THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Jete Power Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

JETE POWER HOLDINGS LIMITED
鑄能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8133)

(I) MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 75% EQUITY INTEREST IN SOLOMON HOLDINGS GROUP LIMITED AND (II) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

* *For identification only*

25 September 2019

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

CONTENTS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Acquisition"	the acquisition of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement
"Acquisition Completion"	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
"Acquisition Completion Date"	within seven (7) Business Days after the fulfillment (or, where applicable, waiver) of all the conditions set out in the Sale and Purchase Agreement or at such other time as the Company and the Vendor may mutually agree in writing
"Acquisition Long Stop Date"	31 December 2019 or at such other time as the Company and the Vendor may mutually agree in writing
"Announcement"	the announcement of the Company dated 9 September 2019 in relation to the Acquisition, the Placing and the transactions contemplated under the Sale and Purchase Agreement and the Placing Agreement
"associate"	has the meaning ascribed thereto under the GEM Listing Rules
"Board"	the board of Directors
"Business Day"	a day on which licensed banks are open for business in Hong Kong, except a Saturday, Sunday or public holiday or a day which a tropical cyclone warning signal no.8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.;
"BVI"	the British Virgin Islands;
"Company"	Jete Power Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed and traded on the GEM of the Stock Exchange (Stock Code: 8133)
"Condition(s)"	the condition(s) precedent set out in the Sale and Purchase Agreement which must be satisfied or waived (as the case may be) for the Acquisition Completion to take place
"connected person(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Consideration"	the sum of HK$2 million payable by the Company to the Vendor for the Acquisition
"Director(s)"	the director(s) of the Company

"EGM"	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder, (ii) the Placing Agreement and the transactions contemplated thereunder; and (iii) the grant of the Specific Mandate for the issuance of Placing Shares
"Enlarged Group"	the Company and its subsidiaries as enlarged by the completion of the Transactions
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKFRS(s)"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Independent Third Party(ies)"	independent third part(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates
"Latest Practical Date"	20 September 2019, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular
"Listing Committee"	the Listing Committee of the Stock Exchange
"Placees"	professional, institutional and other investors whom the Placing Agent and/or any of its agent(s) has/have procured to subscribe for the Placing Shares
"Placing"	the placing of Placing Shares by the Placing Agent pursuant to the Placing Agreement
"Placing Agent"	Topper Dragon Securities Limited, a licensed corporation incorporated in Hong Kong to carry on Type 1 (dealing in securities) regulated activity under the SFO
"Placing Agreement"	the conditional placing agreement entered into between the Company and the Placing Agent dated 9 September 2019 in relation to the Placing under the Specific Mandate
"Placing Completion"	completion of the Placing in accordance with the Placing Agreement

"Placing Long Stop Date"	31 December 2019 or at such other time as the Company and the Placing Agent may mutually agree
"Placing Price"	HK$0.028 to HK$0.031 per Placing Share
"Placing Share(s)"	a maximum of 660,000,000 new Shares to be allotted and issued to the Placees by the Company through the Placing
"PRC"	the People's Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 9 September 2019 entered into between the Vendor and the Company in respect of the sale and purchase of the Sale Shares
"Sale Shares"	37,500 issued shares of the Target Company representing 75% of the issued share capital of the Target Company as at the Latest Practical Date
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Shares"	ordinary share(s) of HK$0.002 each in the share capital of the Company
"Shareholders"	holders of the issued Shares
"Specific Mandate"	a specific mandate to allot, issue and otherwise deal in the Placing Shares to be proposed for approval by the Shareholders at the EGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Solomon Holdings Group Limited, a company incorporated in the BVI with limited liability and wholly-owned by the Vendor as at the Latest Practicable Date
"Target Group"	Target Company and its subsidiary
"Transactions"	the Acquisition and the Placing
"Vendor"	Ms. Woo Lan Mei, an Independent Third Party who holds the entire issued share capital of the Target Company as at the date of this circular
"US$"	United States Dollars, the lawful currency of the United States
"%"	per cent

JETE POWER HOLDINGS LIMITED
鑄能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8133)

Executive Director:
Mr. Choi Chiu Ming Jimmy *(Chairman)*

Independent Non-executive Directors:
Ms. Leung Shun Lan
Mr. Tang Yiu Wing
Mr. Wong Ka Shing

Registered Office:
Cricket Square, Hutchins Drive
P.O. Box 2681
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KY1-1111
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Head office and principal place of business in Hong Kong:
Factory Unit 13A, 9th Floor
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No. 21–33 Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

25 September 2019

To the Shareholders

Dear Sir/Madam,

(I) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 75% EQUITY INTEREST IN SOLOMON HOLDINGS GROUP LIMITED; AND (II) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

Reference is made to the Announcement in relation to the Acquisition and the Placing:

(a) on 9 September 2019 (after trading hours of the Stock Exchange), the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Sale Shares, representing 75% of the issued share capital of the Target Company for a total consideration of HK$2 million, which shall be settled by cash that is intended to be financed by part of the net proceeds from the Placing; and

* *For identification only*

(b) on 9 September 2019 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 660,000,000 Placing Shares at the Placing Price of HK$0.028 to HK$0.031 per Placing Share. Placing Shares will be allotted and issued pursuant to a Specific Mandate to be sought from the Shareholders at the EGM to be convened in accordance with the GEM Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further information about the Acquisition, the Placing, the Specific Mandate and other information prescribed by the GEM Listing Rules; and (ii) the notice of EGM.

(I) THE SALE AND PURCHASE AGREEMENT

The principal terms and conditions of the Sale and Purchase Agreement are set out below:

The Sale and Purchase Agreement

Date: 9 September 2019 (after trading hours of the Stock Exchange)

Parties: (1) the Vendor (as the vendor); and

(2) the Company (as the purchaser).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire the Sale Shares, representing 75% the entire issued share capital of the Target Company as at the date of this circular.

Consideration

Pursuant to the Sale and Purchase Agreement, the total consideration for the sale and purchase of the Sale Shares is HK$2 million which shall be settled by the Company to the Vendor upon Acquisition Completion (or such later date as the parties may agree).

Completion of the Sale and Purchase Agreement is subject to, among others things, the Company having sufficient funding to finance the payment of the Consideration at Acquisition Completion. As disclosed in this circular, the Company proposes to launch the Placing which is conditional upon raising of minimum gross proceeds of HK$18.48 million sufficient to cover the Consideration. If the Company does not manage to raise the minimum gross proceeds of HK$18.48 million through the Placing, it does not intend to proceed with the Acquisition Completion under the Sale and Purchase Agreement.

Basis for determination of the Consideration

The Consideration was agreed between the Vendor and the Company after arm's length negotiations on normal commercial terms with reference to (i) the business development and performance of the Target Group since its establishment date; (ii) the future business prospect of the Target Group; (iii) the preliminary due diligence valuation work prepared by Royson Valuation Advisory Limited in relation to the fair value of 100% equity interest in the Target Group using market based approach compared to other listed comparables engaging in similar business as the Target Group in Hong Kong; and (iv) reasons and benefits of the Acquisition as stated under the section headed "Reasons and benefits of the Acquisition" below.

The Directors (including the independent non-executive Directors) consider the Sale and Purchase Agreement is on normal and commercial terms and on the basis of the aforesaid, the Consideration is fair and reasonable in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Acquisition

Acquisition Completion is subject to and conditional upon the satisfaction in full or (as the case may be) waiver of the following Conditions:

(a) the Company being satisfied with the results of the due diligence review, including but not limited to the business, affairs, operations, assets, accounts, liabilities, financial condition, legal, taxation, prospects and records of the Target Group;

(b) (i) all necessary consents, approvals, permits and/or authorisations required to be obtained by the Vendor and/or the Target Group in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained; and (ii) all necessary consents, approvals, permits and/or authorisations required to be obtained by the Company in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained;

(c) no applicable laws, order or governmental authority shall have been enacted, made effective or constituted (as the case may be) that materially delays or makes illegal the performance of the Sale and Purchase Agreement;

(d) all regulatory approval required to be obtained by the Vendor and the Company in relation to the Sale and Purchase Agreement having obtained on terms reasonably satisfactory to the Company;

(e) the Shareholders having approved the execution of the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM in accordance with the GEM Listing Rules;

(f) no material adverse change having occurred to the business, assets, financial position and performance of the Target Group prior to the date of the Acquisition Completion;

(g) the Placing having been completed and the Company having sufficient funding to finance the payment of the Consideration at the Acquisition Completion;

(h) the warranties contained in the Sale and Purchase Agreement shall remain true, accurate in all material respects and not misleading in any material respects as given as at the date of the Sale and Purchase Agreement and at all times up to and including the Acquisition Completion Date.

The Company may in its absolute discretion waive either in whole or in part at any time any of the Conditions (except for (b), (c), (d), (e) and (g) which are incapable of being waived by the Company). If any of the Conditions has not been fulfilled or (as the case may be) waived by the Company at or before 4:00 pm on the Acquisition Long Stop Date, the Sale and Purchase Agreement shall cease to have any effect whatsoever and none of the parties to the Sale and Purchase Agreement shall have any obligations and liabilities thereunder save in respect of any claims arising out of any antecedent breach of the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Conditions remain to be fulfilled.

Completion

Subject to fulfillment or waiver (where applicable) of the Conditions, the Acquisition Completion shall take place on the Acquisition Completion Date (or such other time and/or day as the Company and the Vendor may agree).

INFORMATION ON THE TARGET GROUP

Information on the Vendor

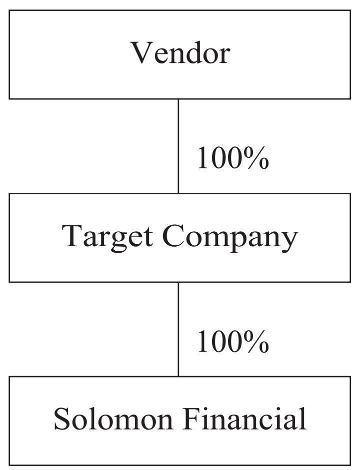
The Vendor, Ms. Woo Lan Mei, is a third party independent of the Company and its connected persons as at the Latest Practicable Date.

Information on the Target Group

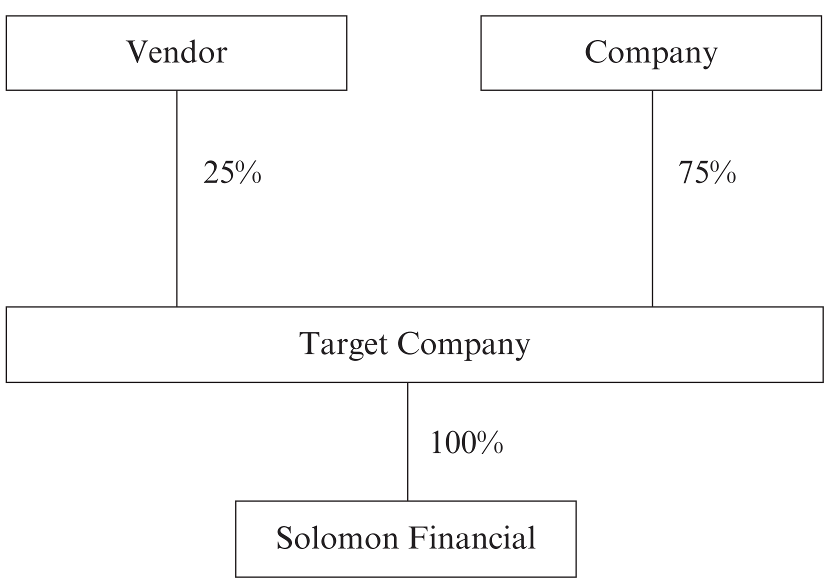
The Target Company is a company incorporated in the BVI with limited liability on 12 June 2017 and is principally engaged in investment holding. As at the Latest Practicable Date, the Target Company is directly wholly-owned by the Vendor. The Target Company has not recorded any profits as it has no business operation since it was incorporated. It has US$100,000 paid-up capital as at the Latest Practicable Date.

Solomon Financial Press Limited ("**Solomon Financial**") is a company incorporated in Hong Kong with limited liability on 15 June 2017 and has HK$600,000 paid-up capital as at the Latest Practicable Date. Solomon Financial is directly wholly-owned by the Target Company and principally engaged in the provision of financial printing services in Hong Kong. Financial printing services refer to specialized services for production of documents and publications including prospectus for initial public offering ("**IPO**"), corporate announcements, financial reports (e.g. annual, interim and/or quarterly reports) and circulars, etc.. Major customers of a financial printing services company include listed companies and IPO applicants.

Shareholding structure of the Target Group before the Acquisition Completion:



Shareholding structure of the Target Group upon Acquisition Completion:



Financial Information of the Target Group

Set out below is a summary of the financial information of the Target Group:

	Period from date of incorporation (12 June 2017) to 31 March 2018	For the year ended 31 March 2019	For the four months ended 31 July 2019
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Revenue	3,522	34,668	23,323
Profit/(loss) before tax	(9,233)	(21,371)	1,894
Profit/(loss) after tax	(9,233)	(21,371)	1,894

The audited net liabilities of the Target Group was approximately HK$29.82 million as at 31 March 2019.

Since the Target Group was incorporated in June 2017, the Target Group recorded rapid growth in the revenue; however, it recorded net loss and net liabilities due to (i) the substantial amount of start-up cost including labour cost, leasing expenses and capital expenses, (ii) the production capacity is not fully utilised, and (iii) the Vendor provided financial assistance to the Target Group amounted approximately HK$32.96 million up to 31 March 2019. As at 31 July 2019 and the Latest Practicable Date, the accumulated financial assistance provided by the Vendor to the Target Group is approximately HK$37.38 million. The director of the Target Company is expected that a further financial assistance of approximately HK$2.40 million may require before the Acquisition Completion, which is expected to occur in October 2019; and is of the view that this would not be a significant change as compared to the financial assistance as at the Latest Practicable Date.

In light of the above financial position of the Target Group and financial assistance provided by the Vendor, the Vendor would like to introduce the Company as strategic investor to enhance the financial performance by leveraging the Group's resources and expertise. In this connection, subject to the completion of the Transactions taking place, the Vendor has agreed to waive the amount of financial assistance that she provided to the Target Group of approximately HK$32.96 million up to 31 March 2019 upon the Acquisition Completion. For any further financial assistance provided or to be provided by the Vendor to the Target Group from 1 April 2019 up to the Acquisition Completion Date, the amount will be unsecured, non-interest bearing and will be repayable to the Vendor when the directors of the Target Company consider and determine (in their sole discretion) that the Target Group has adequate funds to repay the same after reviewing the financial performance and financial needs of the Target Group. Taking into account of the abovementioned waiver of financial assistance of approximately HK$32.96 million, the adjusted unaudited net assets of the Target Group as at 31 July 2019 is approximately HK$3.74 million.

REASONS AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacturing of metal casting parts and components in the PRC and sells its products to Germany, PRC, Hong Kong and the United States (the "**Manufacturing Business**"). For diversification purpose, the Group has also engaged in the concerts and events organization business.

Strategies to tackle the market challenges

As disclosed in the Company's interim report for the six months ended 30 June 2019, the Group will endeavor to improve its revenue performance by executing flexible strategies to face the market challenges. Considering that the global economic environment remains challenging and the momentum of economic growth has significantly slowed down in the second quarter of 2019, in particular the uncertainty and trade tension between the United States and the PRC, the Board believes that it is necessary for the Group to explore other business opportunities with a view to broadening the Group's revenue source other than the Manufacturing Business.

Business opportunity and actions taken by the Group

According to the available market statistics, the total number of listed companies has increased from 1,547 in 2012 to 2,315 in 2018, and the number of newly listed companies has shown a general increase from 64 in 2012 to 218 in 2018. The growing number of listed companies represents an expanding customer base for financial printers as publication of listing documents, announcements, circulars and annual reports is required in compliance with listing rules and regulations, representing a greater demand for financial printing services.

In light of the above, the Group is of the view that the increase in the number of new listings in equity fund raising activities on the Stock Exchange is expected to bring growth of the financial printing services. Therefore, the Company entered into a memorandum of understanding with the Vendor in relation to the Acquisition on 10 June 2019, and the Company has engaged a consultant with effect from 1 August 2019, who has over 15 years of relevant experience in financial printing industry to assist the Group to explore and evaluate the proposed Acquisition, in order to expand the Group's business portfolio, diversify income source and possibly enhance the financial performance of the Group.

Factors considered and benefit of the Acquisition

There are several key entrant barriers for the financial printing services industry, including, (i) financial printing services industry is labour-intensive in nature and requires a number of various professionals including designers, translators and printing management staff in order to maintain a seamless year-round operation; (ii) track record and service level play important roles in the success of a financial printing services provider; and (iii) customer referral is common in the industry, and investment banks and listed companies prefer to refer financial printers based on portfolio, experience, service and scale of operations. Therefore, the Group is of the view that acquiring a financial printing services company is the most efficient way of entering into the financial printing services industry compared to setting up a new company from scratch.

Having considered various factors, including (i) the rapid growth in the revenue of the Target Group within a short period of time; (ii) experience and network of the management team of the Target Group in the financial printing services industry; (iii) its unutilised production capacity; and (iv) its improved financial performance in 2019, the Directors are of the view that the future prospect of the Target Group is positive despite the Target Group recorded net loss and net liability since its establishment in 2017. If the Transactions materialize, the Directors believe that the Target Group could result a turnaround of its financial performance with the use of the financial resource from the Placing and certain resources and expertise of the Group. Therefore, the Directors are of the view that the Group would benefit from diversifying its revenue source through the Acquisition.

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

After the Acquisition Completion, Target Company will become a non wholly-owned subsidiary of the Company. The Directors do not have previous experience in operating a financial printing business. Therefore, the Company has engaged a consultant in August 2019 to evaluate and advise the Board on the proposed Acquisition and it is intended that the consultant will be involved in the management of the Target Group after the Acquisition Completion. The consultant has over 15 years of experience in the financial printing industry and he has worked in several well-know financial printers in Hong Kong and held key management positions in some of them. The Board is confident that the consultant would be competent and capable of managing and making valuable contribution to the business and development of Solomon Financial. Moreover, the Board does not anticipate substantial changes to the existing executives and staff of Solomon Financial and expect them to continue with their service in the company, thus providing continuity and stability at the working level.

(II) THE PLACING AGREEMENT

On 9 September 2019 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has agreed, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 660,000,000 Placing Shares at the Placing Price of HK$0.028 to HK$0.031 per Placing Share subject to and upon the terms and conditions of the Placing Agreement.

The principal terms of the Placing Agreement are set out below:

The Placing Agreement

Date: 9 September (after trading hours of the Stock Exchange)

Parties: (i) the Company (as the issuer); and

(ii) Topper Dragon Securities Limited (as the Placing Agent).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners is an Independent Third Party.

Placing Commission

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 2.5% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

Placees

The Placing Shares will be placed to not less than six Placees who shall be professional, institutional and/or other investors, and who and whose ultimate beneficial owners are Independent Third Parties. Upon Placing Completion, it is expected that none of the Placees will become a substantial shareholder of the Company. If any of the Placees will become a substantial shareholder of the Company after Placing Completion, further announcement will be made by the Company.

As at the Last Practicable Date, no placee has been identified yet.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Placing Completion, the maximum number of 660,000,000 Placing Shares under the Placing represents (i) approximately 18.86% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 15.87% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The maximum aggregate nominal value of the Placing Shares will be approximately HK$1.32 million.

The Placing Shares will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the EGM. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The minimum Placing Price of HK$0.028 per Placing Share represents:

(i) a discount of approximately 6.67% to the closing price of HK$0.03 per Share as quoted on the Stock Exchange on 9 September 2019, being the date of the Placing Agreement;

(ii) a discount of approximately 2.78% to the average closing price of approximately HK$0.0288 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement; and

(iii) a premium of approximately 180% over the net asset value of approximately HK$0.01 per Share as at 30 June 2019 (based on the consolidated net assets of the Group of the approximately HK$34.42 million as at 30 June 2019 and 3,500,000,000 Shares in issue as at the date of this circular.)

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to, among other things, the prevailing market prices and the recent trading performance of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms and are fair and reasonable based on the current market conditions and that also taking into account the reasons set out in the section headed "Reasons for and benefits of the Placing and use of proceeds" of this circular, the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the issued Shares as at the date of Placing Completion.

Conditions of the Placing

The Placing is conditional upon the fulfilment of the following conditions:

(i) the Listing Committee of the Stock Exchange granting approval for the listing of, and the permission to deal in, the Placing Shares;

(ii) the passing of a resolution by the Shareholders at the EGM to approve (a) the Placing Agreement and the transactions contemplated thereunder; and (b) the grant of the Specific Mandate for the allotment and issue of the Placing Shares;

(iii) the Sale and Purchase Agreement having become unconditional in all respects (other than the Placing having completed); and

(iv) all necessary consents, approvals, authorisations and/or waivers on the part of each of the Placing Agent and the Company having been obtained to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement.

None of the above conditions can be waived. In the event that any of the above conditions is not fulfilled by the Placing Long Stop Date, all rights, obligations and liabilities of the parties to the Placing Agreement in relation to the Placing shall cease and determine and none of the parties thereto shall have any claim against any other party in respect of the Placing save for any antecedent breaches.

Completion of the Placing

Placing Completion shall take place on a date falling within seven (7) Business Days (or on such other date as may be agreed between the Company and the Placing Agent) following the fulfilment of all the conditions set out in the Placing Agreement.

Termination

The Placing Agent shall be entitled by notice in writing to the Company at any time prior to the Placing Completion to terminate the Placing Agreement upon the occurrence of any of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions, affairs or prospects of the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

(A) there develops, occurs or comes into force:

(i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material change in, or which may result in a material change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong or any other jurisdiction relevant to the Group; or

(ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

(iii) any material change in conditions of local, national or international securities markets occurs in Hong Kong, the PRC or the United States; or

(iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or

(v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or any other jurisdiction relevant to the Group; or

(B) any material breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement which, if remediable, is not duly rectified by the Company within seven (7) Business Days of written notice being given to the Company of such breach by the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement, which in each case, if remediable, is not duly rectified by the Company within seven (7) Business Days of written notice being given to the Company of such breach by the Placing Agent; or

(C) there is any material adverse change in the financial position of the Group taken as a whole.

Upon giving of the above mentioned notice by the Placing Agent to the Company, the Placing Agreement shall terminate and be of no further effect and all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement; and any out-of-pocket expenses which have been properly and reasonably incurred under the terms of the Placing Agreement prior to such termination.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Placing Shares.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

As disclosed in this circular, the Company intends to use part of the net proceeds raised by the Placing to satisfy to Consideration under the Sale and Purchase Agreement. Further, the Directors are of the view that the Placing can strengthen the financial position of the Group and provide additional working capital to the Group for its corporate purposes and for the operation of the Target Group after Acquisition Completion. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company, which may in turn enhance the liquidity of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing are expected to range from HK$18.48 million to HK$20.46 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing are estimated to range from approximately HK$18.00 million to HK$19.93 million. The net price per Placing Share will be approximately HK$0.027 to HK$0.030. The Company intends to apply the net proceeds from the Placing as to: (i) HK$2.00 million to pay the Consideration under the Sale and Purchase Agreement; (ii) HK$6.50 million as general working capital of the Target Group after Acquisition Completion; and (iii) approximately HK$9.50 million to HK$11.43 million as general working capital of the Group. For illustrative purpose, the following table sets out the estimation of the use of proceeds as general working capital of the Group and the Target Group (assuming the net price per Placing Share is at the low end of HK$0.027 and the available net proceeds for the general working capital of the Group and the Target Group amounts to approximately HK$9.50 million and HK$6.50 million, respectively).

	The Group	**The Target Group**
	HK$'000	*HK$'000*
	(unaudited) *(Note)*	(unaudited)
Salaries and wages	5,300	3,500
Rental expenses	1,100	3,000
Business development expenses	1,000	—
Other operating expenses (e.g. legal and professional fee, insurance and etc.)	2,100	—
	9,500	6,500

Note: The Company intends to apply all additional net proceeds to the Group for the same purposes as set out above on a pro rata basis.

The Directors had considered other fund raising alternatives available to the Group such as debt financing, rights issues and open offer. However, debt financing will result in additional interest burden. Accordingly, the Directors considers that it is prudent to finance the funding needs of the Group in the form of equity which will not increase the Group's finance costs. On the other hand, rights issue or open offer usually requires discount to the current market price of the Shares and involves the issue of listing documents with other application and administrative procedures which are relatively more time consuming and less cost effective, the Directors consider that the issue of Placing Shares under Specific Mandate is a more desirable solution for the Group to reduce the gearing ratio and enlarge the capital base for business development. Although the allotment and issue of the Placing Shares will have a dilution effect to the existing Shareholders, having considered (i) the Placing Price represents a premium over the net tangible assets of the Group per Share as of 30 June 2019; (ii) the Placing Shares, when allotted and issued, will be recognized entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base for business development and enhance the net asset position of the Company, the Directors consider that the dilution effect arising from the allotment and issue of the Placing Shares is justifiable in this regard. In view of the above, the Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable so far as the Company and the Shareholders are concerned. Save for the above and as at the Latest Practicable Date, the Directors do not have any intention or plan (initial or concrete) or otherwise foresee to undertake any fund raising plans. However, the Directors will not rule out that they may consider fundraising activities when it is reasonably necessary for the Group to raise fund to meet its operational needs or for future development. The Directors will consider carefully the likely impact on the Shareholders before they will proceed on any such fund raising exercises.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not carried out any fund raising activities during the past 12 months immediately preceding the date of this circular.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company as a result of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this circular up to and immediately after the completion of the Placing) are as follows:

Shareholders	As at the date of this circular		Immediately after completion of the Placing (assuming the Placing Shares are fully placed)	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
Mr. Fang Jinhuo	739,240,000	21.12	739,240,000	17.77
Bravo Luck Limited *(Note)*	181,500,000	5.18	181,500,000	4.36
Public				
The Placees	—	—	660,000,000	15.87
Other public Shareholders	2,579,260,000	73.70	2,579,260,000	62.00
Total	3,500,000,000	100.00	4,160,000,000	100.00

Note: Bravo Luck Limited is beneficially and wholly owned by Mr. Choi Chiu Ming Jimmy ("**Mr. Choi**"), the chairman of the Company and an executive Director.

FINANCIAL EFFECT OF THE TRANSACTIONS

Upon completion of the Transactions, the Target Company will become a non-wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group. The financial effects of the Acquisition and Placing is summarized as follows.

Effect on assets and liabilities of the Group

Set out in Appendix IV to this circular is the unaudited pro forma financial information of the Enlarged Group which illustrates the financial effects of the Acquisition assuming the Acquisition Completion and the Placing Completion had taken place on 30 June 2019. Based on the unaudited pro forma financial information of the Enlarged Group, the total assets of the Group would increase approximately from approximately HK$63.17 million to approximately HK$116.09 million and its total liabilities would increase approximately from approximately HK$28.75 million to approximately HK$63.78 million.

The increase in total assets would be mainly attributable to (a) the net increase of approximately HK$16.00 million in cash and cash equivalents due to the net proceeds from the Placing (assuming the net price for Placing Share is at low end of HK$0.027 per share) and settlement of the Consideration of the Acquisition; (b) the recognition of right-of-use assets of approximately HK$14.71 million due to the adoption of HKFRS 16 "Leases"; and (c) the addition of the total assets of the Target Group of approximately HK$22.21 million resulting from the Acquisition.

The increase in total liabilities would be mainly attributable to (a) the addition of the total liabilities of the Target Group of approximately HK$52.04 million resulting from the Acquisition; (b) the recognition of lease liabilities of approximately HK$14.71 million due to the adoption of HKFRS 16 "Leases"; (c) the accrued transaction costs in relation to the Acquisition of approximately HK$1.24 million; and (d) partially offset by the waiver of financial assistance from the Vendor amounting to approximately HK$32.96 million.

Effect on earnings of the Group

In light of the positive outlook of the financial printing business and other factors as stated in the section headed "Reasons and benefits of the Acquisition", the Board is of the view that the Target Group will enhance the revenue stream of the Group.

The total estimated acquisition-related costs for the Acquisition of the Target Company of approximately HK$1.24 million is to be incurred and to be charged to consolidated profit or loss upon the Acquisition Completion. According to the accountants' report on the Target Group as set out in Appendix II to this circular, the Target Group recorded a net loss of approximately HK$21.37 million for the year ended 31 March 2019.

Having considered (a) the Company will re-engineer the structure of the Target Group for efficiency enhancement; (b) stringent cost control on operation to be applied; (c) comprehensive corporate governance and management standards to be applied; and (d) the Placing will provide sufficient working capital for the Target Group, the Directors believe the business model and financial results of the Target Group will be improved after the Acquisition Completion.

GEM LISTING RULES IMPLICATION

Major Transaction

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 19.06(3) of the GEM Listing Rules and will accordingly be subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Specific Mandate

The Company will seek the Shareholders' approval at the EGM for the grant of the Specific Mandate to allot and issue the Placing Shares. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Placing Shares.

EGM

The EGM will be convened to consider and, if thought fit, approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder, (ii) the Placing Agreement and the transactions contemplated thereunder; and (iii) the Specific Mandate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition or the Placing which is different from other Shareholders, and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Sale and Purchase Agreement and the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate to be proposed at the EGM if the Company is to convene a general meeting for approving the Sale and Purchase Agreement and the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate respectively.

VOTING BY POLL

All the resolutions set out in the notice of the EGM would be decided by poll in accordance with the GEM Listing Rules and the articles of association of the Company. On a poll, every Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy shall have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy who is entitled to more one vote need not to use all his/its votes or cast all his/its votes in the same way. After the conclusion of the EGM, the poll results will be published on website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.jetepower.com.

RECOMMENDATION

Having considered the above, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the Placing Agreement are fair and reasonable and the entering into the Sale and Purchase Agreement and the Placing Agreement is in the interests of the Company and the Shareholders as a whole, and recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the (i) Sale and Purchase Agreement; (ii) the Placing Agreement; and (iii) Specific Mandate.

WARNING

Shareholders and potential investors of the Company should note that each of the Acquisition Completion and the Placing Completion is subject to the fulfilment (or, as the case may be, waiver) of the conditions set out in the Sale and Purchase Agreement and the Placing Agreement respectively. The Acquisition and the Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the securities of the Company.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Jete Power Holdings Limited
Choi Chiu Ming, Jimmy
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 are disclosed in the annual reports of the Company for the financial years ended 31 December 2016 (pages 42 to 95), 31 December 2017 (pages 41 to 93), and 31 December 2018 (pages 40 to 92), respectively.

Details of the financial information of the Group for the six months ended 30 June 2019 are set out in the interim report of the Company for the six months ended 30 June 2019 (pages 2–13).

The said annual reports and interim report of the Company are available on the Company's website at http://www.jetepower.com and the website of the Stock Exchange at www.hkexnews.hk.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2019, being the latest practicable date prior to the printing of this circular for the purpose of this statement of indebtedness, the total indebtedness of Enlarged Group amounted to approximately HK$64 million, and comprised of unsecured borrowings from independent third parties to the Group of approximately HK$1 million and an unsecured financial assistance from the Vendor to the Target Group of approximately HK$37 million.

The Enlarged Group has adopted Hong Kong Financial Reporting Standards ("**HKFRS**") 16 for the accounting period beginning on 1 January 2019. As such, leases have been recognised in the form of an asset (for the right of use) and a financial liability (for payment obligation) in the Enlarged Group's consolidated statement of financial position for accounting period beginning on 1 January 2019. As at 31 July 2019, the total lease liabilities were HK$26 million.

Saved as aforesaid and apart from intra-group liabilities, as at the close of business on 31 July 2019, the Enlarged Group did not have any material debt securities issued and outstanding, or authorized or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Enlarged Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or outstanding mortgages or charges, or contingent liabilities or guarantees.

3. WORKING CAPITAL

As at the Latest Practicable Date, the Directors were of the opinion that, after taking into account the effect of the Acquisition and the Placing, the cash flows generated from the operating activities of the Enlarged Group, and the financial resources available to the Enlarged Group, including internally generated funds, the existing borrowings and in the absence of unforeseeable circumstances, the Enlarged Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this Circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing of metal casting parts and components in the PRC and sells its products to Germany, PRC, Hong Kong and the United States (the "**Manufacturing Business**"). For diversification purpose, the Group has also engaged in the concerts and events organization business.

Considering that the global economic environment remains challenging and the momentum of economic growth has significantly slowed down since the second quarter of 2019, in particular the uncertainty and trade tension between the United States and PRC, the Group will endeavor to improve its revenue performance on its core business by executing flexible strategies to face the market challenges. Meanwhile, the Board believes that it is necessary for the Group to explore other business opportunities with a view to broadening the Group's revenue source other than the Manufacturing Business.

In light of great demand for financial printing services as mentioned in the section headed "Reasons and benefits of the Acquisition" in this circular, the Group targets to proactively pursue business opportunities in financial printing services industry and has engaged a consultant with effect from 1 August 2019, who has over 15 years of relevant experience in financial printing industry, to assist the Group to evaluate the Acquisition and explore the business opportunities.

The Group will continue to put effort to improve and enhance its existing businesses. At the same time, the Group will actively explore and identify investment opportunities in order to diversify the business portfolio as to enhance the long-term growth potential of the Group and maximize the Shareholders' benefits.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SOLOMON HOLDINGS GROUP LIMITED TO THE DIRECTORS OF JETE POWER HOLDINGS LIMITED

Introduction

We report on the historical financial information of Solomon Holdings Group Limited (the "**Target Company**") and its subsidiary (together, the "**Target Group**") set out on pages II-4 to II-35, which comprises the consolidated statements of financial position of the Target Group as at 31 March 2018 and 2019, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for the period from 12 June 2017 (date of incorporation) to 31 March 2018 and year ended 31 March 2019 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of Jete Power Holdings Limited (the "**Company**") dated 25 September 2019 (the "**Circular**") in connection with the proposed acquisition of 75% of equity interests of the Target Group by the Company.

Sole Director's responsibility for the Historical Financial Information

The sole director of the Target Company is responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the sole director of the Target Company determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Target Company are responsible for the contents of the Circular in which the Historical Financial Information of the Target Company is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant's consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's financial position as at 31 March 2018 and 2019, and of its financial performance and its cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Material uncertainty relating to going concern

We draw attention to note 2(d) to the Historical Financial Information concerning the adoption of the going concern basis on which the Historical Financial Information have been prepared. As at 31 March 2019, the Target Group had net current liabilities of HK$41,862,000 and net liabilities of HK$29,824,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Target Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Report on matters under the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statement as defined on page II-4 have been made.

Dividends

We refer to note 9 to the Historical Financial Information which states that no dividends have been paid or declared by the Target Company in respect of the Relevant Periods.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 25 September 2019
Tong Wai Hang
Practising certificate number P06231

HISTORICAL FINANCIAL INFORMATION OF TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by us in accordance with the HKSAs issued by the HKICPA and have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA ("Underlying Historical Financial Information").

The Historical Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Consolidated statement of profit or loss and other comprehensive income

	Note	**1.4.2018 to 31.3.2019** *HK$'000*	**12.6.2017 to 31.3.2018** *HK$'000* *(Note)*
Revenue	3	34,668	3,522
Other income	4	1	—
Printing and production		(8,370)	(413)
Translation		(7,631)	(539)
Distribution charges and other direct costs		(1,434)	(448)
Rent and rates		(9,124)	(3,170)
Employee benefits expense		(21,598)	(6,581)
Depreciation of property, plant and equipment		(2,867)	(197)
Impairment loss on trade receivables		(702)	—
General and other office expenses		(4,314)	(1,407)
Loss before taxation	5	(21,371)	(9,233)
Income tax expense	6	—	—
Loss and total comprehensive loss for the year/period		(21,371)	(9,233)

Note: The Target Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

The accompanying notes form part of the Historical Financial Information.

Consolidated statement of financial position as at 31 March 2019

	Note	2019 HK$'000	2018 HK$'000 (Note)
Non-current assets			
Property, plant and equipment	11	8,065	8,417
Deposits		4,673	4,783
		12,738	13,200
Current assets			
Contract assets	12	1,067	—
Trade receivables	13	7,082	3,073
Prepayments, deposits and other receivables	14	453	1,136
Amount due from a shareholder	16	180	770
Cash and cash equivalents		692	1,062
		9,474	6,041
Current liabilities			
Contract liabilities	12	10,417	—
Trade and other payables	15	7,958	7,009
Amount due to a shareholder	16	32,961	19,985
		51,336	26,994
Net current liabilities		(41,862)	(20,953)
Total assets less current liabilities		(29,124)	(7,753)
Non-current liabilities			
Provision for reinstatement costs		700	700
		700	700
NET LIABILITIES		(29,824)	(8,453)
CAPITAL AND RESERVE	17		
Share capital		780	780
Accumulated losses		(30,604)	(9,233)
TOTAL DEFICIT		(29,824)	(8,453)

Note: The Target Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

The accompanying notes form part of the Historical Financial Information.

Consolidated statement of changes in equity

	Share capital *HK$'000*	**Accumulated losses** *HK$'000*	**Total equity** *HK$'000*
Issue of ordinary shares upon incorporation	780	—	780
Loss and total comprehensive loss for the period	—	(9,233)	(9,233)
Balance at 31 March 2018	780	(9,233)	(8,453)
Loss and total comprehensive loss for the year	—	(21,371)	(21,371)
Balance at 31 March 2019	780	(30,604)	(29,824)

The accompanying notes form part of the Historical Financial Information.

Consolidated Statement of cash flows

	Note	1.4.2018 to 31.3.2019 *HK$'000*	12.6.2017 to 31.3.2018 *HK$'000* *(Note)*
Operating activities			
Loss before taxation		(21,371)	(9,233)
Adjustments for:			
— Depreciation of property, plant and equipment	5(b)	2,867	197
— Impairment loss on trade receivables	5(b)	701	—
Operating loss before changes in working capital		(17,803)	(9,036)
Increase in contract assets		(1,067)	—
Increase in trade and other receivables		(3,918)	(8,992)
Increase in contract liabilities		10,417	—
Increase in trade and other payables		1,950	3,826
Net cash used in operating activities		(10,421)	(14,202)
Investing activities			
Payment for purchase of property, plant and equipment		(3,515)	(4,731)
Net cash used in investing activities		(3,515)	(4,731)
Financing activities			
Proceeds from issue of ordinary shares		—	780
Movement in amounts due from/(to) a shareholder		13,566	19,215
Net cash generated from financing activities		13,566	19,995
Net (decrease)/increase in cash and cash equivalents		(370)	1,062
Cash and cash equivalents at 1 April 2018/12 June 2017		1,062	—
Cash and cash equivalents at 31 March		692	1,062
Significant non-cash transactions:			
Additions of property, plant and equipment settled through other payables		—	3,883

Note: The Target Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

The accompanying notes form part of the Historical Financial Information.

NOTES TO HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Solomon Holdings Group Limited (the "Target Company") is a limited liability company incorporated in the British Virgin Islands. The registered office of the Target Company is located at OMC Chambers, Wickhams Cay 1 Road Town, Tortola, British Virgin Islands and has its principal place of business at Room 1703–04, Worldwide House, 19 Des Voeux Central, Hong Kong.

The Target Company is an investment holding company and has not carried on any business since the date of its incorporation. The Target Company and its subsidiary (together, "the Target Group") are principally engaged in the provision of printing, typesetting and translation services.

The financial statements of the subsidiary of the Target Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to the countries in which they were incorporated or established.

As at the date of this report, the Target Company has direct interests in the subsidiary which is private company:

Name of company	Place and date of incorporation/ establishment	Particulars of issued and paid-in capital		Direct equity attributable to the Target Company		Principal activities
		2019	2018	2019	2018	
Solomon Financial Press Limited	Hong Kong 15 June 2017	HK$600,000	HK$10,000	100%	100%	Provision of printing, typesetting and translation services

The Historical Financial Information is presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Target Group.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the Historical Financial Information

These Historical Financial Information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Target Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Target Group for the current and prior accounting periods reflected in these Historical Financial Information.

The Target Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 24).

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

A summary of the significant accounting policies adopted by the Target Group is set out below.

(b) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

The preparation of the Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 23.

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Target Group. Of these, the following developments are relevant to the Target Group's Historical Financial Information:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

HKFRS 9 "Financial Instruments"

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Target Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. There is no significant impact on the Target Group's financial position and financial performance upon initial application at 1 April 2018.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) at fair value through other comprehensive income and (3) at fair value through profit or loss. The classification of financial assets is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. The Target Group has assessed that its financial assets measured at amortised cost at 31 March 2018 continue with their classifications and measurements upon the adoption of HKFRS on 1 April 2018.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at fair value through profit or loss that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Target Group does not have any financial liabilities designated at fair value through profit or loss and therefore this new requirement has no impact on the Target Group's Historical Financial Information.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" model in HKAS 39. The Target Group applies the new ECL model to the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and deposits). Further details on the Target Group's accounting policy for credit losses are set out in note 2(h)(i).

The Target Group has assessed that the adoption of the "expected credit loss" model to the financial assets that existed at 1 April 2018 has had no significant impact on the Target Group's financial position as at 1 April 2018 and its financial performance for the year then ended.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the Historical Financial Information to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Further details of new significant accounting policies and effect of the changes are set out below:

(i) Timing of revenue recognition

Previously, provision of financial printing and related service was recognised on an utilisation time basis.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

— When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

— When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

— When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that goods or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The director considers the adoption of HKFRS 15 does not have material impact on the timing and amounts of revenue recognised in the years presented in these Historical Financial Information.

(ii) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Target Group has an unconditional right to consideration. If the Target Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset.

Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Target Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation regarding the balance at 1 April 2018, "other receivables" of HK$785,000 which was previously included in "Prepayments, deposits and other receivables" is now included under contract assets, whereas "receipt in advance" of HK$1,466,000 which was previously included in trade and other payables is now included under contract liabilities.

(iii) Disclosure of the estimated impact on the amounts reported in respect of the period ended 31 March 2018 as a result of the adoption of HKFRS 15 on 1 April 2018

	Amounts reported in accordance with HKFRS 15	**Hypothetical amounts under HKAS 18**	**Difference: Estimated impact of adoption of HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
Line item in the consolidated statement of financial position as at 31 March 2018 impacted by the adoption of HKFRS 15:			
Other receivables			
— Prepayments, deposits and other receivables	351	1,136	(785)
— Contract assets	785	—	785
Other payables			
— Accruals and other payables	4,613	6,079	(1,466)
— Contract liabilities	1,466	—	1,466

The differences arise as a result of the changes in accounting policies described above.

(iv) Transition

The Target Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity as at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Target Group has applied the new requirements only to contracts that were not completed before 1 April 2018 (if any). There is no impact of transition to HKFRS 15 on retained earnings as at 1 April 2018.

(d) Going concern

The Historical Financial Information have been prepared on a going concern basis, not withstanding the Target Group had net current liabilities of HK$41,862,000 (2018: HK$20,953,000) and net liabilities of HK$29,824,000 (2018: HK$8,453,000) as at 31 March 2019. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the director considers that going concern basis of preparation of the Historical Financial Information is valid as the shareholder of the Target Group, Ms. Woo Lan Mei, has undertaken to provide such financial support as is necessary to enable the Target Group to meet its liabilities as and when they fall due and to continue its operation as a going concern for at least the next twelve months. If the going concern basis were not appropriate, adjustments would need to be made to re-classify non-current assets as current assets, to write down assets to their net realisable amounts and to provide for any additional liabilities that may crystallise on the cessation of business. The continuation of the business as a going concern is dependent upon the Target Group attaining future profitable operations and the continuing financial support of its shareholder.

(e) Subsidiary

Subsidiary is an entity controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Target Group has power, only substantive rights (held by the Target Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Target Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the changes in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Target Group loses control of a subsidiary, it is accounted for a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Target Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)(ii)).

(f) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives at the following annual rates:

Leasehold improvements	33%
Furniture, fixtures and equipment	20%
Computer equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Operating lease charges

Where the Target Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

(A) Policy applicable from 1 April 2018

The Target Group recognises a loss allowance for ECLs on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables); and

— contract assets as defined in HKFRS 15 (see note 2(i)).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over the Target Group is exposed to credit risk.

In measuring ECLs, the Target Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs which result from possible default events over the expected lives of these financial assets. ECLs on these financial assets are estimated using a provision matrix based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the end of the reporting date.

For all other financial instruments, the Target Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Target Group compares the risk of default occurring on the financial instrument assessed at the end of the reporting period with that assessed at the date of initial recognition. In making this reassessment, the Target Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Target Group in full, without recourse by the Target Group to actions such as realising security (if any is held); or (ii) the financial asset is 1 year past due. The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal and interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Target Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at the each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(p)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Target Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Target Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(B) Policy applicable prior to 1 April 2018

Prior to 1 April 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at fair value through profit or loss (e.g. trade and other receivables). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence existed, an impairment loss was determined and recognised as follows:

— For trade and other receivables and other financial assets carried at amortised cost, impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

  When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Target Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment; and

— investment in a subsidiary in the Target Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Contract assets and contract liabilities

A contract asset is recognised when the Target Group recognises revenue (see note 2(p)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(h)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(j)).

A contract liability is recognised when the customer pays consideration before the Target Group recognises the related revenue (see note 2(p)). A contract liability would also be recognised if the Target Group has an unconditional right to receive consideration before the Target Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(j)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(j) Trade and other receivables

A receivable is recognised when the Target Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Target Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(i)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(h)(i)).

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses in accordance with the accounting policy set out in note 2(h)(i).

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Employee benefits

Short term employee benefits and defined contribution retirement plans

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to mandatory provident fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as an expense in profit or loss as incurred.

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Target Group controls the timing of the reversal and it is probable that the differences will not reserve in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Target Group or the Target Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Target Group or the Target Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Target Group or the Target Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue and other income

The Target Group recognises revenue when a performance obligation is satisfied, i.e. when control over a product underlying the particular performance obligation is transferred to the customers, at the amount of promised consideration to which the Target Group is expected to entitled.

Further details of the Target Group's revenue and other income recognition policies are as follows:

(i) Revenue from provision of integrated commercial and financial printing services

Revenue is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed. In the comparative period, revenue is recognised when (i) the services are provided and the transactions can be measured reliably; (ii) it is probable that the economic benefits associated with the transaction can be measured reliably.

(ii) Provision from provision of financial printing services on Initial Public Offering ("IPO") projects

Revenue is recognised over time as the performance obligation is satisfied when the customer receives and uses the benefits simultaneously. For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Target Group applies the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Target Group's inputs and the transfer of control of goods or services to the customers and reliable information is available to the Target Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. In comparative period, revenue is recognised based on the stage of completion of the contracts as described in the accounting policy for service contracts below. The recognition of revenue on this basis provides information about the extent of service activities and performance at the end of the reporting period as integrated printing services are spanned for months and sometimes across different reporting periods.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(r) Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control of the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any members of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Target Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Target Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 REVENUE AND SEGMENT REPORTING

(a) Operating segment information

The Target Group is principally engaged in the provision of printing, typesetting and translation services. Accordingly, the Target Group's operating activities are attributable to one single operating segment.

Revenue represents income received and receivable from provision of integrated commercial and financial printing services and financial printing services on IPO projects during the year and is summarised as follows:

	1.4.2018 to 31.3.2019	**12.6.2017 to 31.3.2018**
	HK$'000	*HK$'000*
At point in time		
Commercial and financial printing services	30,592	3,522
Over time		
Financial printing services — IPO projects	4,076	—
	34,668	3,522

(b) Geographic information

The Target Groups' revenue are all derived from Hong Kong on the location of services rendered and all of the Target Group's non-current assets are located in Hong Kong by physical location of assets.

(c) Major customers

No revenue is derived from a single customer of the Target Group which amounted for over 10% of the Target Group's total revenue for the year/period ended 31 March 2019 and 2018.

4 OTHER INCOME

	1.4.2018 to 31.3.2019	**12.6.2017 to 31.3.2018**
	HK$'000	*HK$'000*
Foreign exchange gain, net	1	—

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Staff costs (including directors' remuneration (note 7)):

	1.4.2018 to 31.3.2019	**12.6.2017 to 31.3.2018**
	HK$'000	*HK$'000*
Salaries, wages and other benefits	20,703	6,243
Contributions to defined contribution retirement plan	895	338
	21,598	6,581

(b) Other items

Auditor's remuneration	65	75
Depreciation of property, plant and equipment	2,867	197
Impairment loss on trade receivables	701	—
Operating lease rentals: minimum lease payments — office premises	8,860	3,073

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

Pursuant to the rules and regulations of the British Virgin Islands, the Target Group is not subject to any income tax in respective tax jurisdictions.

No provision for Hong Kong Profits Tax has been made for the year as the Target Company and its subsidiary incorporated in Hong Kong have has no assessable profits for the year (period ended 31.3.2018: HK$nil).

(b) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	1.4.2018 to 31.3.2019	**12.6.2017 to 31.3.2018**
	HK$'000	*HK$'000*
Loss before taxation	(21,371)	(9,233)
Notional tax on loss before taxation at Hong Kong statutory tax rate of 16.5%	(3,526)	(1,523)
Tax effect of non-deductible expenses	118	53
Tax effect of temporary difference not recognised	251	(596)
Tax effect of unused tax losses	3,157	2,066
Income tax expense	—	—

(c) At 31 March 2019, the Target Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$31,656,000 (2018: HK$12,523,000) as it is not probable that future taxable profits against which the losses can be utilised will be available. The tax losses do not expire under current tax legislation. Other unrecognised temporary differences are not material.

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation and the GEM Listing Rules are as follows:

Year ended 31 March 2019	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive director					
Ms. Woo Lan Mei	—	668	—	18	686

Period ended 31 March 2018	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive director					
Ms. Woo Lan Mei	—	380	—	15	395
Ms. Yeung Siu Wah Carol (resigned on 30 October 2017)	—	483	—	8	491
	—	863	—	23	886

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (period ended 31.3.2018: two) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (period ended 31.3.2018: three) individuals are as follows:

	1.4.2018 to 31.3.2019	12.6.2017 to 31.3.2018
	HK$'000	*HK$'000*
Salaries and other emoluments	2,417	866
Retirement scheme contributions	69	22
	2,486	888

The emoluments of the other four (period ended 31.3.2018: three) individuals with the highest emoluments are within the following band:

	1.4.2018 to 31.3.2019	12.6.2017 to 31.3.2018
	Number of individuals	
HK$Nil — HK$1,000,000	4	3

No emoluments were paid by the Target Group to the director or the five highest paid employees as an inducement to join or upon joining the Target Group or as compensation for loss of office.

During the year/period ended 31 March 2019 and 2018, no director waived or agreed to waive their emoluments on a voluntary basis.

Salaries, allowance and other benefits in kind paid to or for the director are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Target Group.

9 DIVIDEND

No dividends have been paid or declared by the Target Company.

10 LOSS PER SHARE

No loss per share for the Relevant Periods is presented as its inclusion is considered not meaningful for the purpose of this report.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Computer equipment *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
Cost				
Additions during the period and balance as at 31 March 2018 and 1 April 2018	5,136	2,463	1,015	8,614
Additions	1,382	822	311	2,515
At 31 March 2019	6,518	3,285	1,326	11,129
Accumulated depreciation				
Charge for the period and balance as at 31 March 2018 and 1 April 2018	37	120	40	197
Charge for the year	2,059	566	242	2,867
At 31 March 2019	2,096	686	282	3,064
Net book value				
At 31 March 2019	4,422	2,599	1,044	8,065
At 31 March 2018	5,099	2,343	975	8,417

12 CONTRACT ASSETS AND CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract assets and contract liabilities with customers within HKFRS 15 during the year are as follows:

(a) Contract assets

	HK$'000
Balance at 1 April 2018 *(Note)*	785
Addition for the year	1,045
Transferred to trade receivables for the year	(763)
Balance at 31 March 2019	1,067

Note: Upon the adoption of HKFRS 15, other receivables of HK$785,000 at 1 April 2018 is included in contract assets (see note 2(c)).

(b) Contract liabilities

	HK$'000
Balance at 1 April 2018 *(Note)*	1,466
Addition for the year	13,999
Revenue recognised for the year	(5,048)
Balance at 31 March 2019	10,417

Note: Upon the adoption of HKFRS 15, receipt in advance received of HK$1,466,000 at 1 April 2018 is included in contract liabilities (see note 2(c)).

The Target Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue within one year or less.

13 TRADE RECEIVABLES

	2019 *HK$'000*	**2018** *HK$'000*
Trade receivables	7,783	3,073
Less: loss allowance *(note 18(a))*	(701)	—
	7,082	3,073

(a) Ageing analysis

The ageing analysis of trade debtors as of the end of the reporting period, based on invoice date, is as follows:

	2019	**2018**
	HK$'000	*HK$'000*
Less than 1 month	4,380	2,222
1 to 3 months	1,950	685
More than 3 months but less than 1 year	752	166
	7,082	3,073

The Target Group allows an average credit period of 30 days to its customers. Further details on the Target Group's credit policy are set out in note 18(a).

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 March 2019	**1 April 2018**	**31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
		(Note)	
Prepayments	292	265	265
Deposits	4,819	4,839	4,839
Other receivables	15	30	815
	5,126	5,134	5,919
Deposits included under non-current assets	(4,673)	(4,783)	(4,783)
	453	351	1,136

Note: Upon the adoption of HKFRS 15, other receivables of HK$785,000 is included in contract assets (see note 2(c)).

The amount of deposits expected to be recovered or recognised as expenses after more than one year is HK$4,673,000 (2018: HK$4,783,000). All of the other receivables are expected to be recovered or recognised as expenses within one year.

15 TRADE AND OTHER PAYABLES

	31 March 2019	**1 April 2018**	**31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
		(Note)	
Trade payables	6,283	930	930
Accruals and other payables	1,675	4,613	4,613
Receipt in advance	—	—	1,466
	1,675	4,613	6,079
	7,958	5,543	7,009

Note: Upon the adoption of HKFRS 15, receipt in advance is included in contract liabilities (see note 2(c)).

Included in accruals and other payables is balance due to a related company amounting to HK$nil (2018: HK$2,183,000) which is unsecured, interest-free and repayable on demand. Ms. Woo Lan Mei, director of the Target Group is a member of the key management personnel of the related company.

All trade and other payables are expected to be settled within one year.

The ageing analysis of trade debtors as of the end of the reporting period, based on invoice date, is as follows:

	2019	**2018**
	HK$'000	*HK$'000*
Less than 1 month	1,292	612
1 to 3 months	1,697	241
More than 3 months but less than 1 year	3,294	77
	6,283	930

16 AMOUNT DUE FROM/TO A SHAREHOLDER

The amount due is unsecured, interest-free and repayable on demand.

17 CAPITAL AND RESERVE

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Target Group's equity is set out in the consolidated statement of changes in equity. There are no changes in the Target Company's individual components of equity since incorporation.

(b) Share capital

	2019		**2018**	
	Number of shares		**Number of shares**	
	'000	*HK$'000*	*'000*	*HK$'000*
Ordinary shares, issued and fully paid				
At 31 March	50	780	50	780

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Target Company. All shares rank equally with regard to the Target Company's residual assets.

(c) Capital management

The Target Group's objective to manage capital is to safeguard the Target Group so as to continue as a going concern. So that it can continue to provide returns for shareholder and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Target Group manages capital by regularly monitoring its current and expected liquidity requirements.

The Target Company or its subsidiary is not subject to either internally or externally imposed capital requirements.

18 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Target Group's business. The Target Group's exposure to these risks and the financial risk management policies and practices used by the Target Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Target Group. The Target Group's credit risk is primarily attributable to trade receivables. The Target Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks for which the Target Group considers to have low credit risk.

The Target Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Target Group had a concentration of credit risk as 9% (2018: 24%) and 33% (2018: 50%) of total trade receivables due from the largest customer and five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past payment history, financial position and other factors. Trade receivables are due within 30 days from the billing date or based on the terms agreed in the service agreements.

The Target Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Target Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Target Group's different customer bases.

The following table provides information about the Target Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2019:

	Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount
	%	HK$'000	HK$'000	HK$'000
Current (not past due)	—	4,380	—	4,380
Less than 1 month past due	1%	865	(9)	856
1 to 3 months past due	8%	1,255	(102)	1,153
More than 3 but less than 6 months past due	22%	794	(171)	623
More than 6 but less than 12 months past due	86%	489	(419)	70
		7,783	(701)	7,082

Expected loss rates are based on actual loss experience in current year. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Target Group's view of economic conditions over the expected lives of the receivables.

Comparative information under HKAS 39

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment (see note 2(h)(i) — policy applicable prior to 1 April 2018). At 31 March 2018, none of trade receivables were determined to be impaired.

The ageing analysis of trade receivables that were neither individually nor collectively considered to be impaired as at 31 March 2018 were as follows:

	HK$'000
Current (not past due)	2,222
Less than 1 month past due	518
1 to 3 months past due	271
More than 3 months but less than 1 year	62
	3,073

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Target Group. Based on past experience, management believed that no loss allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

Movement in loss allowance in respect of trade receivables:

	HK$'000
Balance at 12 June 2017 and 31 March 2018 under HKAS 39	—
Additional credit loss recognised at 1 April 2018	—
Balance at 1 April 2018 under HKFRS 9	—
Impairment losses recognised during the year	701
Balance at 31 March 2019 under HKFRS 9	701

(b) Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Target Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay.

	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**
	HK$'000	*HK$'000*	*HK$'000*
At 31 March 2019			
Trade and other payables	7,958	7,958	7,958
Amount due to a shareholder	32,961	32,961	32,961
	40,919	40,919	40,919
At 31 March 2018			
Trade and other payables	7,009	7,009	7,009
Amount due to a shareholder	19,985	19,985	19,985
	26,994	26,994	26,994

(c) Interest rate risk

The Target Group is not exposed to significant interest rate risk as it has no significant interest-earning assets or interest-bearing liabilities as at 31 March 2019 and 2018.

(d) Foreign currency risk

The Target Group is not exposed to significant foreign currency risk as most income, expenses, assets and liabilities are denominated in Hong Kong dollars, the functional currency of the Target Group.

(e) Categories of financial instruments

	2019	**2018**
	HK$'000	*HK$'000*
Financial assets		
Loan and receivables (including cash and cash equivalents)	—	9,774
Financial assets at amortised cost	12,788	—
	12,788	9,774
Financial liabilities		
Financial liabilities measured at amortised cost	40,182	24,752

(f) Fair value measurement

The carrying amounts of financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 March 2019 and 2018.

19 CASH FLOW INFORMATION

The table below details changes in the Target Group's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statement of cash flows as cash flows from financing activities.

	Share capital *HK$'000*	Amount due from/to a shareholder *HK$'000* *(note 16)*	Total *HK$'000*
At 12 June 2017 (date of incorporation)	—	—	—
Changes from financing cash flows:			
Proceeds from issue of shares	780	—	780
Movement in amounts due from/(to) a shareholder	—	19,215	19,215
Total changes from financing cash flows	780	19,215	19,995
At 31 March 2018 and 1 April 2018	780	19,215	19,995
Changes from financing cash flows:			
Movement in amounts due from/(to) a shareholder	—	13,566	13,566
Total changes from financing cash flows	—	13,566	13,566
At 31 March 2019	780	32,781	33,561

20 OPERATING LEASE COMMITMENTS

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019 *HK$'000*	2018 *HK$'000*
Within 1 year	8,814	7,722
After 1 year but within 5 years	5,869	12,227
	14,683	19,949

The Target Group is the lessee in respect of office premises held under operating leases. The leases typically run for an initial period of 3 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

21 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

All members of key management personnel are the directors of the Target Group, and their remuneration is disclosed in note 7.

Total remuneration is included in "staff costs" (see note 5(a)).

(b) Other related party transactions

During the year, the Target Group entered into the following material related party transactions:

	2019	2018
	HK\$'000	*HK\$'000*
Purchase of property, plant and equipment from a related company	—	2,183

Ms. Woo Lan Mei, director of the Target Group is a member of the key management personnel of the related company.

(c) Balances with related parties are disclosed in the consolidated statement of financial position and in notes 15 and 16.

22 STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY

	2019	2018
	HK\$'000	*HK\$'000*
Non-current assets		
Investment in a subsidiary	600	10
Current assets		
Amount due from a shareholder	180	770
NET ASSETS	780	780
CAPITAL AND RESERVE		
Share capital	780	780
Accumulated losses	—	—
TOTAL EQUITY	780	780

23 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The methods, estimates and judgements the director used in applying the Target Group's accounting policies have a significant impact on the Target Group's financial position and operating results. Some of the accounting policies require the Target Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Target Group's accounting policies are described below.

(a) Useful lives of property, plant and equipment

The Target Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Loss allowances for trade and other receivables

The Target Group estimates the loss allowances for trade and other receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed.

(c) Revenue recognition

The Target Group recognised revenue from provision of financial printing services on IPO projects through over time by reference to the progress of satisfaction of performance obligations of each project at the reporting date. The progress is determined based on actual inputs, such as translation costs and other printing costs, deployed on each project and the respective input costs comparing to the estimated total service costs of each project by tracing to the contracts signed with respective customers. The computation of the progress and estimation of total service costs for each project require the use of judgement and estimates.

(d) Going concern basis

Although the Target Group has net current liabilities of HK$41,862,000 and net liabilities of HK$29,824,000 at the end of the reporting period, the Target Group manages its liquidity risk by fund advance from a shareholder and ensuring sufficient liquid cash to meet the Target Group's liquidity requirements in the short and long term. The Target Group's shareholder has undertaken to provide adequate funds to enable the Target Group to meet in full its financial obligations as they fall due in the foreseeable future and not to demand for repayment of the balances due from the Target Group within the next twelve months from the end of the reporting period. Details of the factor that may cast doubt on the Target Group's ability to continue as a going concern and the measures taken are disclosed in note 2(d).

24 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

Up to the date of issue of these Historical Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been adopted in these Historical Financial Information. These include the following which may be relevant to the Target Group:

HKFRS 16	Leases[1]
HK(IFRIC) 23	Uncertainty over income tax treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.

The Target Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them will not have a significant impact on the Target Group's financial position and performance. Further details of adoption of HKFRS 16 are discussed below.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their right and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will be required to account for all leases of more than 12 months in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Target Group's accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the profit or loss over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 April 2019. As allowed by HKFRS 16, the Target Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Target Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Target Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Target Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019, if necessary, and will not restate the comparative information. As disclosed in note 20, the Target Group's future minimum lease payments under non-cancellable operating leases for office premises amounted to HK$14,683,000 as at 31 March 2019, which is payable between 1 and 5 years after the end of the reporting period. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets will be adjusted to HK$14,707,000, after taking account the effects of discounting, as at 1 April 2019.

25 COMPARATIVE FIGURES

The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and related notes cover the period from 12 June 2017 (date of incorporation) to 31 March 2018 and therefore may not be comparable with the amounts shown for the current year.

26 EVENTS AFTER THE REPORTING PERIOD

Save for the disclosed information in relation to the Acquisition and Placing in the Circular, there were no significant events after the Relevant Periods.

27 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group has been prepared in respect of any period subsequent to 31 March 2019.

This discussion of the financial position and results of operation of the Target Group is based upon and should be read in conjunction with the Accountants' Report of the Target Group set out in Appendix II to this circular.

BUSINESS REVIEW

The Target Company is a company incorporated in BVI with limited liability on 12 June 2017. As at the Latest Practicable Date, the Target Company is directly wholly-owned by the Vendor and has a paid-up capital of US$100,000. Solomon Financial, a wholly-owned subsidiary of the Target Company, is a company incorporated in Hong Kong with limited liability on 15 June 2017 and has HK$600,000 paid-up capital as at the Latest Practicable Date. It is principally engaged in the provision of financial printing service in Hong Kong, including financial printing, typesetting and translation services. Its financial printing service is supported by a team of experienced staff who involved in design, typeset, proofread, translation, printing and round the clock customer service support. Its office is situated in Central which is a prime location and provides a great meeting point for all sorts of corporate events and meetings.

Upon Acquisition Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated with the Group.

The financial year of the Target Company and its subsidiary begins from 1 April and ends on 31 March. All references to "FY2018" means the financial period from 12 June 2017 (date of incorporation) to 31 March 2018; and "FY2019" means the financial year from 1 April 2018 to 31 March 2019. Set out below is the management discussion and analysis of the Target Group for each of FY2018 and FY2019.

FINANCIAL REVIEW

Revenue

The Target Group's revenue represented income generated from (i) provision of integrated commercial and financial printing services and (ii) financial printing services for IPO projects. During FY2018 and FY2019, the Target Group recorded a revenue of approximately HK$3.5 million and HK$34.7 million respectively, representing an increase of approximately HK$31.2 million or 8.9 times. Such increase is mainly attributable to (i) the result of full year operation for FY2019 as compared to the nine-month operation for FY2018; (ii) the increase in the number of projects in commercial printing services and financial printing services; and (iii) the commencement of financial printing services for IPO projects during FY2019.

The following table below sets forth information on the revenue and the corresponding revenue recognition policies for FY2018 and FY2019.

	FY2018	**FY2019**
	HK$'000	*HK$'000*
At point in time		
Commercial and financial printing services	3,522	30,592
Over time		
Financial printing services — IPO projects	—	4,076
	3,522	34,668

The revenue from commercial and financial printing services significantly increased by approximately HK$27.1 million or 7.7 times. During FY2019, the revenue from commercial and financial printing services increased from approximately HK$3.5 million to HK$30.6 million. With the commencement of financial printing services for IPO projects during FY2019, the Target Group recorded a revenue of approximately HK$4.1 million.

Expenses

The Target Group's expenses mainly comprised of operating expenses and administrative expenses, which are discussed as below. In general, all expenses for FY2019 increased as compared to that of FY2018, which were in line with the increase in revenue and due to the Target Group came into full year operating during FY2019.

Printing and production

Printing and production expenses mainly represented design, typeset, production, consultancy and other services costs. The expenses increased by approximately HK$8.0 million or 20 times from approximately HK$0.4 million for FY2018 to approximately HK$8.4 million for FY2019. Such increase was primarily due to an increase the number of projects in commercial and financial printing services, including prospectus for IPO projects, corporate announcements, financial reports (e.g. annual, interim and/or quarterly reports) and circulars. The corresponding amount represented approximately 11.7% and 24.1% of the Target Group's revenue for FY2018 and FY2019, respectively. The printing and production expenses as a percentage of revenue increased during FY2019 is mainly due to full year and comprehensive operation during FY2019.

Translation

Translation expenses represented translation cost to service providers for various types of documents involved in the Target Group's projects upon customers' requests. The expenses increased by approximately HK$7.1 million or 14.2 times from approximately HK$0.5 million for FY2018 to approximately HK$7.6 million for FY2019. With more ongoing projects during FY2019, more translation services offered to customers and the increase in translation expenses was in line with the increase in revenue. As a percentage of revenue, translation expenses represented approximately 15.3% and 22.0% for FY2018 and FY2019, respectively and such increase was mainly attributable to full year and comprehensive operation during FY2019.

Distribution charges and other direct costs

Distribution charges and other direct costs mainly represented transportation, copier related expenses and marketing and promotion expenses. During FY2018 and FY2019, the Target Group recorded an increase of approximately HK$1.0 million or 2.5 times, from approximately HK$0.4 million to HK$1.4 million.

Rent and rates

Rent and rates included the rental related expenses for the Target Group's offices and increased by approximately HK$5.9 million or 1.8 times, from approximately HK$3.2 million for FY2018 to HK$9.1 million for FY2019. The increase in rent and rates was mainly attributable to the lease of an additional office during FY2019 to cope with the Target Group's operational needs.

Employee benefits expense

Employee benefits expense mainly represented (i) salaries, wages and other benefits and (ii) contributions to defined contribution retirement plan. Such expense increased by approximately HK$15.0 million or 2.3 times from approximately HK$6.6 million for FY2018 to approximately HK$21.6 million for FY2019, which was mainly due to an increase of headcount in different departments to support the Target Group's operation, for example, the business development, marketing and design. As a percentage of revenue, employee benefits expense represented approximately 186.9% and 62.3% for FY2018 and FY2019, respectively. During FY2018, more upfront costs and fixed overhead such as administrative staff were incurred and hence it was resulted in a higher portion of employee benefits expense as a percentage of revenue.

Depreciation of property, plant and equipment

The Target Group incurred depreciation charges of approximately HK$0.2 million for FY2018 and HK$2.9 million for FY2019. During FY2019, the depreciation charges mainly arises from leasehold improvements of approximately HK$2.1 million and computer equipment of approximately HK$0.6 million. The increase was mainly attributable to the full year operation of the offices and additions of property, plant and equipment of approximately HK$2.5 million during FY2019.

Impairment loss on trade receivables

During FY2019, the Target Group recorded an impairment loss on trade receivables of approximately HK$0.7 million, which was mainly attributable to receivables pass due for more than six months but less than 12 months. No impairment was made for FY2018. For details of the Target Group's credit policy, please refer to note 18(a) of the Accountants' Report of The Target Group in Appendix II to this Circular.

General and other office expenses

General and other office expenses primarily represented building management fee, repair and maintenance, air-conditioning fee and office expenses. Such expenses increased by approximately HK$2.9 million or 2.1 times from approximately HK$1.4 million for FY2018 to approximately HK$4.3 million for FY2019, which were mainly attributable to the Target Group came into full operation during FY2019.

Loss for the year/period

Net losses of approximately HK$9.2 million and HK$21.4 million were incurred for FY2018 and FY2019, respectively. For FY2018, the Target Group incurred a substantial amount of start-up cost including labour cost, leasing expenses and capital expenses. For FY2019, the Target Group then came into a full year operating and resulted in a significant increase in revenue as compared with FY2018. However, taking into account (i) the non-fully utilised production capacity; (ii) fixed overhead (including rent and rates, employee benefits expense, depreciation, general and other office expenses, etc.) to be incurred for daily operation; and (iii) the aforesaid factors, the Target Group's net loss for FY2019 increased by approximately HK$12.2 million or 1.3 times as compared with that of FY2018.

Property, plant and equipment

Property, plant and equipment primarily consisted of leasehold improvements, computer equipment and furniture, fixtures and equipment. As at 31 March 2018 and 2019, the net book value of property, plant and equipment were approximately HK$8.4 million and HK$8.1 million, respectively. The slight decrease of approximately HK$0.3 million or 3.6% was mainly attributable to the depreciation charges of approximately HK$2.8 million and partially offset by the additions of property, plant and equipment of approximately HK$2.5 million during FY2019.

Contract assets and contract liabilities

As at 31 March 2019, contract assets increased by approximately HK$0.3 million or 37.5% from approximately HK$0.8 million (as a result of the adoption of HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**") on 1 April 2018) to HK$1.1

million; contract liabilities increased by approximately HK$8.9 million or 5.9 times from approximately HK$1.5 million (as a result of the adoption of HKFRS 15 on 1 April 2018) to approximately HK$10.4 million. The increase in contract assets was mainly due to more unbilled revenue during FY2019 while the increase in contract liabilities was mainly attributable to more payments received from the Target Group's customers before the Target Group recognises the related revenue, in particular to financial printing services for IPO projects. Please refer to note 12 of the Accountants' Report of the Target Group in Appendix II to this Circular for details.

Trade receivables

Trade receivables mainly related to outstanding amounts to be settled by the Target Group's customers in relation to commercial and financial printing services. As at 31 March 2018 and 2019, the balance amounted to approximately HK$3.1 million and HK$7.1 million, respectively. The increase of approximately HK$4.0 million or 1.3 times was in line with the increase in the number of projects in FY2019 as compared to that of FY2018. The Target Group normally allows an average credit period of 30 days to its customer.

Trade and other payables

Trade and other payables mainly related outstanding amounts payable to translation and printing service providers. The balance increased by approximately HK$1.0 million or 14.3% from approximately HK7.0 million as at 31 March 2018 to approximately HK$8.0 million as at 31 March 2019. Such increase was mainly due to the increase in translation, printing and production expenses.

Amount due to a shareholder

As at 31 March 2018 and 2019, the amount due to a shareholder was unsecured, interest-free and repayable on demand.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Target Group's share capital of 50,000 shares issued ordinary shares and were fully paid at each of 31 March 2018 and 2019. There were no changes in the capital structure of the Target Group and the Target generally financed its operations with shareholder loans and internally generated cash flows.

As at 31 March 2018 and 2019, the Target Group has net current liabilities of approximately HK$21.0 million and HK$41.9 million, respectively, the Target Group manages its liquidity risk by fund advance from a director and ensuring sufficient liquid cash to meet the Target Group's liquidity requirements in the short and long term. The Target Group's director has undertaken to provide adequate funds to enable the Target Group to meet in full its financial obligations as they fall due in the foreseeable future and not to demand for repayment of the balances due from the Target Group within the next twelve months from the end of the reporting period.

GEARING RATIO

The Target Group did not have any borrowings as at 31 March 2018 and 2019, therefore the gearing ratio (calculated by total borrowings divided by total equity) was zero as at 31 March 2018 and 2019.

SIGNIFICANT INVESTMENT

During FY2018 and FY2019, the Target Group did not hold any significant investments.

MATERIAL ACQUISITION AND DISPOSAL

During FY2018 and FY2019, save as those disclosed in the Accountants' Report of the Target Group in Appendix II to this Circular, the Target Group did not make any material acquisition or disposal of subsidiary or associated company.

CHARGE ON ASSETS

As at 31 March 2018 and 2019, the Target Group did not have any charges on assets.

EMPLOYEES AND REMUNERATION

As at 31 March 2018 and 2019, the Target Group had a total of 51 and 84 employees, respectively. Remuneration packages for employees and directors are structured according to market standards as well as individual performance and experience. Benefits plans maintained by the Target Group include a mandatory provident fund scheme, medical insurance, overtime allowance and discretionary bonuses. The employee costs amounted to approximately HK$6.6 million for FY2018 and HK$21.6 million for FY2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 March 2018 and 2019, the Target did not have any future plans for material investments or capital assets.

CONTINGENT LIABILITIES

As at 31 March 2018 and 2019, the Target had no material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

During FY2018 and FY2019, the Target was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in Hong Kong Dollars.

No financial instruments, currency borrowings or other hedging instruments were used by the Target Group for hedging purposes during FY2018 and FY2019.

The information set out in this Appendix does not form part of the Accountants' Report issued by Baker Tilly Hong Kong Limited, the Company's reporting accountants, as set out in "Appendix II — Accountants' report on the Target Group" and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial information of the Group" set out in Appendix I and "Management discussion and analysis of the Target Group" set out in Appendix III.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(I) Basis of preparation of the Unaudited Pro Forma Consolidated Financial Information of the Enlarged Group

On 9 September 2019, the Group has entered into a sale and purchase agreement (the"**Agreement**") with Solomon Holdings Group Limited (the "**Target Company**"), pursuant to which the Group has agreed to acquire 75% equity interest of the Target Company and its subsidiary (together, the "**Target Group**") (the "**Acquisition**").

This unaudited pro forma financial information is prepared to provide information on the Enlarged Group as a result of the completion of the Acquisition on the basis of notes set out below for illustrating the effect of the Acquisition by the Company, as if the Acquisition had taken place on 30 June 2019 for the preparation of the unaudited pro forma consolidated statement of financial position.

The unaudited pro forma financial information is prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 30 June 2019 or any future date.

The unaudited pro forma consolidated statement of financial position as at 30 June 2019 is prepared based on (i) the unaudited condensed consolidated statement of financial position as at 30 June 2019 as extracted from the published interim report of the Group and (ii) the audited statement of financial position of the Target Group as at 31 March 2019 as extracted from the Accountants' Report on the Target Group set out in Appendix II to this circular after making pro forma adjustments to the Acquisition, as if the Acquisition had completed on 30 June 2019.

(II) Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

	The Group as at 30 June 2019	The Target Group as at 31 March 2019	Pro forma adjustments				Pro Forma total of the Enlarged Group at 30 June 2019
			Specific Mandate Adjustment	Acquisition of the Target Group	HKFRS 16 Adjustment	Recognition of transaction costs	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Non-current assets							
Plant and equipment	12,533	8,065					20,598
Right of use assets	14,569	—			14,707		29,276
Rental deposits	455	4,673					5,128
	27,557	12,738					55,002
Current assets							
Inventories	16,223	—					16,223
Contract assets	—	1,067					1,067
Trade and other receivables	12,789	7,535					20,324
Amount due from a shareholder	—	180					180
Cash and cash equivalents	6,603	692	18,000	(2,000)			23,295
	35,615	9,474					61,089
Current liabilities							
Contract liabilities	—	10,417					10,417
Trade and other payables	13,034	7,958				1,240	22,232
Lease liabilities	2,312	—			8,632		10,944
Amount due to a shareholder	—	32,961		(32,961)			—
Other borrowings	500	—					500
Income tax payables	387	—					387
	16,233	51,336					44,480
Net current assets/(liabilities)	19,382	(41,862)					16,609
Total assets less current liabilities	46,939	(29,124)					71,611
Non-current liabilities							
Provision for reinstatement costs	—	700					700
Lease liabilities	12,520	—			6,075		18,595
	12,520	700					19,295
Net assets/(liabilities)	34,419	(29,824)					52,316
Capital and reserves							
Share capital	7,000	780	1,320	(780)			8,320
Reserves	27,419	(30,604)	16,680	30,957		(1,240)	43,212
Equity/(deficit) attributable to the owners of the Company	34,419	(29,824)					51,532
Non-controlling interests	—	—		784			784
Total equity/(deficit)	34,419	(29,824)					52,316

Notes:

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position as at 30 June 2019 set out in the published interim report of the Group.

2. The amounts are extracted from the Accountants' report on the Target Group as set out in Appendix II to this circular.

3. Pursuant to the placing agreement dated 9 September 2019 entered between the Company and Topper Dragon Securities Limited as placing agent for the placing of an aggregate of 660,000,000 shares at a price of HK$0.028 to HK$0.031 per share (the "**Placing Share**"). The minimum net proceeds from the placing will amount to approximately HK$18,000,000.

4. The adjustment represents the recognition of gain on bargain purchase of approximately HK$353,000 arising on the Acquisition of 75% equity interests in the Target Group and is calculated as follows:

	Note	*HK$'000*
Consideration of the Acquisition	(i)	2,000
Less: Identifiable assets acquired and liabilities assumed	(ii)	(29,824)
Waive of amount due to a shareholder	(iii)	32,961
Non-controlling interest	(iv)	(784)
Gain on bargain purchase	(v)	(353)

Notes:

(i) Pursuant to the Agreement, the Group would acquire 75% equity interest of the Target Group for a consideration of HK$2,000,000, which shall be paid in cash that is financed by part of the net proceeds from the Placing.

(ii) For the illustrative purpose of this unaudited pro forma financial information of the Enlarged Group, the directors of the Company had assumed that the fair values of the assets and liabilities of the Target Group to be their respective carrying values at 31 March 2019. In the opinion of the directors of the Company, the Target Group' fair values of the assets and liabilities being acquired are subject to changes upon completion of the Acquisition because the fair values of the assets and liabilities being acquired shall be assessed on the date of the completion. The possible changes to fair values of the assets and liabilities of the Target Group being acquired were not reflected in the unaudited pro forma financial information of the Enlarged Group, and accordingly, the goodwill so calculated, if any, may be materially different from that in the calculation above.

(iii) Pursuant to the Agreement, Ms. Woo Lan Mei, an Independent Third Party who holds the entire issued share capital of the Target Company (the "**Vendor**") has agreed to waive the amount of financial assistance that she provided to the Target Group of approximately HK$32,961,000 up to 31 March 2019 upon the Acquisition Completion.

(iv) The amount of non-controlling interests of approximately HK$784,000 is calculated as 25% of the total fair value of identifiable assets and liabilities after the waive the amount due to the Vendor, of approximately HK$2,353,000 attributable to owners of the Target Group.

(v) The gain on bargain purchase arising from the Acquisition is credited to profit or loss. Actual goodwill or gain on bargain purchase arising from the Acquisition depend on fair value of net identifiable assets of the Target Group at the completion date and shall be different to the amount calculated in the above table.

The net cash outflow on acquisition of the Target Group are as follows:

	HK$'000
Cash consideration paid	2,000
Less: Cash and cash equivalents balances of the Target Group	(692)
	1,308

The above adjustment is not expected to have continuing effect on the Enlarged Group but will be reflected in the consolidated statement of financial position and consolidated statement of cash flow of the Group in the year when the transaction actually takes place.

5. The Target Group has not adopted HKFRS 16 "Leases" which should be effective for annual periods beginning on or after 1 January 2019, in preparing the audited consolidated statement of financial position as at 31 March 2019. The adjustments represent the recognition of lease liabilities and corresponding right-of-use assets in the consolidated statements of financial position of the Target Group as at 31 March 2019 to align with the Group's prevailing accounting policies.

6. The adjustment represents estimated transaction costs of approximately HK$1,240,000 which include mainly professional fees payable by the Group in connection with the Acquisition. The adjustment has no continuing effect to the Enlarged Group but will be reflected in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group in the year these expenses are actually incurred.

7. The values of the unaudited pro forma financial information are round to the nearest thousand (HK$'000) except otherwise indicated.

8. No adjustment has been made to the unaudited pro forma financial information to reflect any trading results or other transactions of the Group and the Target Group entered into subsequent to 30 June 2019.

(B) INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report in respect of the unaudited pro forma financial information of the Enlarged Group, prepared for the sole purpose of inclusion in this circular, received from the reporting accountant, Baker Tilly Hong Kong.

bakertilly
天職國際

Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information

To the Directors of Jete Power Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jete Power Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2019 and related notes as set out on pages IV-1 to IV-4 of the circular issued by the Company dated 25 September 2019 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page IV-1 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 75% equity interest of Solomon Holdings Group Limited ("**the Target Company**") and its subsidiary (together, the "**Target Group**") on the Group's financial position as at 30 June 2019 as if the transaction had taken place at 30 June 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the period ended 30 June 2019, on which the interim report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 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**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31 (7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the

Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31 (1) of the GEM Listing Rules.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 25 September 2019
Tong Wai Hang
Practising certificate number P06231

The following is the text of a letter and valuation report, prepared for the purpose of incorporation in this circular received from Royson Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 July 2019 of a 75% equity interest in the business enterprise of Solomon Holdings Group Limited.

ROYSON

Royson Valuation Advisory Limited
Unit 1806, 18/F, The L. Plaza
367–375 Queen's Road Central
Hong Kong

25 September 2019

Jete Power Holdings Limited
Factory Unit 13A, 9th Floor, Vanta Industrial Centre
Nos. 21–33 Tai Lin Pai Road
Kwai Chung
New Territories, Hong Kong

Dear Sirs or Madams,

RE: VALUATION OF 75% EQUITY INTEREST IN SOLOMON HOLDINGS GROUP LIMITED

We have been instructed by Jete Power Holdings Limited (the "**Company**", together with its subsidiaries as the "**Group**") to perform an appraisal of the fair value of a 75% equity interest in the business enterprise of Solomon Holdings Group Limited (the "**Target Company**" and together with its subsidiary as the "**Target Group**") as at 31 July 2019 (the "**Appraisal Date**") for transaction purpose and our valuation will also be used in connection with a public document of the Company.

The Target Company is principally engaged in investment holding and Solomon Financial Press Limited ("**Solomon Financial**") which is its directly wholly-owned subsidiary is principally engaged in the provision of financial printing services in Hong Kong.

In this appraisal, *fair value* is defined as 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.

The fair value of the equity interest in the Target Group is principally derived by the application of the Guideline Publicly-traded Comparable Method (the "**GPTC Method**") under the market approach. Our opinion of value relies on a going-concern premise. This premise assumes that the Target Group is an ongoing business enterprise with management operating in a rational way with a goal of maximising shareholder value.

I. DESCRIPTION OF THE APPRAISAL

On 9 September 2019, Ms. Woo Lan Mei (the "**Vendor**") entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with the Company, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire 37,500 issued shares of the Target Company, representing 75% of the issued share capital of the Target Company, for a cash consideration of HK$2,000,000 (the "**Acquisition**").

The objective of this valuation is to provide an independent opinion on the fair value of a 75% equity interest in the Target Group for transaction purpose. We understand that our valuation will also be used in connection with a public document of the Company.

The appraisal is conducted in conformity with Hong Kong Generally Accepted Accounting Principles and the International Valuation Standards (2017 Edition) published by International Valuation Standards Council. These standards contain guideline on the basis and valuation approaches used.

II. BASIS OF VALUE

The valuation has been performed based on fair value. As defined in Hong Kong Financial Reporting Standard 13 — *Fair Value Measurement, fair value* represents 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.

III. PREMISE OF VALUE

Our opinion of value relies on a going-concern premise. This premise assumes that the Target Group is an ongoing business enterprise with management operating in a rational way with a goal of maximising shareholder value.

IV. SCOPE OF WORK

This appraisal reflects facts and conditions existing at the Appraisal Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

Our appraisal opinion is based on the assumptions stated herein and on information provided by the management of the Target Group (the "**Management**"). In the course of our valuation, we have conducted the following processes and procedures:

1. Collected and analysed the relevant historical financial statements and other financial and operational information of the Target Group;

2. Conducted interviews with the Management in relation to the Target Group's history, operations and prospects of its business;

3. Researched the general economic outlook and the outlook for the specific industry affecting the business of the Target Group, its industry and its markets;

4. Examined the reasonableness of the information as well as other records and documents provided by the Management, in light of our research and analysis on the industry and economic data;

5. Determined the most appropriate valuation method for the valuation;

6. Identified the comparable companies of the Target Group; and

7. Developed the business enterprise value of the Target Group based on the assumptions and valuation method stated in the report.

V. INFORMATION SOURCES

To aid us in our analysis, we have consulted, reviewed and relied on the following key information which is publicly available or provided by the Management:

1. Financial database empowered by Bloomberg;

2. Relevant industry report and economic data;

3. Public announcements on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**");

4. Unaudited and/or audited historical financial and operational information of the Target Group; and

5. Discussions with the Management.

VI. LIMITING CONDITIONS

This appraisal relies upon the following contingent and limiting conditions:

1. Public, industry, statistical, and other information furnished by others, upon which all or portions of this analysis is based, is believed to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.

2. The Company and its representatives warranted to us that the information they supplied is complete and accurate to the best of their knowledge and that the financial statement information reflects the Target Group's results of operations and financial and business condition in accordance with generally accepted accounting principles, unless otherwise noted. The financial statements and other related information supplied by management has been accepted as correct without further verification. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information. We also have no reason to believe that any material facts have been withheld from us.

3. This report is to be used for the specific purposes stated herein and any other use is invalid. No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document to be prepared or distributed to third parties may be made without our written consent and approval.

4. The opinion of value is valid only for the stated purpose as of the valuation date indicated. We take no responsibility for changes in market conditions and assume no obligation to revise our conclusion of value to reflect events or conditions which occur subsequent to the valuation date.

5. For the prospective financial information approved by the Management that is used in our engagement, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material.

6. In arriving at our opinion of value, we have relied to a very considerable extent on the above-mentioned information. Any variation to the assumptions in the valuation could seriously affect our opinion of value.

VII. INFORMATION ABOUT THE COMPANY

The Company is an investment holding company and its shares are listed on the GEM Board of the Stock Exchange (stock code: 8133). The Group is principally engaged in the manufacturing of metal casting parts and components in the People's Republic of China (the "**PRC**") and sells its products to Germany, PRC, Hong Kong and the United States. For diversification purpose, the Group has also engaged in the concerts and events organization business.

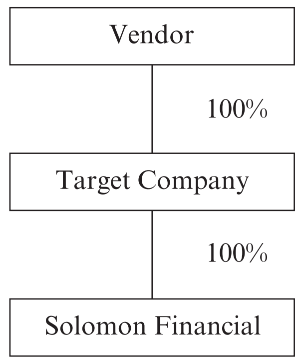
VIII. INFORMATION ABOUT THE TARGET GROUP

The Vendor, Ms. Woo Lan Mei, is a third party independent of the Company and its connected persons as at the Appraisal Date.

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 12 June 2017 and is principally engaged in investment holding. As at the Appraisal Date, the Target Company is directly wholly-owned by the Vendor. The Target Company has not recorded any profits as it has no business operation since it was incorporated. It has US$100,000 paid-up capital as at the Appraisal Date.

Solomon Financial was incorporated in Hong Kong on 15 June 2017 and has HK$600,000 paid-up capital. Solomon Financial is directly wholly-owned by the Target Company and principally engaged in the provision of financial printing services in Hong Kong. Financial printing services refer to specialized services for production of documents and publications including prospectus for initial public offering ("**IPO**"), corporate announcements, financial reports (e.g. annual, interim and/or quarterly reports) and circulars, etc.. Major customers of a financial printing services company include listed companies and IPO applicants.

Shareholding structure of the Target Group as at the Appraisal Date:



The Target Group has been loss-making since incorporation. For the year ended 31 March 2019, the Target Group recorded a turnover and loss for the year of approximately HK$34,668,000 and approximately HK$21,371,000 respectively. As at 31 March 2019, the Target Group recorded the net liabilities of approximately HK$29,824,000 and its major liabilities was the amount due to the Vendor amounting to approximately HK$32,961,000 (the "**Financial Assistance**").

As per the management accounts of the Target Group for the four months ended 31 July 2019, the unaudited revenue and the profit before taxation were approximately HK$23,323,000 and approximately HK$1,894,000 respectively. As at 31 July 2019, the Target Group recorded the net liabilities of approximately HK$29,220,000.

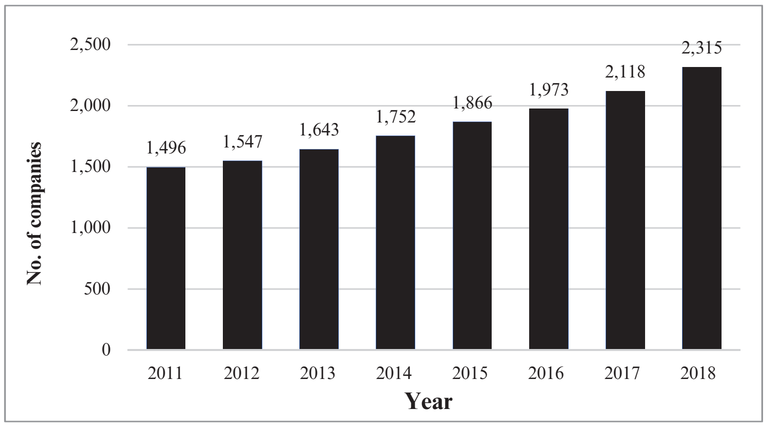
Pursuant to the terms of the Sales and Purchase Agreement, the Vendor has agreed to waive the Financial Assistance of approximately HK$32,961,000 up to 31 March 2019 upon completion of the Acquisition. For any further financial assistance provided or to be provided by the Vendor to the Target Group from 1 April 2019 up to the completion date of the Acquisition, the amount will be unsecured, non-interest bearing and will be repayable to the Vendor when the directors of the Target Company consider and determine (in their sole discretion) that the Target Group has adequate funds to repay the same after reviewing the financial performance and financial needs of the Target Group.

IX. INDUSTRY OVERVIEW

Business Opportunities

The Target Group operates in the financial printing business in Hong Kong, whereby most of the industry players are, similar to the Target Group, largely engaged to preparation of financial reports, announcements, circulars, debt issuing circulars and IPO prospectuses for listed companies in Hong Kong. Companies listed on the Stock Exchange are required to publish annual report, interim report, annual general meeting circulars and other various announcements as per requirements of the Listing Rules. The business volume of the industry is therefore directly related to the size and the activity level of the Hong Kong stock market, both in terms of listed companies and the IPO activity. It is noted that the overall market size and activity have been growing, which support the growth of the financial printing industry.

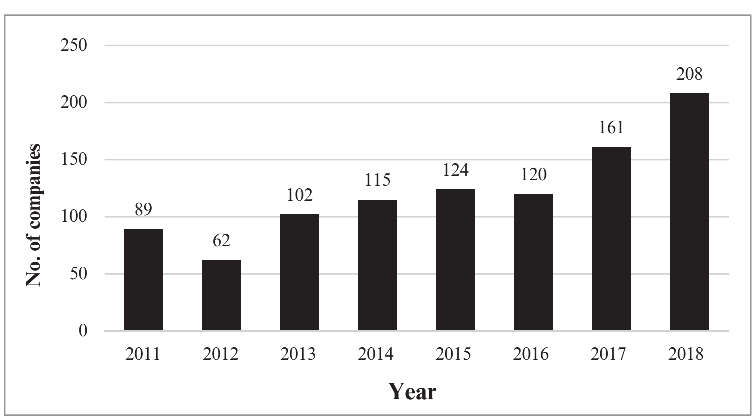
Chart 1: Number of Listed Companies in Hong Kong (2011–2018)



Source: HKEx website

The number of listed companies on the Stock Exchange has grown in each of the seven years starting from 2011. As of the year end of 2018, there were 2,315 companies listed on the Stock Exchange as compared to 2,118 at the end of the previous year. During the period from 2011 to 2018, such number has shown a compound annual growth rate ("**CAGR**") of approximately 6.4%.

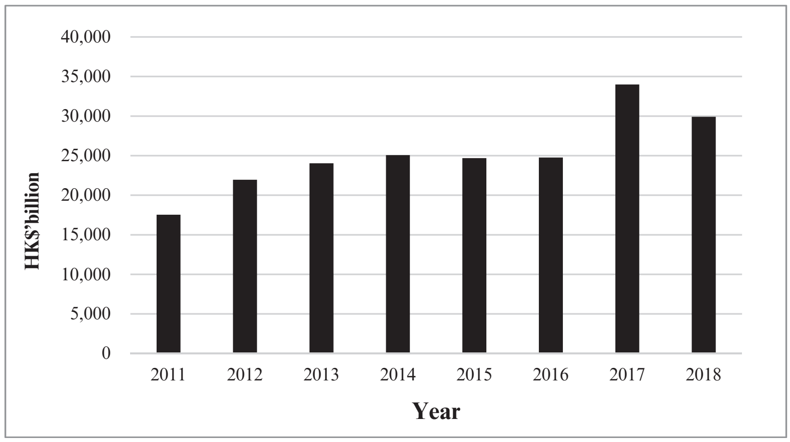
Chart 2: Number of new listings in Hong Kong (2011–2018)



Source: HKEx website

The listing activity on the Stock Exchange has shown a similar trend to the pool of listed companies in Hong Kong. The number of new listings on the Stock Exchange has also increased in each of the seven years after 2011. In 2018, 208 companies completed listing on the Stock Exchange as compared to 161 in 2017. During the period from 2011 to 2018, the number of new listings has shown a CAGR of 12.9%.

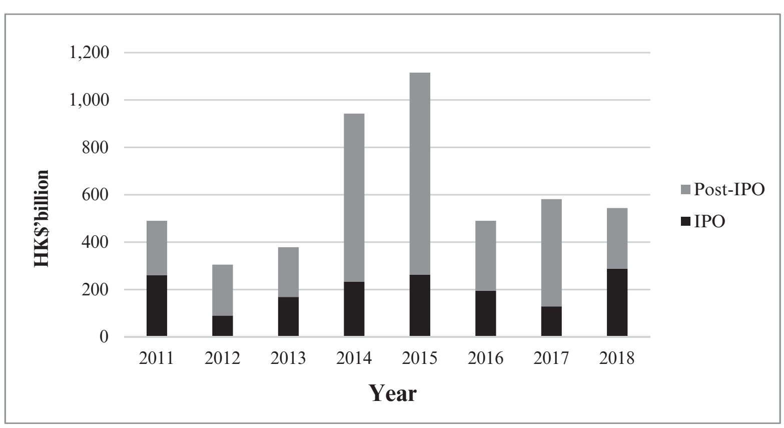
Chart 3: Total market capitalization of Hong Kong listed companies (2011–2018)



Source: HKEx website

The total market capitalization has increased between 2011 and 2018, starting from at approximately HK$17,537 billion at the end of 2011 and closed at HK$29,909 billion at the end of 2018. The total market capitalization decreased by approximately 12% in 2018, as the stock market was impacted by the US-China trade war, slowing Chinese economy and the rising interest rates.

Chart 4: Equity fundraising on the Stock Exchange (2011–2018)



Source: HKEx website

During 2011 and 2018, fundraising activities in Hong Kong peaked in 2014 and 2015. Despite the continued increase in the number of new listings on the Stock Exchange, the fundraising size failed to reach the previous level in 2018 as fundraising by companies already listed (post-IPO, including placements, rights issues and other forms of fundraising) decreased significantly compared to 2015.

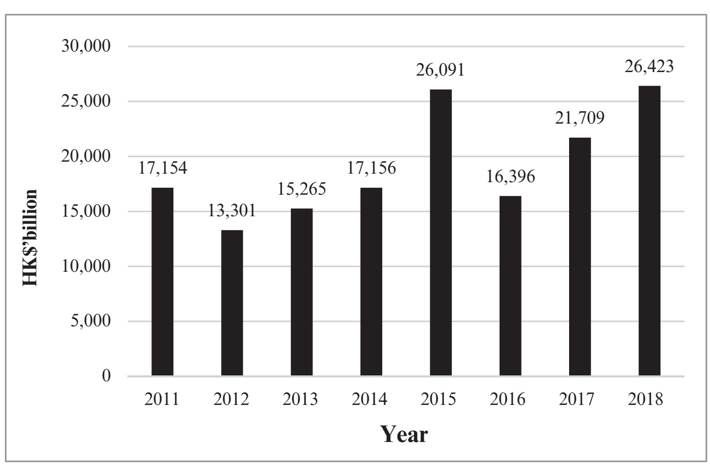
Market turnover

Hong Kong is ranked as one of the most important global financial hubs. Based on market turnover in 2018, Hong Kong is ranked among the top 10 financial markets globally.

1 United States
2 PRC
3 Japan
4 Republic of Korea
5 Hong Kong
6 Germany
7 Canada
8 India
9 Switzerland
10 Australia

From 2011 to 2018, turnover on the Stock Exchange has increased from approximately HK$17,154 billion in 2011 to approximately HK$26,423 billion in 2018, showing a CAGR of approximately 6.4% during the period.

Chart 5: Annual turnover on the Stock Exchange (2011–2018)



Source: HKEx website

Competition and Challenges

Based on our discussion with the Target Company, there are approximately 20 financial printers in Hong Kong with various size of operations, some of them locally based and while others are branches of international operations. Nevertheless, the key barrier to entry is the relationship with customers as customers focus on the reliability and quality of services. Therefore, the challenge for financial printers is to attract capable personnel in typesetting, translation, design and customer services. Moreover, financial printers tend to be located in high-end commercial buildings around the Central area. Financial printers therefore compete for office space sufficient for their size of operations.

While customers may engage one or more financial printers to produce various documents during a financial year, the group of financial printers the customer engages tends to be stable over the years, allowing financial printers to cultivate long term and stable business relationships once the customer engagement begins.

While listed companies in Hong Kong are required by listing rules to publish certain routine documents such as results announcements, annual reports and interim reports, customer demand for documents related to corporate actions such as debt offerings, merger and acquisitions, corporate takeovers, share placements is highly dependent on market activity and sentiments. Similarly, demand for publishing IPO prospectus is also dependent on the market and investment factors which are out of control of the Target Group. Demand for these documents are difficult to anticipate and manage financial printing industry is in a passive position as to revenue from documents related to one-off transactions.

X. VALUATION METHODOLOGY

Overview of the Three Main Valuation Approaches

In this valuation, we have considered the three generally recognised valuation approaches, namely the (i) market approach, (ii) income approach and (iii) cost approach. The approach or approaches deemed most relevant will then be selected for use.

(i) Market Approach

The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. Third-party transactions in the equity of an enterprise generally represent the best estimate of fair value if they are done at arm's length.

In using transactions from similar enterprises, there are two primary methods. The first, often referred to as the Comparable Transactions Method, involves determining valuation multiples from sales of enterprises with similar financial and operating characteristics and applying those multiples to the subject enterprise. The second, often referred to as the Guideline Publicly-traded Comparable Method (the

"**GPTC Method**"), involves identifying and selecting publicly-traded enterprises with financial and operating characteristics similar to the enterprise being valued. Once publicly traded enterprises are identified, valuation multiples can be derived, adjusted for comparability, and then applied to the subject enterprise to estimate the value of its equity or enterprise value.

(ii) Income Approach

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset/the business entity is determined by reference to the value of income, cash flow or cost savings generated by the asset/the business entity. A fundamental basis for the income approach is that investors expect to receive a return on their investments and that such a return should reflect the perceived level of risk in the investment. A commonly used methodology under the income approach is a discounted cash flow analysis. A discounted cash flow analysis involves forecasting the appropriate cash flow stream over an appropriate period and then discounting it back to a present value at an appropriate discount rate. This discount rate should consider the time value of money, inflation, and the risk inherent in ownership of the asset or security interest being valued.

(iii) Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Selection of Valuation Approach

The valuation approach is determined based on professional judgment and technical expertise after detailed analysis on facts and circumstances. Key factors we have considered include, among other criteria, the quantity and quality of the information provided, access to available data, supply of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation.

Given the nature and current development stage of the business operations of the Target Group and the availability of market information, it is considered that the GPTC Method under the market approach is the most optimal method for this valuation. Both the cost approach and the income approach have been disclaimed and have also not been engaged as secondary approach to cross-check the valuation results derived from the market approach.

Under the cost approach, the fair value of equity interest is determined based on the replacement costs or reproduction costs of assets rather than the ability to generate streams of benefits in the future. The value of a service company like the Target Group is more driven by the future earnings to be generated than the value of its assets. The Target Group has been developing its own brand, its business networks and customer relationship with its clients. These are the unidentifiable intangible assets that exist in the business but not capitalised. Therefore, the cost approach has been disclaimed.

For the income approach, the fair value of equity interest can be determined by the discounted cash flow analysis which relies on explicit financial forecasts which require many assumptions, including but not limiting to number of customers, product and service pricing, operating costs and their growth rates over the projection period. The financial printing business has relatively high operating leverage. The operations are relatively labour intensive and generally located in high-end commercial buildings, staff costs and rentals are then the major fixed operating costs. As it started business in mid-2017 and the business of commercial financial printing is subject to seasonal factors and market activity and sentiments, the Target Group requires time to expand its customer bases and revenue sources. Despite the fact that a business plan has been prepared by the Management, given the uncertainty involved, it is difficult to form a reliable basis for estimating various projection inputs. In the absence of reliable business projection, the income approach is considered to be not a reliable valuation approach for valuing the equity interest in the Target Group and has been disclaimed.

The market approach is simple to understand and employs more observable and comparable market data. In addition, the business model of a financial printing services provider is relatively straight-forward. With a reasonable number of publicly traded companies available in the market, we conclude that the GPTC Method is the most appropriate method for this valuation.

Guideline Publicly-traded Comparable Method

In the GPTC method, the fair value is based on prices at which stocks of similar companies are trading in a public market. A "value measure" is usually a multiple computed by dividing the price of the guideline company's stock as at the valuation date by some relevant economic variable observed or calculated from the guideline company's financial statements.

Selection of Comparable Companies

A major requirement in applying the GPTC method is to identify companies that are comparable to the subject company in terms of business nature and associated risks. We have selected comparable companies we think fit for this valuation primarily based on the following criteria: (1) principally engaged in similar business (i.e. over 80% revenue is generating from the provision of financial printing services); (2) the principal activities are based in Hong Kong, and (3) listed on the Stock Exchange for not less than 12 months.

Based on the above criteria, we have conducted a comprehensive research and came up with below exhaustive list of four comparable companies (the "**Comparable Companies**"). The Comparable Companies are considered as highly but not perfectly comparable with the Target Group in terms of capital structure, operating scale, product mix and business performance metrics. Nevertheless, the Comparable Companies are Hong-Kong based and have a majority of revenue (i.e. over 80% of revenue) contributed by the financial printing business. The inclusion of four Comparable Companies also accommodates the fact of not perfectly comparable business. As such, the below list of comparable companies is considered as fair and representative for the purpose of this valuation. A description of their business operation is summarized below:

Comparable Companies	Stock Code	Description
1. REF Holdings Limited ("**REF**")	1631	REF is a printing service company. REF provides financial printing services, from typesetting, proofreading, translation, design, printing, web submitting, newspaper placement to distribution. The shares of REF have been listed on the Stock Exchange since September 2015. For the year ended 31 December 2018, REF recorded a turnover and net profit of approximately of HK$192.4 million and HK$37.3 million respectively. The corresponding gross profit margin and net profit margin were approximately 51.7% and approximately 19.4% respectively. REF is operating in a single operating segment which is the provision of financial printing services.
2. HM International Holdings Limited ("**HMI**")	8416	HMI operates as a holding company. HMI, through its subsidiaries, provides integrated printing services such as concept creation and artwork design, typesetting, proofreading, translation, binding, and packaging services for corporate clients. HMI serves customers in Hong Kong. The shares of HMI have been listed on the Stock Exchange since January 2017.

Comparable Companies		Stock Code	Description
			For the year ended 31 December 2018, HMI recorded a turnover and net profit of approximately of HK$130.8 million and HK$7.0 million respectively. The corresponding gross profit margin and net profit margin were approximately 46.6% and approximately 5.4% respectively. For the year ended 31 December 2018, over 85% revenue was contributed by the provision of financial printing services.
3.	EDICO Holdings Limited ("**EDICO**")	8450	EDICO operates as a holding company. EDICO, through its subsidiaries, provides printing services. EDICO also offers typesetting, proofreading, translation, designing, printing, and binding services. EDICO serves customers in Hong Kong. The shares of EDICO have been listed on the Stock Exchange since February 2018. For the year ended 30 September 2018, EDICO recorded a turnover and net profit of approximately of HK$90.6 million and HK$11.8 million respectively. The corresponding gross profit margin and net profit margin were approximately 50.9% and approximately 13.0% respectively. EDICO is operating in a single operating segment which is the provision of financial printing services.
4.	A.Plus Group Holdings Limited ("**A.Plus**")	1841	A.Plus is also a financial printing service provider. A.Plus provides services including typesetting, design, translation, printing and delivery for financial reports, announcements, shareholder circulars, debt offering circulars and IPO. Since February 2019, the trading of A.Plus' shares has been transferring from the GEM Board to the Main Board of the Stock Exchange. In addition, for the year ended 31 March 2019, A.Plus recorded a turnover and net profit of approximately of HK$159.7 million and HK$27.7 million respectively. The corresponding gross profit margin and net profit margin were approximately 54.2% and approximately 17.4% respectively.

Market Multiple

In applying the GPTC method, different value measures or market multiples of the comparable companies are calculated and analysed to induce a series of multiples that are considered representative of the industry average. Then, we applied the relevant industry multiples to the subject company to determine a value for the subject company that is on a freely-traded basis.

Three commonly used price multiples are (i) Price-to-earnings ("**P/E**") ratio; (ii) Price-to-revenue ("**P/R**") ratio; and (iii) Price-to-book value ("**P/B**") ratio.

The pre-requisite for the P/E ratio is being profit-making. Despite the improvement in its financial performance noted in the four months ended 31 July 2019, the Target Group remains to be loss-making in the trailing 12-month period from 1 August 2018 to 31 July 2019. Thus, the P/E ratio is considered as not appropriate.

The revenue of the Target Group has been increasing rapidly. However, there is limited information on when the operations of the Target Group will become profitable and the extent of its potential for growth. Revenue is valuable only if, at some point, it can be translated into earnings. Since a strong linkage between revenue and profitability has not yet well established in the case of the Target Group, the P/R ratio is also considered as not appropriate for this valuation.

P/B ratio provides a direct comparison of a company's market price to its book value. It is a valuable reality check for investors seeking growth at a reasonable price. P/B is often looked at in conjunction with return on equity, a reliable growth indicator. Thus, P/B ratio is selected.

Based on the latest publicly available financial information of the Comparable Companies and their market capitalisation, the P/B ratio of the Comparable Companies as at the Appraisal Date are summarised as follows:

Company	**Market capitalisation as at the Appraisal Date** *(in HK$'million)* *(Note 1)*	**Book Value attributable to Owners of the Subject Company based on the Latest Available Financial Statements** *(in HK$'million)* *(Note 2)*	**P/B ratio as at the Appraisal Date** *(times)*
REF	113.9	225.9	0.50
HMI	79.6	91.6	0.87
EDICO	61.0	73.6	0.83
A.Plus	300.0	157.4	1.91
		Median	0.85
		Average	1.03
		Without A.Plus	
		Median	0.83
		Average	0.73

Notes:

1. The market capitalisation was based on the last price as at the Appraisal Date and extracted from the Bloomberg terminal.

2. The book values of REF and HMI were extracted from their interim reports 2019 for the six months ended on 30 June 2019. The book value of EDICO was extracted from its third quarterly report 2018/2019 for the nine months ended 30 June 2019. The book value of the A.Plus was extracted from its annual report 2018/19 for the year ended 31 March 2019.

In view of the corporate actions taken place and its outstanding performance in its latest financial year, A.Plus is considered as an outliner and excluded in our list of the Comparable Companies. Given that there are three Comparable Companies remaining, the average P/B ratio is selected for this valuation.

After taking into of the proposed waiver of the Financial Assistance upon completion of the Acquisition, the fair value of a 100% equity interest in the Target Group before valuation premium and discount can be estimated as follows:

	HK$
Net Liabilities of the Target Group as at the Appraisal Date	(29,220,000)
Add: Amount of the Financial Assistance	32,961,000
Adjusted Net Book Value of the Target Group as at the Appraisal Date	3,741,000
Multiplied by the average P/B of the Comparable Companies	0.73x
Indicated Value of a 100% Non-controlling, Marketable Equity Interest	**2,731,000**

The GPTC Method generally yields valuation information at the non-controlling, marketable level of value. The above indicated value is then subject to the adjustments for the control premium and the discount for lack of marketability in order to derive the fair value of the controlling, non-marketable equity interest in the Target Group.

Valuation Premium and Discounts

Control Premium

It is widely recognized that an investment which offers an investor control of a business is worth more than a minority stake. In valuation perspective, a shareholder with majority stake normally owns the control power in a company, and thus, a control premium is generally recognized. In contrast, a minority discount is recognized when the holder of a minority interest lacks control over corporate policies like election of directors or selection of management, acquisition or liquidation of assets, control over dividend policy, ability to set corporate strategies, ability to affect future earnings, etc.

According to the Control Premium Study for the 2nd Quarter 2018 published by FactSet Mergerstat, LLC, the range of control premium for the printing, publishing and allied industries sector was between 4.5% to 72.5% with average of 32.9% and median of 27.2% (excluding negative premiums). Such range is concurred with our findings on other relevant research papers (both formal and informal) and valuation journals on valuation premiums and discounts which are publicly available.

Considering the size of the subject sales shares, the capital structure and the business model of the Target Group, we consider that a 25.0% control premium is appropriate in this valuation.

Discount for Lack of Marketability

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The discount for lack of marketability reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

The discount for lack of marketability generally falls into a range from 0% to 40.0% with an average of 20.7% and a median of 15.8%, according to the Stout Restricted Stock Study Company Guide published by Stout Risins Ross LLC. Such range is concurred with our findings on other relevant research papers (both formal and informal) and valuation journals on valuation premiums and discounts which are publicly available.

The shares of the Target Group are not publicly traded and an active market for its shares does not exist. Lack of profitable track records decreases the liquidity of its equity interest. In view of the market range of marketability discount, we conclude that it is reasonable to apply a 15.0% discount to appraise the value of equity interest of a private company like the Target Group.

Overall Calculation

The fair value of a 75% controlling, non-marketable equity interest in the Target Group is calculated as follows:

		HK$
Indicated Value of a 100% Non-controlling, Marketable Equity Interest	*A*	2,731,000
Add: Control Premium (25%)	*B = 25% × A*	683,000
Indicated Value of a 100% Controlling, Marketable Equity Interest	*C = A + B*	3,414,000
Less: Discount for Lack of Marketability (15%)	*D = 15% × C*	(512,000)
Indicated Value of a 100% Controlling, Non-marketable Equity Interest	*E = C – D*	2,902,000
Indicated Value of a 75% Controlling, Non-marketable Equity Interest	*75% × E*	**2,176,000**

XI. VALUATION ASSUMPTIONS

A number of assumptions have to be established in order to sufficiently support our opinion of value. The major assumptions adopted in this appraisal are:

1. There will be no major changes in the existing political, legal, fiscal and economic conditions in which the Target Group carries on its business;

2. There will be no major changes in the current taxation law in the country where the Target Group operates, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;

3. There will be no material changes in the industry in which the Target Group involves that would materially affect the revenues, profits, cash flows attributable to the Target Group;

4. The Target Group and/or its partners will obtain the necessary licenses and approvals to provide its service;

5. Exchange rates and interest rates will not differ materially from those presently prevailing;

6. The availability of finance will not be a constraint on the forecasted growth of operations of the Target Group;

7. The Target Group will successfully maintain its competitiveness and market share through optimising the utilization of its resources and expanding its marketing network;

8. The Target Group can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained;

9. The Target Group will utilise and maintain its current operational, administrative and technical facilities to expand and increase its sales;

10. The Target Group will be able to secure funds to repay its debts when they fall due;

11. The Target Group will retain and have competent management, key personnel, and technical staff to support its ongoing operations;

12. Industry trends and market conditions for related industries will not deviate materially from economic forecasts;

13. The Target Group has no material contingent liability as at the Appraisal Date; and

14. The Financial Assistance has been fully waived as at the Appraisal Date.

XII. OPINION OF VALUE

Based upon the investigation and analysis outlined above and the appraisal method employed, it is our opinion that the fair value of a 75% equity interest in the Target Group as at **31 July 2019** is reasonably stated by the amount of **HONG KONG DOLLARS TWO MILLION ONE HUNDRED AND SEVENTY-SIX THOUSAND ONLY (HK$2,176,000).**

This opinion of value has been based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Any variation to the assumptions and limiting conditions presented in the following report could seriously affect our opinion of value.

Although our valuation is intended to estimate fair value, we assume no responsibility for the inability of a seller or buyer to obtain a sale or purchase contract at that price.

We have no obligation to update this report or our opinion of value for information that comes to our attention after the date of this report.

We hereby certify that we have neither present nor prospective interests in the Group, the Vendor, the Target Group, or the values reported.

Respectfully submitted,
For and on behalf of
Royson Valuation Advisory Limited

Amy W.S. Chan
Director

Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants. She has been working in the valuation field since 2010 and has participated in over 700 assignments regarding business valuation, derivatives valuation, intangible assets valuation and purchase price allocation for numerous listed companies and private entities in different industries.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. SHARE CAPITAL

	Nominal Value (*HK$*)
Authorised:	
As at the Latest Practicable Date and after the Acquisition Completion and the Placing Completion	
50,000,000,000 Shares	100,000,000
Issued, full paid or credited as fully paid:	
As at the Latest Practicable Date	
3,500,000,000 Shares	7,000,000
Placing Shares to be issued upon Placing Completion (assuming the Placing Shares are fully placed)	
660,000,000 Placing Shares	1,320,000
Total:	
4,160,000,000 Shares	8,320,000

Each of the Placing Shares, when allotted and issued, will rank *pari passu* in all respects (including in particular as to dividend, voting rights and capital) among themselves and with all existing issued Shares.

3. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of

Part XV of the SFO) which were required (a) 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 which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors, were as follows:

Long positions in Shares and underlying Shares of the Company

Name of Director	**Capacity**	**Number of Shares**	**Approximate percentage of the Company's issued share capital**
Mr. Choi	Interest in a controlled corporation	181,500,000 *(Note)*	5.18%

Long positions in shares of associated corporation

Name of Director	**Name of associated corporation**	**Capacity**	**Approximate percentage of the issued share capital of the associated corporation**
Mr. Choi	Bravo Luck Limited	Directly and beneficially owned	100%

Note: Bravo Luck Limited is beneficially and wholly owned by Mr. Choi, the chairman of the Company and an executive Director.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the issued voting shares at general meetings of any member of the Group:

Long positions in Shares and underlying Shares of the Company

Name	Capacity	Number of Shares	Approximate percentage of the Company's issued share capital
Mr. Fang Jinhuo	Beneficial owner	739,240,000	21.12%
Bravo Luck Limited *(Note)*	Beneficial owner	181,500,000	5.18%

Note: Bravo Luck Limited is beneficially and wholly owned by Mr. Choi, the chairman of the Company and an executive Director.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 5% or more of the issued voting shares at general meetings of any member of the Group.

4. DIRECTORS' OTHER INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest with the Group.

As at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2018, being the date to which the latest published audited financial statements of the Company were made up.

As at the Latest Practicable Date, there is no contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Enlarged Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Enlarged Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, apart from the profit warning announced by the Company on 28 February 2019, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest audited financial statements of the Company were made up.

7. EXPERTS AND CONSENT

Each of Baker Tilly Hong Kong Limited and Royson Valuation Advisory Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which they appear.

The following is the qualification of the experts who have provided their advice, which is contained in this circular:

Name	Qualification
Baker Tilly Hong Kong Limited	Certified Public Accountants
Royson Valuation Advisory Limited	Independent valuer

As at the Latest Practicable Date, each of Baker Tilly Hong Kong Limited and Royson Valuation Advisory Limited was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2018), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Enlarged Group was engaged in any litigation or claims of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

9. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the issue of this circular and are or may be material:

(a) the Sale and Purchase Agreement;

(b) the Placing Agreement; and

(c) the sale and purchase agreement dated 6 October 2017 entered into between, among others, the Company, as vendor and an individual in relation to the disposal of 1 ordinary share in the issued share capital of Lucky Power Resources Limited and the shareholder's loan in the amount of HK$10,000,000 at a total consideration of HK$11,000,000.

10. MISCELLANEOUS

(a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the head office and principal place of business in Hong Kong of the Company is at Factory Unit 13A, 9th Floor, Vanta Industrial Centre, Nos. 21–33 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

(b) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The company secretary of the Company is Mr. Wong Wai Leung who is a member of The Hong Kong Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries.

(d) The English text of this circular shall prevail over the Chinese texts in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for each of the three financial years ended 31 December 2016, 2017 and 2018;

(c) the interim report of the Company for the six months ended 30 June 2019;

(d) the report issued by Baker Tilly Hong Kong Limited in relation to the financial information on the Target Company, the text of which is set out in Appendix II to this circular;

(e) the unaudited pro forma financial information of the Enlarged Group and the report of Baker Tilly Hong Kong Limited thereon, the text of which is set out in Appendix IV to the circular;

(f) the valuation report on the Target Group prepared by Royson Valuation Advisory Limited, the text of which is set out in Appendix V to this circular;

(g) the material contracts referred to under the paragraph headed "9. Material Contracts" in this appendix;

(h) the written consents from experts referred in the paragraph headed "7. Experts and consent" in this appendix; and

(i) this circular.

JETE POWER HOLDINGS LIMITED
鑄能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8133)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Jete Power Holdings Limited (the "**Company**") will be held at Factory Unit 13A, 9th Floor, Vanta Industrial Centre, Nos. 21–33 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Wednesday, 16 October 2019 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the sale and purchase agreement dated 9 September 2019 (the "**Sale and Purchase Agreement**", a copy of which has been produced to this meeting marked "**A**" and signed by the chairman of the meeting for identification purpose) entered into between the Company (as purchaser) and Woo Lan Mei (as vendor) in respect of the acquisition of 75% of the issued share capital of Solomon Holdings Group Limited, its execution and the transactions contemplated thereunder, be and is hereby approved, confirmed and ratified; and

   (b) any one director of the Company ("**Director**") be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company, including under seal of the Company, where applicable, and to do such other things and to take all such actions as he considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Sale and Purchase Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver of matters relating thereto as he sees fit."

2. "**THAT**:

   (a) the Placing Agreement dated 9 September 2019 (the "**Placing Agreement**") (a copy of which has been produced to this meeting marked "**B**" and signed by the chairman of this meeting for the purpose of identification) entered into between the Company (as issuer) and Topper Dragon Securities Limited (as the placing agent)(the "**Placing Agent**") in relation to the best effort placing (the "**Placing**") by the Placing Agent of up to 660,000,000 new shares of the Company (the "**Placing Shares**") at the placing price of HK$0.028 to

* *For identification only*

HK$0.031 per Placing Share, and all transactions contemplated thereunder and all other matters thereof and incidental thereto and in connection therewith, be and are hereby generally and unconditionally approved, confirmed and ratified in all respects;

(b) conditional upon the Listing Committee granting the listing of, and permission to deal in the Placing Shares and other conditions of the Placing Agreement, the Directors be and are hereby granted a specific mandate (the "**Specific Mandate**") to exercise the powers of the Company to allot and issue the Placing Shares pursuant to the terms and conditions of the Placing Agreement, such Placing Shares ranking *pari passu* amongst themselves and with all other fully paid shares of the Company (the "**Shares**") in issue as at the date of allotment and issue thereof in all respects and such Specific Mandate being in additional to and not prejudicing or revoking any other general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company; and

(c) the Directors be and are hereby generally and unconditionally authorised to do all such acts or things and execute and deliver all such documents, instruments and agreements which they consider necessary, desirable or expedient to give effect to the transactions contemplated by the Placing Agreement, the allotment and issue of the Placing Shares, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company."

By Order of the Board
Jete Power Holdings Limited
Choi Chiu Ming Jimmy
Chairman and executive Director

Hong Kong, 25 September 2019

Head Office and Principal Place of Business:
Factory Unit 13A, 9th Floor
Vanta Industrial Centre
No. 21–33 Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

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

Notes:

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies (if a member who is the holder of two or more shares of the Company) to attend and vote in his stead. A proxy need not be a member of the Company.

2. A form of proxy for use at the EGM is enclosed with the circular of the Company dated 25 September 2019. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he/she/it so wish.

3. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Where there are joint holders of any Shares, any one of such persons may vote at the EGM either personally, or by proxy, in respect of such Shares as if he were solely entitled thereto, and if more than one of such joint holders are present at the EGM personally or by proxy, the joint holder whose name stands first at the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote.

5. Any voting at the EGM shall be taken by poll.

6. As at the date of this notice, the Board comprises one executive Director, namely, Mr. Choi Chiu Ming Jimmy and three independent non-executive Directors, namely, Ms. Leung Shuk Lan, Mr. Tang Yiu Wing and Mr. Wong Ka Shing.