

FORD GLORY GROUP HOLDINGS LIMITED

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Tel : (852) 2484 6688 Fax : (852) 2480 3232

25 July 2014

To the Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
KINGSTON SECURITIES LIMITED
ON BEHALF OF UNITECH ENTERPRISES TO ACQUIRE ALL THE
ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY UNITECH ENTERPRISES AND
PARTIES ACTING IN CONCERT WITH IT)**

Reference is made to the Joint Announcement and the Circular.

On 10 July 2014, the resolutions in respect of the Share Premium Cancellation, the Special Cash Dividend, the Special Deals and the Proposed Change of Name were duly approved at the SGM. On 22 July 2014, Share Sale Completion and the payment of the Special Cash Dividend took place.

Upon Share Sale Completion, the Offeror and parties acting in concert with it became interested in 320,000,000 Shares in aggregate, representing approximately 61.56% of the entire issued share capital of the Company as at the Latest Practicable Date. Kingston Securities, on behalf of the Offeror and pursuant to the Takeovers Code, is required to make the Share Offer, which are unconditional mandatory cash offer to acquire all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it. As at the Latest Practicable Date, there were no outstanding Share Options as all Share Options had been exercised in full.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei, has been formed to advise the Independent Shareholders in respect of the Share Offer.

Shenyin Wanguo has been appointed as the independent financial adviser to advise the Independent Board Committee on the fairness and reasonableness of the terms of the Share Offer and as to acceptance, and such appointment has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Share Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Share Offer and the letter from Shenyin Wanguo containing their advice to the Independent Board Committee in respect of the Share Offer.

THE SHARE OFFER

According to its letter contained in this Composite Document, Kingston Securities is making, on behalf of the Offeror, the Share Offer to acquire all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with the Offeror on the following terms:

For each Offer Share HK\$0.808 in cash

The Share Offer will extend to all Shares in issue on the date on which the Share Offer is made, being the date of this Composite Document other than those Shares held by the Offeror and persons acting in concert with it.

As at the Latest Practicable Date, there were 519,777,000 Shares in issue and no outstanding Share Options. As at the Latest Practicable Date, all Share Options had been exercised in full and the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Option Undertaking

Mr. Ng has provided an irrevocable undertaking to the Vendors to, prior to the closing of the Share Offer as set out in this Composite Document, (i) exercise no less than 2,261,740 Share Options granted to him at an exercise price of HK\$0.600 per Option Share; and (ii) accept the Share Offer in respect of such number of his Shares.

Reference is made to the Company's announcement dated 23 May 2014. On 23 May 2014, an aggregate of 58,000,000 Shares were issued by the Company upon exercise of 21,000,000 Share Options and 37,000,000 Share Options held by Mr. Ng at an exercise price of HK\$0.600 per Option Share and HK\$0.844 per Option Share, respectively. As at the Latest Practicable Date, Mr. Ng no longer held any Share Options. Upon Share Sale Completion and pursuant to the Option Undertaking on which Mr. Ng will accept the Share Offer to be made by the Offeror in respect of such number of his Shares, the Offeror will hold approximately 62.00% interest in the Company before any other acceptance by any Shareholder under the Share Offer based on the total issued share capital of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Ng Tze On, an executive Director and a beneficial holder of 5,350,000 Shares, Mr. Lau Kwok Wa, Stanley, an executive Director and a beneficial holder of 5,350,000 Shares, Mr. Chen, a non-executive Director and an ultimate beneficial holder of 3,821,080 Shares, and Mr. Li, a non-executive Director and an ultimate beneficial holder of 3,789,440 Shares, had respectively indicated that they intend to reject the Share Offer.

Save for the aforesaid, the Offeror has not received any indication or irrevocable commitment from any Shareholder that he/she/it will accept or reject the Share Offer as at the Latest Practicable Date.

As stated in the letter from Kingston Securities contained in this Composite Document, as at the Latest Practicable Date, the Offeror and parties acting in concert with it were together beneficially interested in 320,000,000 Shares (representing approximately 61.56% of the entire issued share capital of the Company as at the Latest Practicable Date).

Comparison of value

The combined consideration under the Share Offer and the Special Cash Dividend is equivalent to HK\$1.528 per Share, which represents:

- (a) a premium of approximately 62.553% over the closing price of HK\$0.940 per Share as quoted on the Stock Exchange on 23 July 2013, being the last Business Day prior to the commencement of the Offer Period;
- (b) a discount of approximately 44.838% to the closing price of HK\$2.770 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 45.854% to the average closing price of approximately HK\$2.822 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 46.329% to the average closing price of approximately HK\$2.847 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 46.797% to the average closing price of approximately HK\$2.872 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a discount of approximately 46.573% to the closing price of HK\$2.860 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (g) a premium of approximately 2,052.113% over the unaudited pro forma net asset value per Share of approximately HK\$0.071 as at 30 September 2013 (being the date to which the unaudited pro forma consolidated financial position of the Remaining Group were made up as set out in Appendix III of this Composite Document), calculated based on the Remaining Group's unaudited pro forma

consolidated net assets attributable to equity holders of the Company of approximately HK\$36,764,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date;

- (h) a premium of approximately 109.029% over the audited net asset value per Share of approximately HK\$0.731 as at 31 March 2014 (being the date to which the latest audited consolidated financial results of the Former Group were made up), calculated based on the Former Group's audited consolidated net assets attributable to equity holders of the Company of approximately HK\$379,978,000 as at 31 March 2014 and 519,777,000 Shares in issue as at the Latest Practicable Date; and
- (i) a premium of approximately 110.179% over the unaudited net asset value per Share of approximately HK\$0.727 as at 30 September 2013 (being the date to which the latest published unaudited consolidated financial results of the Former Group were made up), calculated based on the Former Group's unaudited consolidated net assets attributable to equity holders of the Company of approximately HK\$377,703,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date.

For illustration purpose only, the price of HK\$0.808 per Offer Share represents:

- (a) a discount of approximately 14.043% to the closing price of HK\$0.940 per Share as quoted on the Stock Exchange on 23 July 2013, being the last Business Day prior to the commencement of the Offer Period;
- (b) a discount of approximately 70.830% to the closing price of HK\$2.770 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 71.368% to the average closing price of approximately HK\$2.822 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 71.619% to the average closing price of approximately HK\$2.847 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 71.866% to the average closing price of approximately HK\$2.872 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a discount of approximately 71.748% to the closing price of HK\$2.860 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (g) a premium of approximately 1,038.028% over the unaudited pro forma net asset value per Share of approximately HK\$0.071 as at 30 September 2013 (being the date to which the unaudited pro forma consolidated financial position of the Remaining Group were made up as set out in Appendix III of this Composite

Document), calculated based on the Remaining Group's unaudited pro forma consolidated net assets attributable to equity holders of the Company of approximately HK\$36,764,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date;

- (h) a premium of approximately 10.534% over the audited net asset value per Share of approximately HK\$0.731 as at 31 March 2014 (being the date to which the latest audited consolidated financial results of the Former Group were made up), calculated based on the Former Group's audited consolidated net assets attributable to equity holders of the Company of approximately HK\$379,978,000 as at 31 March 2014 and 519,777,000 Shares in issue as at the Latest Practicable Date; and
- (i) a premium of approximately 11.142% over the unaudited net asset value per Share of approximately HK\$0.727 as at 30 September 2013 (being the date to which the latest published unaudited consolidated financial results of the Former Group were made up), calculated based on the Former Group's unaudited consolidated net assets attributable to equity holders of the Company of approximately HK\$377,703,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date.

FURTHER INFORMATION OF THE SHARE OFFER

Please also refer to the letter from Kingston Securities contained in this Composite Document for further information in relation to the Share Offer, the making of the Share Offer to the Independent Shareholders residing in overseas countries, taxation, acceptance and settlement procedures of the Share Offer.

INFORMATION ON THE GROUP

Following completion of the Group Reorganisation, which includes the Disposal, the Group will comprise the Company's 100% interest in the Group Entities, which will be principally engaged in the Garment Sourcing Business. The Garment Sourcing Business covers a comprehensive range of sourcing management services and expertise, including product design and product development, sampling, product offering, garment sourcing, sub-contractor outsourcing, logistics and delivery and overseas sales capabilities.

Set out below is an illustration of the financial impact of the Disposal on the results of the Group as if the Disposal had taken place at the commencement of the financial year ended 31 March 2013 and the financial impact of the Disposal and the Special Cash Dividend on the assets and liabilities of the Group as if the Disposal and the Special Cash Dividend had taken place on 30 September 2013.

As the Disposal is a transaction between the Company and Sure Strategy, which was a substantial Shareholder, the transaction is accounted for as a transaction with equity participant and therefore, the difference between the consideration and the net asset value of the Disposal Group is adjusted to equity as deemed distribution or contribution, as appropriate. Based on the unaudited pro forma statement of financial position of the Group

as set out in Appendix II to this Composite Document, assuming the Disposal had been completed on 30 September 2013, the Group would recognise a shareholders' distribution of approximately HK\$9.0 million, which represents the difference between the consideration of the Disposal of HK\$270.0 million and the carrying value of the Former Group's interest in the net assets of the Disposal Group of approximately HK\$281.3 million less the non-controlling interests of approximately HK\$2.3 million.

Based on the unaudited pro forma statement of comprehensive income of the Group as set out in Appendix II to this Composite Document, assuming the Disposal and distribution of the Special Cash Dividend took place on 1 April 2012, the Group would have recorded loss attributable to Shareholders of approximately HK\$8.9 million for the year ended 31 March 2013 as a result of mainly (i) the estimated expenses directly attributable to the Disposal; and (ii) the share-based payment expenses of approximately HK\$12.1 million which were borne by the Group.

Based on the unaudited pro forma statement of financial position of the Group as set out in Appendix II to this Composite Document, assuming the Disposal and distribution of the Special Cash Dividend took place on 30 September 2013, the total assets of the Former Group as at 30 September 2013 would decrease by approximately HK\$556.6 million, the total liabilities of the Former Group would decrease by approximately HK\$213.4 million.

Details of the unaudited pro forma financial information of the Group are set out in Appendix III to this Composite Document.

ARRANGEMENT REGARDING FINANCIAL RECORDS

During the period from 1 April 2014 to the completion date of the Disposal, copies of the ledgers of the Disposal Group and the contracts, accounting records and other relevant documents which are necessary for the preparation of the forthcoming financial report of the Company have been retained from time to time before the completion date of the Disposal. Such documents will be kept with the Company for audit purposes after the completion date of the Disposal. Furthermore, the Group has reached an understanding with Sure Strategy and FG Holdings that the auditors of the Group will be allowed to obtain accounting records from the Disposal Group after the completion date of the Disposal for audit purposes until the publication of the annual report of the Company for the year ending 31 March 2015.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date:

	As at the Latest Practicable Date	
	Number of Shares	Approximate % of the total issued Shares
The Offeror and parties acting in concert with it	320,000,000	61.56%
Mr. Ng ^{Note}	50,173,000	9.65%
Mr. Chen	3,821,080	0.74%
Mr. Li	3,789,440	0.73%
Mr. Ng Tze On	5,350,000	1.03%
Mr. Lau Kwok Wa, Stanley	5,350,000	1.03%
Sub-total	388,483,520	74.74%
Public Shareholders	131,293,480	25.26%
Total	<u>519,777,000</u>	<u>100.00%</u>

Note: Pursuant to the Option Undertaking, Mr. Ng (i) has exercised no less than 2,261,740 Share Options granted to him at an exercise price of HK\$0.600 per Option Share; and (ii) will accept the Share Offer to be made by the Offeror in respect of such number of his Shares.

INFORMATION ON THE OFFEROR

Please refer to the letter from Kingston Securities contained in this Composite Document for information on the Offeror.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the letter from Kingston Securities contained in this Composite Document which sets out the intention of the Offeror regarding the business of the Group. The Board is aware of the Offeror's intention in respect of the Group and is willing to co-operate with the Offeror further which is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and the Independent Financial Adviser, respectively, which set out their recommendations and opinions in relation to the Share Offer and the principal factors considered by them before arriving at their recommendations. You are also advised to read the remainder of this Composite Document and the Form of Acceptance in respect of the acceptance and settlement procedures of the Share Offer.

By order of the board of
Ford Glory Group Holdings Limited

Choi Lin Hung
Chairman and Executive Director