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## **Fairson Holdings Limited**

**鈺皓控股有限公司**

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

**(Stock Code: 8132)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF 3 DYNAMICS (ASIA) LIMITED**

Reference is made to the Company's announcements dated 15 August 2013 and 25 October 2013 in relation to the entering of the MOU and the Supplemental MOU to acquire the entire issued share capital of the Target Company.

On 21 November 2013 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell to the Purchaser, and the Purchaser agreed to purchase from the Vendor the Sale Shares, representing the entire issued share capital of the Target Company, at a total consideration of HK\$170,000,000.

The Consideration shall be satisfied as to (i) HK\$40,000,000 in cash; (ii) HK\$82,500,000 by the issue of 55,000,000 Consideration Shares at the issue price of HK\$1.50 per Consideration Share; and (iii) HK\$47,500,000 by the issue of the Promissory Note to the Vendor or its nominee(s). The number of Consideration Shares to be issued is subject to the fulfillment of the Profit Guarantee.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under the GEM Listing Rules.

Reference is made to the Company's announcements dated 15 August 2013 and 25 October 2013 in relation to the entering of the MOU and the Supplemental MOU to acquire the entire issued share capital of the Target Company. The First Refundable Deposit in the sum of HK\$5,000,000 and the Second Refundable Deposit in the sum of HK\$15,000,000 have been paid by the Company to the Vendor as earnest money pursuant to the MOU and the Supplemental MOU. As a security for the repayment of the First Refundable Deposit and the Second Refundable Deposit by the Vendor, the Share Charge in respect of the Sale Shares was executed by the Vendor in favour of the Company on the date of the Supplemental MOU.

On 21 November 2013 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at a total consideration of HK\$170,000,000.

## **THE SALE AND PURCHASE AGREEMENT**

**Date** : 21 November 2013

### **Parties**

**Vendor** : Mr. Chung Wai Sum, being the sole legal and beneficial owner of the Target Company

To the best knowledge, information and belief of the Directors having made all reasonable enquiry and so far as the Directors are aware, the Vendor is an Independent Third Party.

**Purchaser** : Dynamic Miracle Limited, a wholly-owned subsidiary of the Company

### **Asset to be acquired**

The Sale Shares represent the entire issued share capital of the Target Company.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company. The accounts of the Target Company will be consolidated into the consolidated financial statements of the Group.

## Consideration

The Consideration for the Acquisition is HK\$170,000,000, which will be satisfied by the Purchaser in the following manner:

- (A) HK\$40,000,000 shall be payable in cash by the Purchaser to the Vendor or its designated nominee(s), of which the First Refundable Deposit in the amount of HK\$5,000,000 and the Second Refundable Deposit in the amount of HK\$15,000,000 have been paid by the Company to the Vendor as at the date of this Announcement and the Third Refundable Deposit in the amount of HK\$20,000,000 has been paid upon signing of the Sale and Purchase Agreement;
- (B) HK\$82,500,000 by the allotment and issue of a total of 55,000,000 Consideration Shares credited as fully paid at HK\$1.50 per Consideration Share to the Vendor on Completion, of which (i) share certificate in respect of 27,000,000 Consideration Shares will be delivered to the Vendor or its designated nominee(s); and (ii) share certificate in respect of 28,000,000 Consideration Shares (the “**Escrow Shares**”) will be delivered to the Escrow Agent (as defined below); and
- (C) HK\$47,500,000 in form of the Promissory Note in favour of the Vendor or its designated nominee(s) upon Completion.

The consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendor with reference to (i) the Valuation Report dated 19 November 2013 prepared by the Valuer showing that the market value of the Target Company was valued at HK\$175,229,075 as at 15 November 2013 based on the discounted cash flow method under income approach; (ii) the Profit Guarantee; and (iii) the business and growth prospects of the Group after the Acquisition.

## Profit Guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor irrevocably and unconditionally warrants and guarantees to the Purchaser that the audited net profits after tax of the Target Company (the “**Net Profit**”) as shown in its audited financial statement for the 12 months since the date of Completion (the “**Relevant Period**”) shall not be less than HK\$42,000,000. The 28,000,000 Escrow Shares shall be held as security for the performance of the Vendor’s obligations under the Profit Guarantee. The share certificates in respect of Escrow Shares shall, on Completion, be deposited with the escrow agent (the “**Escrow Agent**”) to be jointly appointed by the Vendor and the Purchaser (failing which appointment, the Purchaser shall be the Escrow Agent) until such share certificates are released as described below.

The Vendor and the Purchaser shall procure the audited financial statements of the Target Company for the Relevant Period be prepared and reported by the auditors of the Target Company by the date falling 4 months after the expiry of the Relevant Period. The auditors of the Target Company shall issue a certificate (the “**Guarantee Certificate**”) to certify the amount of the Net Profit for the Relevant Period. The Guarantee Certificate shall, in the absence of manifest error and/or dispute from the Vendor, be final and conclusive of the matters stated therein and binding on the Vendor and the Purchaser.

If the amount of Net Profit as certified under the Guarantee Certificate (the “**Actual Profit**”) is not less than HK\$42,000,000, the Vendor and the Purchaser shall jointly procure the Escrow Agent or the Purchaser (as the case may be) to release the share certificates of the Escrow Shares to the Vendor.

If the Actual Profit is less than HK\$42,000,000, the Vendor shall settle the shortfall (the “**Shortfall**”) with the Purchaser. In such event, the Purchaser shall have the right to unilaterally instruct the Escrow Agent to release (or if the Purchaser is the Escrow Agent, the Purchaser shall have the right to release) the share certificates of the Escrow Shares to a licensed securities dealer authorized to carry on type 1 of regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as may be nominated by the Purchaser. The Vendor and the Purchaser shall jointly procure such securities dealer to dispose of (the “**Sale**”) such number of Escrow Shares appropriately sufficient to pay the Shortfall at the then best price reasonably obtainable by such securities dealer and thereafter, pay the net proceeds from the Sale to the Purchaser promptly after completion of the Sale. If the net proceeds from the Sale are not sufficient to cover the sum of the Shortfall, the Vendor shall pay the Purchaser the difference in cash within 7 Business Days after the Sale. If the net proceeds from the Sale are sufficient to cover the sum of the Shortfall, the balance of the proceeds from the Sale (if any) shall be paid and the share certificates of the remaining Escrow Shares (if any) shall be released by the Escrow Agent to the Vendor within 1 month upon receipt of the net proceeds generated from the Sale.

For the avoidance of doubt, should the Target Company record a loss in its audited financial statements for the Relevant Period, the Actual Profit for such Relevant Period shall be deemed as zero.

### **Obligations of the Vendor**

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed that, inter alia, (i) the Vendor will remain in the board of directors of the Target Company for 3 years after Completion, and (ii) if the Target Company requires capital or cash for its business or operation within one year from the date of Completion, the Vendor shall forthwith, upon request, provide or procure the provision of the necessary interest-free financing to the Target Company by way of loan, the repayment of which shall not result in any dilution effect on the shareholding interest of the Purchaser in the Target Company.

## **Conditions precedent**

Completion is subject to, inter alia, the following conditions having been fulfilled or waived (as the case may be):

- (a) the completion of the legal and financial due diligence review of the, inter alia, affairs, business, operations and financial position of the Target Company to the satisfaction of the Purchaser;
- (b) all necessary waivers, consents, approvals, authorisations which are necessary for the completion of the transactions under the Sale and Purchase Agreement having been obtained;
- (c) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares; and
- (d) the warranties given by the Vendor in the Sale and Purchase Agreement being true, accurate and not misleading on Completion.

The Purchaser has absolute discretion to waive all or any of the Conditions Precedent set out above, save and except Condition Precedent (c).

If the Conditions Precedent are not fulfilled or waived (as the case may be) by the Long Stop Date, the Sale and Purchase Agreement shall lapse and no party shall have any claims against the other except in respect of any antecedent breaches, provided that the Vendor shall forthwith repay in full without any deduction the First Refundable Deposit, Second Refundable Deposit and Third Refundable Deposit (without interest) to the Purchaser.

## **Completion**

Completion shall take place on the third Business Day after the fulfillment (or waiver) of the Conditions Precedent, or such later date as may be agreed in writing between the Purchaser and the Vendor.

On Completion, the Share Charge shall be released and the Sale Shares shall be transferred to the Purchaser.

## Consideration Shares

The Consideration Shares will be issued at the issue price of HK\$1.50 per Consideration Share which represents:

- (i) a premium of approximately 2.04% to the closing price of HK\$1.47 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 1.21% to the average closing price of HK\$1.482 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 1.77% to the average closing price of HK\$1.527 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Consideration Shares represent approximately 8.33% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 7.69% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares will be issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 31 July 2013. As at the date of this announcement, no Shares have been issued under general mandate.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued upon Completion, will rank pari passu in all respects with the then existing Shares in issue.

## Terms of the Promissory Note

Issuer	:	The Company
Principal amount	:	HK\$50,000,000
Maturity date	:	the date falling on the 24 <sup>th</sup> month from the date of issue of the Promissory Note
Interest rate	:	3% per annum

Redemption : The Company has the right to redeem the whole or any part of the outstanding principal amount of the Promissory Note at any time prior to the maturity date of the Promissory Note provided that the Company shall give to the holder of the Promissory Note not less than 5 business days prior written notice (to the extent the holder being located and such notice served) specifying the date of redemption and the amount of Promissory Note to be redeemed.

Holder of the Promissory Note shall not be entitled to request for early redemption of the whole or any part of the outstanding principal amount of the Promissory Note at any time prior to the maturity date.

Transferability : Subject to the consent of the Company, the Promissory Note may be transferred to an Independent Third Party.

## CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following illustrates the Company's shareholding structure, assuming there is no further change to the share capital of the Company: (i) as at the date of this announcement and (ii) immediately upon the allotment and issue of the Consideration Shares:

	As at the date of this announcement		Immediately after the completion of the Acquisition	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Fairson Holdings (BVI) Limited (Note)	385,000,000	58.33	385,000,000	53.85
The Vendor	–	–	55,000,000	7.69
Other public Shareholders	275,000,000	41.67	275,000,000	38.46
Total	<u>660,000,000</u>	<u>100.00</u>	<u>715,000,000</u>	<u>100.00</u>

Note: Fairson Holdings (BVI) Limited is wholly-owned by Race Champion Holdings Limited. The entire issued share capital of Race Champion Holdings Limited is wholly-owned by TMF Trustees Singapore Limited as the trustee of The Race Champion Trust. The Race Champion Trust is a discretionary trust set up by Mr. Yeung Tin Hung, the Chairman and executive Director, as settlor and TMF Trustees Singapore Limited as trustee on 28 April 2011. Mr. Yeung Shing Wai, an executive Director and the son of Mr. Yeung Tin Hung, is the beneficiary of The Race Champion Trust.

## INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in the development of digital applications, including but not limited to handheld electronic game consoles, mobile game applications and digital marketing solutions. As at 2009, the Target Company has successfully developed more than 60 mobile titles on various platforms, which are sold worldwide and available in various languages. The Target Company has recently extended its business to gaming design for mobile gaming products incorporating popular animated characters in the PRC.

On 1 March 2013 and 18 October 2013, the Target Company entered into a co-operation agreement and a supplemental agreement, respectively, with a professional 3-dimensional animation studio (the “**Animation Studio**”) pursuant to which the Animation Studio shall (i) exclusively authorize and provide its animation works and cartoon characters to the Target Company and (ii) work as the exclusive worldwide distributor of the Game Consoles, for a period of 5 years and extendable for further 5 years whereby the Target Company shall use such materials to develop and manufacture handheld electronic game consoles (the “**Game Consoles**”). The Animation Studio, which is licensed to produce broadcasting and television programs and registered to, inter alia, produce and distribute television programs and animation programs in the PRC, has completed over 32,000 minutes of original 3-dimensional animation works and owns over hundreds of patented cartoon characters and works of which have been broadcasted on China Central Television Station and over 70 major TV channels in the PRC.

The unaudited net asset of the Target Company as at 30 September 2013 was approximately HK\$705,000. The market value of the Target Company as at 15 November 2013 was HK\$175,229,075 as valued by the Valuer.

A summary of the audited financial information of the Target Company for the two years ended 31 March 2013 are set out below:

	<b>For the year ended 31 March 2012</b>	<b>For the year ended 31 March 2013</b>
Net profit/(loss) before tax	HK\$4,021,478	(HK\$1,041,939)
Net profit/(loss) after tax	HK\$3,738,468	(HK\$1,041,939)



## **REASONS FOR THE ACQUISITION**

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of power and data cords. The Group is actively exploring business opportunities to diversify risk and broaden the sources of income of the Group. The Board is optimistic on the business prospect of the Target Company and considers the Acquisition will further enhance the profitability of the Group and hence the Directors are of the view that the Acquisition is in the interest of the Group and the Shareholders as a whole. Meanwhile, the Company will continue to explore other business opportunities to diversify into other industries with good business potential and growth prospects.

The Directors (including independent non-executive Directors) consider the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board intends to source the funds required for the Acquisition from internal resources.

## **IMPLICATIONS OF THE ACQUISITION UNDER THE GEM LISTING RULES**

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under the GEM Listing Rules.

## **DISCLOSURE IN RELATION TO RULES 19.60A AND 19.62 OF THE GEM LISTING RULES**

The valuation of the Target Company conducted by the Valuer constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules (the “**Profit Forecast**”). As such, Rules 19.60A and 19.62 of the GEM Listing Rules are applicable.

Pursuant to 19.62(1) of the GEM Listing Rules, the following is the details of the principal assumptions, including commercial assumptions, upon which the Profit Forecast is based:

- (i) no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of the Target Company;
- (ii) the prospective earnings would provide a reasonable return on the fair market value of the assets;
- (iii) the information reviewed by the Valuer is accurate and complete;
- (iv) no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value;
- (v) the Animation Studio not only provides animation characters to the Target Company and entitles the Target Company the priority to produce the gaming consoles based on future newly produced animations, but also works as the exclusive worldwide distributor of the gaming consoles with 10 years' term;
- (vi) the assumption that there will be 3 sets of the Animation Studio's animation being broadcasted nationwide and gaining considerable audience ratings after 2015, which is made by the Target Company and the Company, is reasonable. Based on such an assumption, the Target Company will be able to realize 600,000 sales in every forecasting year. For prudence, the Valuer adopted a conservative assumption that from 2015 onwards, annual sales of 500,000 will be achieved; and
- (vii) the Target Company will design new gaming consoles every year in line with the future gaming industry popularity trend.

### **Valuation Conclusion**

Based on the valuation basis, valuation assumptions and the appraisal method employed by the Valuer, the fair value of the Target Company was reasonably represented by the sum of HK\$175,229,075 as at 15 November 2013.

Pan-China (H.K.) CPA Limited (the “**Reporting Accountant**”) has confirmed that the discounted future estimated cash flows, which do not involve the adoption of accounting policies, of the Valuation Report and the calculations thereof have been properly compiled, so far as the accounting policies and calculations are concerned, in accordance with the bases and assumptions made by the Directors. SinoPac Securities (Asia) Limited (the “**Financial Advisor**”), the financial advisor of the Company, has reviewed the principal assumptions upon which the Profit Forecast was based and are of the view that the Profit Forecast has been made after due and careful enquiry. A letter from the Reporting Accountant and Financial Advisor are included in the Appendix I and II pursuant to Rules 19.60A and 19.62 of the GEM Listing Rules.

## Experts and consents

The following are the qualifications of the experts who have given their opinion and advice included in this announcement:

<b>Name</b>	<b>Qualification</b>
Ascent Partners Valuation Service Limited	Professional valuer
Pan-China (H.K.) CPA Limited	Certified Public Accountants
SinoPac Securities (Asia) Limited	A licenced corporation licenced to carry on business in type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

To the best knowledge of the Directors, information and belief, each of the Valuer, Reporting Accountant and Financial Advisor is an Independent Third party. As at the date of this announcement, neither the Valuer, Reporting Accountant nor Financial Advisor has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Valuer, Reporting Accountant and Financial Advisor has given and has not withdrawn its consent to the publication of this announcement with reference to its name included herein in the form and context in which it appears.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Fairson Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the GEM (Stock Code: 8132)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Conditions Precedent”	the conditions precedent for Completion
“Consideration”	the total consideration of HK\$170,000,000 for the Acquisition pursuant to the Sale and Purchase Agreement
“Consideration Shares”	55,000,000 Shares to be issued by the Company to the Vendor (or to his nominee(s) as he may direct) as part of the Consideration
“Director(s)”	the director(s) of the Company
“First Refundable Deposit”	a refundable deposit of HK\$5,000,000, which has been paid by the Company to the Vendor pursuant to the MOU and shall be applied as partial payment of the Consideration
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party”	a party and, if applicable, the ultimate beneficial owner of the party who does not fall into the definition of connected persons of the Company under Chapter 20 of the GEM Listing Rules and independent of the connected persons of the Company and their associates (as defined in the GEM Listing Rules)
“Last Trading Day”	21 November 2013, being the last trading day of the Shares and the date of this announcement
“Long Stop Date”	the day falling 6 months after (and exclusive of) the date of the Sale and Purchase Agreement (or such later date as may be agreed by the Purchaser and the Vendor in writing)
“MOU”	the memorandum of understanding dated 15 August 2013 entered into between the Vendor and the Company in relation to the Acquisition
“PRC”	the People’s Republic of China (other than Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Profit Guarantee”	the warranty and guarantee given by the Vendor to the Purchaser that the audited net profits after tax of the Target Company as shown in its audited financial statement for the 12 months from the date of the Completion will not be less than HK\$42,000,000
“Promissory Note”	the promissory note in the principal amount of HK\$47,500,000 to be issued by the Company to the Vendor (or to his nominee(s) as he may direct) as part of the Consideration
“Purchaser”	Dynamic Miracle Limited, a company incorporated in the British Virgin Islands with limited liability, a directly wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 November 2013 entered into between the Purchaser and the Vendor in relation to the Acquisition

“Sale Shares”	10,000 ordinary shares of HK\$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“Second Refundable Deposit”	a refundable deposit in the amount of HK\$15,000,000, which has been paid by the Company to the Vendor pursuant to the Supplemental MOU and shall be applied as partial payment of the Consideration
“Share(s)”	ordinary issued share(s) of HK\$0.001 each in the share capital of the Company
“Share Charge”	the deed of charge dated 25 October 2013 executed by the Vendor to charge the Sale Shares in favour of the Company to secure the repayment of the First Refundable Deposit and Second Refundable Deposit
“Shareholder(s)”	the holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental MOU”	the supplemental memorandum of understanding dated 25 October 2013 entered into between the Vendor and the Company in relation to the Acquisition
“Target Company”	3 Dynamics (Asia) Limited, a company incorporated in Hong Kong with limited liability
“Third Refundable Deposit”	a refundable deposit in the amount of HK\$20,000,000, which has been paid by the Company to the Vendor upon the signing of the Sale and Purchase Agreement and shall be applied as partial payment of the Consideration
“Valuation Report”	the valuation report dated 19 November 2013 prepared by the Valuer, showing that the market value of the Target Company was valued at HK\$175,229,075 as at 15 November 2013 based on the discounted cash flow method
“Valuer”	Ascent Partners Valuation Service Limited, a professional qualified valuer appointed by the Company for the purpose of preparing a valuation report on the fair market value of the Target Company and an Independent Third Party

“Vendor”	Mr. Chung Wai Sum, the sole legal and beneficial owner of the Sale Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

On behalf of the Board  
**Fairson Holdings Limited**  
**Yeung Tin Hung**  
*Chairman*

Hong Kong, 21 November 2013

*As at the date of this announcement, the executive Directors are Mr. Yeung Tin Hung, Mr. Yeung Shing Wai and Mr. Ho Chun Kit Gregory; the non-executive Director is Mr. Wong Chi Yung and the independent non-executive Directors are Mr. Li Hin Lung, Ms. Eugenia Yang, Mr. Chan Lung Ming, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the websites of the Company at <http://www.sunfairw.com.hk> and <http://www.irasia.com/listco/hk/fairson>.*

## APPENDIX I – LETTER FROM PAN-CHINA (H.K.) CPA LIMITED

*Set out below is the text of the letter received by the Directors from Pan-China (H.K.) CPA Limited, prepared for the purpose of incorporation in this announcement in connection with the Profit Forecast.*



**PAN-CHINA (H.K.) CPA LIMITED** Certified Public Accountants

**天健(香港)會計師事務所有限公司**

21 November 2013

The Directors

Fairson Holdings Limited

Flat A-B, 9th Floor

Yue Cheung Centre

1-3 Wong Chuk Yeung Street,

Fotan, Shatin, New Territories

Hong Kong

Dear Sirs,

We have performed the work described below, in respect of the review of the accounting policies adopted and the arithmetical accuracy of the calculations of the discounted cash flow forecast (hereinafter referred to as the “**Underlying Forecast**”) underlying the valuation dated 19 November 2013 prepared by Ascent Partners Valuation Service Limited in respect of 3 Dynamics (Asia) Limited (the “**3 Dynamics**”) as at 15 November 2013. The Underlying Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 19.61 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS**

It is the responsibility solely of the directors (the “**Directors**”) of Fairson Holdings Limited (the “**Company**”) to prepare the Underlying Forecast. The Underlying Forecast has been prepared using a set of assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors.



It is our responsibility to draw a conclusion, based on our work on the review the accounting policies adopted and the arithmetical accuracy of the calculations of the Underlying Forecast and to present our conclusion solely to you, as a body, for the purpose of reporting under paragraph 19.62(2) of the GEM Listing Rules and for no other purpose. We are not reporting on the appropriateness and validity of the bases and Assumptions on which the Underlying Forecast are based and our work does not constitute any valuation of 3 Dynamics. The Assumptions used in the preparation of the Underlying Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. We have not reviewed, considered or conducted any work on the completeness, reasonableness and the validity of the Assumptions and thus express no opinion whatsoever thereon. Our work is more limited than that for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We also accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

## **BASIS OF CONCLUSION**

We conducted our work in accordance with Hong Kong Standards on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the procedures specified in Auditing Guideline 3.341 “Accountants’ Report on Profit Forecasts” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Underlying Forecast prepared based on the Assumptions made by the Directors. Our work has been undertaken solely to assist the Directors in evaluating whether the Underlying Forecast, so far as the accounting policies adopted and arithmetical accuracy of the calculations is concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of 3 Dynamics as at 1 April 2014.

## **CONCLUSION**

Based on our work described above, nothing has come to our attention that causes us to believe that the Underlying Forecast, so far as the accounting policies adopted and the arithmetical accuracy of the calculations of the Underlying Forecast is concerned, has not been properly compiled on the basis of the Assumptions made by the Directors.

Yours faithfully,

**Pan-China (H.K.) CPA Limited**

*Certified Public Accountants*

Hong Kong

## APPENDIX II – LETTER FROM SINOPAC SECURITIES (ASIA) LIMITED

*Set out below is the text of the letter received by the Directors from SinoPac Securities (Asia) Limited, prepared for the purpose of incorporation in this announcement in connection with the Profit Forecast.*



Date: 21 November 2013

### **PRIVATE & CONFIDENTIAL**

The Board of Directors  
Fairson Holdings Limited  
Flat A-B, 9th Floor  
Yue Cheung Centre  
1-3 Wong Chuk Yeung Street  
Fotan, Shatin, New Territories  
Hong Kong

Dear Sirs,

**Fairson Holdings Limited (the “Company”)**

**Valuations of 3 Dynamics (Asia) Limited (the “Target Company”) based on discounted cash flow approach as contained in the Company’s announcement dated 21 November 2013 (the “Announcement”)**

We refer to the valuation of the Target Company which is prepared based on discounted cash flow approach by Ascent Partners Valuation Service Limited (the “**Valuer**”) and is regarded as a profit forecast under Rule 19.61 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

We have viewed the forecast upon which the valuation has been made for which you as the directors of the Company (the “**Directors**”) are solely responsible, and have discussed with you and the Valuer on the information and documents provided by you which formed part of the basis and assumptions upon which the forecasts have been prepared. We have also considered the letter from Pan-China (H.K.) CPA Limited dated 21 November 2013 addressed to yourselves as set out in the Announcement regarding the calculations upon which the forecasts have been made.

On the basis of the foregoing, we are satisfied that the forecasts upon which the valuation has been made, for which you as the Directors are solely responsible, have been made after due and careful enquiry by you.

Yours faithfully,  
For and on behalf of  
**SinoPac Securities (Asia) Limited**  
**Tony Tse**  
*Director*