baisheng	Interest of controlled corporation (Note 5)	179,140,000	56%

*Note 1:* The Offeror is wholly owned by Tempus Value Chain.

*Note 2:* Tempus Value Chain is wholly owned by Tempus Logistics.

*Note 3:* Tempus Logistics is 35% owned by Pingfeng Jewellery.

*Note 4:* Tempus Logistics is 65% owned by Tempus Investment Holdings. Pingfeng Jewellery is 60% owned by Tempus Investment Holdings.

*Note 5:* Pingfeng Jewellery is 30% owned by Mr. Zhong Baisheng. Tempus Investment Holdings is 67% owned by Mr. Zhong Baisheng.

Save for the interest in a total of 179,140,000 Shares as a result of the completion of the acquisition of the Sale Shares, representing approximately 56.00% of the issued share capital of the Company as at the Latest Practicable Date, none of the Offeror, its directors and parties acting in concert with the Offeror owned, controlled or had any other interest in the Shares, options, warrants, derivatives or securities which are convertible into Shares as at the Latest Practicable Date. Save for the acquisition of the Sale Shares and the dealings by a discretionary account managed by Quam Securities as disclosed below, the Offeror, its director and parties acting in concert with any of them have not dealt in the Shares, convertible securities, warrants, options and derivatives of the Company during the Relevant Period.

Quam Capital is acting as the financial adviser to the Offeror and Quam Securities will make the Offers on behalf of the Offeror. Each of Quam Capital and Quam Securities is regarded as a party acting in concert with the Offeror pursuant to the Takeovers Code. Quam Capital and Quam Securities (including the discretionary accounts managed by Quam Securities) did not own, control nor have any other interest in the Shares, options, warrants, derivatives or securities which are convertible into Shares as at the Latest Practicable Date. During the Relevant Period, a discretionary account managed by Quam Securities have made the dealings as follows:

<b>Date</b>	<b>Type of transaction</b>	<b>Number of Shares involved</b>	<b>Transaction price per Share (HK\$)</b>
13 December 2013	Sell	150,000	0.68
	Sell	50,000	0.69
16 December 2013	Buy	100,000	0.74
19 December 2013	Sell	392,000	0.68
	Sell	108,000	0.67
	Sell	66,000	0.66
	Sell	34,000	0.64
20 December 2013	Sell	396,000	0.63
	Sell	54,000	0.62
	Sell	200,000	0.61
	Sell	50,000	0.60
13 June 2014	Buy	300,000	1.00
	Buy	100,000	1.02
16 June 2014	Buy	50,000	1.08
	Buy	46,000	1.10
	Buy	4,000	1.07
	Buy	50,000	1.12
	Buy	100,000	1.01
	Buy	50,000	1.02

<b>Date</b>	<b>Type of transaction</b>	<b>Number of Shares involved</b>	<b>Transaction price per Share (HK\$)</b>
	Buy	100,000	1.04
	Buy	50,000	1.03
17 June 2014	Buy	50,000	1.15
	Buy	50,000	1.06
18 June 2014	Buy	50,000	1.00
	Sell	100,000	0.91
	Sell	100,000	0.92
19 June 2014	Buy	160,000	0.94
	Buy	40,000	0.93
20 June 2014	Buy	50,000	0.87
	Buy	200,000	0.89
24 June 2014	Sell	38,000	0.92
	Sell	12,000	0.94
26 June 2014	Buy	80,000	1.01
	Sell	280,000	0.98
27 June 2014	Sell	100,000	0.97
4 July 2014	Sell	100,000	0.95
7 July 2014	Buy	36,000	1.05
	Buy	150,000	0.99
	Buy	14,000	0.95
8 July 2014	Buy	100,000	0.98
	Sell	300,000	0.95
10 July 2014	Buy	50,000	1.00
	Buy	50,000	1.02
15 July 2014	Sell	100,000	0.98
22 July 2014	Sell	200,000	0.91
	Buy	78,000	0.93
	Sell	100,000	0.93
	Buy	72,000	0.92
	Sell	150,000	0.92
23 July 2014	Sell	100,000	0.94
24 July 2014	Buy	100,000	1.00
	Buy	200,000	0.97
25 July 2014	Buy	100,000	1.02

Date	Type of transaction	Number of Shares involved	Transaction price per Share (HK\$)
30 July 2014	Buy	100,000	1.14
5 August 2014	Sell	100,000	1.14
	Sell	100,000	1.15
	Sell	70,000	1.06
	Sell	30,000	1.07
	Sell	300,000	1.10
	Sell	132,000	1.12
	Sell	168,000	1.13
8 August 2014	Buy	30,000	1.37
	Buy	154,000	1.38
	Buy	140,000	1.40
	Sell	100,000	1.23
	Sell	120,000	1.27
	Buy	80,000	1.28
	Buy	34,000	1.29
	Buy	96,000	1.30
	Buy	170,000	1.31
	Sell	100,000	1.33
	Buy	16,000	1.34
12 August 2014	Sell	100,000	1.22
13 August 2014	Sell	300,000	1.19

## 6. SHAREHOLDINGS AND DEALINGS IN THE OFFEROR

As at the Latest Practicable Date, neither the Company nor any of its Directors have any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror, and no such person (including the Company) had dealt in the relevant securities of the Offeror during the Relevant Period.

## 7. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY AND ARRANGEMENTS IN RELATION TO DEALINGS

- (a) As at the Latest Practicable Date, no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror, its ultimate beneficial owner and their respective associates and parties acting in concert with them and any other person;

- (b) The Vendors have undertaken that, during the Offer Period, they will (i) continue to be the beneficial owners of any Shares and Share Options they hold (unaffected by any encumbrance); and (ii) not to accept the Offers in respect of any Shares and Share Options they hold and not to sell, dispose of, transfer or otherwise deal in any Shares and Share Options they hold. As at the Latest Practicable Date, except for the aforesaid undertakings given by the Vendors, no person had irrevocably committed himself to accept or not to accept the Offers;

Each of the independent non-executive Directors who had a beneficial holding in the Share Options indicated that he/she intended to accept the Option Offer in respect of his/her own beneficial ownership in the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company;

- (c) During the Relevant Period and as at the Latest Practicable Date, neither the Offeror nor any parties acting in concert with it has borrowed or lent any Shares or other securities of the Company carrying voting rights, or convertible securities, warrants, options or derivatives of the Company;
- (d) As at the Latest Practicable Date, no Share or any convertible securities, warrants, option or derivatives of the Company 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 or by the Independent Financial Adviser or any of its associates (as defined in the Takeovers Code), and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (e) As at the Latest Practicable Date, no Shares or any convertible securities, warrants, option or derivatives of the Company were managed on a discretionary basis by fund managers connected with the Company, and no such person had dealt in the Share or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (f) As at the Latest Practicable Date and during the Relevant Period, 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;
- (g) Neither the Company nor any of its Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (h) Save as disclosed in the section headed “Disclosure of Interests by Directors of the Company” in this appendix, none of the Directors held any shares, convertible securities, warrants, options or other derivatives of the Company as at the Latest Practicable Date. Save for the sale of Sale Shares by the Vendor pursuant to the Share Purchase Agreement, none of the Directors have dealt for value in any Share or any convertible securities, warrants, option or derivatives issued by the Company during the Relevant Period; and

- (i) As at the Latest Practicable Date and during the Relevant Period, the Offeror or parties acting in concert with it or their respective associates had no agreement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person.

## **8. MISCELLANEOUS**

As at the Latest Practicable Date,

- (a) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of the Company which had any connection with or dependent upon the Offers;
- (b) there was no agreement or arrangement to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offers;
- (c) there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons;
- (d) save for the acquisition of the Sale Shares by the Offeror, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Shares which might be material to the Offers;
- (e) there was no benefit (other than statutory compensation) that had been given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (f) save for the Share Purchase Agreement, no material contract had been entered into by the Offeror in which any Director has a material personal interest; and
- (g) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.

## 9. MARKET PRICE

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; (iii) the last Business Day immediately preceding the date of the Initial Announcement; and (iv) the Latest Practicable Date:

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
31 December 2013	0.64
30 January 2014	0.62
28 February 2014	0.74
28 March 2014	0.70
30 April 2014	0.69
30 May 2014	0.66
10 June 2014 (being the last Business Day immediately preceding the date of the Initial Announcement)	0.84
30 June 2014	0.95
31 July 2014	1.12
29 August 2014	1.36
30 September 2014	1.52
31 October 2014	1.50
28 November 2014 (being the Last Trading Day)	1.92
31 December 2014	2.08
2 January 2015 (being the Latest Practicable Date)	2.06

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$2.08 per Share on 30 December 2014 and 31 December 2014 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.58 per Share on 14 January 2014 and 5 February 2014.

## 10. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Group:

- (a) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months prior to the commencement of the Offer Period;

- (b) which are continuous contracts with a notice period of 12 months or more; or
- (c) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

## 11. EXPERTS AND CONSENTS

The followings are the qualifications of the experts whose letter/opinion is contained in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
Quam Capital	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, and the financial adviser to the Offeror
Quam Securities	a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Somerley Capital Limited	a corporation licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities and the financial adviser to the Company
Goldin Financial Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee

Each of Quam Capital, Quam Securities, Somerley Capital Limited and Goldin Financial Limited has given and has not withdrawn its respective written consent to the issue of this Composite Document with the inclusion of its letter/report and/or references to its name included herein in the form and context in which they are respectively included.

## 12. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened by or against either the Company or any of its subsidiaries.



### 13. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) have been entered into by the members of the Group after the date falling two years before 11 June 2014, being the date of commencement of the Offer Period, and up to the Latest Practicable Date which are or may be material:

- (a) the sale and purchase agreement entered into by OTO Wellness Sdn. Bhd. (an indirect wholly-owned subsidiary of the Company) (“**OTO Wellness**”) and OTO Bodycare Sdn. Bhd. (“**OTO Malaysia**”) (a connected person of the Company) on 1 October 2013 in relation to the acquisition of the business of importing, trading and distributing healthcare equipment and products in Malaysia by OTO Wellness from OTO Malaysia for a consideration of RM2,127,784; and
- (b) the warrant placing agreement entered into by the Company and SBI E2-Capital Financial Services Limited (the “**Placing Agent**”) on 4 October 2012 in relation to a placing, on a best effort basis, of up to 20,000,000 warrants of the Company (conferring rights to subscribe for 20,000,000 warrant shares of the Company at an exercise price of HK\$0.655 per Share) by the Placing Agent in return for a placing fee of HK\$20,000.

### 14. GENERAL

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The registered office of the Offeror is Room 1110B2, 11th Floor, Tower 2, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong. As at the Latest Practicable Date, the sole director of the Offeror is Mr. Huang Juingkai.
- (c) The registered address of Quam Capital is 18/F-19/F, China Building, 29 Queen’s Road Central, Hong Kong.
- (d) The registered address of Quam Securities is 18/F-19/F, China Building, 29 Queen’s Road Central, Hong Kong.
- (e) The English text of this Composite Document and the Forms of Acceptance and Transfer shall prevail over their Chinese text for the purpose of interpretation.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (i) at the principal office of the Company at 26th Floor, Pacific Plaza, 410 Des Voeux Road West, Hong Kong; (ii) on the website of the Company ([www.otobodycare.com](http://www.otobodycare.com)); and (iii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)), during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) from the date of this Composite Document up to and including the Closing Date or the date on which the Offer lapses or is withdrawn (whichever is earlier):

- (a) the memorandum and articles of association of the Company;
- (b) the articles of association of the Offeror;
- (c) the annual reports of the Company for the two years ended 31 March 2013 and 31 March 2014, respectively;
- (d) the interim report of the Company for the six months ended 30 September 2014;
- (e) the letter from Quam Securities, the text of which is set out on pages 7 to 17 of this Composite Document;
- (f) the letter from the Board, the text of which is set out on pages 18 to 23 of this Composite Document;
- (g) the letter from the Independent Board Committee to the Independent Shareholders and the Optionholders, the text of which is set out on pages 24 and 25 of this Composite Document;
- (h) the letter from the Independent Financial Adviser to the Independent Board Committee, the text of which is set out on pages 26 to 44 of this Composite Document;
- (i) the written consents referred to under the paragraph headed “Experts and Consents” in this Appendix III;
- (j) the material contracts referred to under the paragraph headed “Material Contracts” in this Appendix III;
- (k) the facility agreement dated 28 November 2014 entered into between the Offeror, Mr. Zhong Baisheng and Quam Securities; and
- (l) the Share Purchase Agreements.