



3rd Quarterly Report **2016**

ODELLA LEATHER HOLDINGS LIMITED

愛特麗皮革控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8093

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Odella Leather Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the nine months and three months ended 31 March 2016 together with the comparative figures for the corresponding periods in 2015 as follows:

	Notes	Nine months ended 31 March		Three months ended 31 March	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	3	40,517	62,502	10,401	20,445
Cost of sales		(23,951)	(35,178)	(6,321)	(12,029)
Gross profit		16,566	27,324	4,080	8,416
Other revenue and other income		279	31	45	24
Selling and distribution expenses		(1,823)	(1,990)	(456)	(645)
Administrative expenses		(9,024)	(8,010)	(3,383)	(2,853)
Listing expenses		—	(18,422)	—	(4,727)
Finance costs	4	—	(12)	—	—
Profit/(loss) before tax	5	5,998	(1,079)	286	215
Income tax expense	6	(1,095)	(2,792)	(150)	(557)
Net profit/(loss) for the period attributable to owners of the Company		4,903	(3,871)	136	(342)
Other comprehensive income <i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>					
Exchange differences on translation of foreign operations		65	10	8	13
Other comprehensive income for the period		65	10	8	13
Total comprehensive income/ (expense) for the period attributable to owners of the Company		4,968	(3,861)	144	(329)
Earnings/(loss) per share attributable to owners of the Company	7				
Basic and diluted		HK1.23 cents	HK(1.22) cents	HK0.03 cent	HK(0.11) cent

NOTES

1. Group Reorganisation and Basis of Presentation

The Company was incorporated in the Cayman Islands on 3 September 2014 as an exempted company with limited liability under the Companies Law (as revised from time to time) of the Cayman Islands. The Company's ordinary shares (the "Shares") were first listed on GEM on 12 February 2015 (the "Listing").

Pursuant to a group reorganisation (the "Reorganisation") which was completed on 4 December 2014 in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 4 December 2014, details of which are set out in the prospectus issued by the Company dated 5 February 2015 (the "Prospectus").

Immediately prior to and after the Reorganisation, the principal business of the Group remained under the control of Ms. Cheung Woon Yiu, Ms. Lam Wai Si Grace and Mr. Ching Wai Man. The Reorganisation brought no change to the principal business, management or the ultimate beneficial owners of the Group. Accordingly, the unaudited combined results of the Group for the nine months and three months ended 31 March 2015 have been prepared by applying the principles of merger accounting as if the Reorganisation had been completed since 1 July 2014.

The unaudited condensed consolidated results of the Group for the nine months and three months ended 31 March 2016 and the unaudited comparative figures for the corresponding periods in 2015 include the results of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control, where this is a shorter period.

All intra-group transactions and balances have been eliminated on consolidation or combination in full.

2. Basis of Preparation

The unaudited condensed consolidated results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSS") which include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretation issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. In addition, the unaudited condensed consolidated results include applicable disclosures required by the GEM Listing Rules.

These unaudited financial information have been prepared under the historical cost convention. The financial information are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand ("HK\$000") except when otherwise indicated.

The accounting policies applied in the preparation of the unaudited condensed consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 30 June 2015, except that the Group has adopted a number of new or revised HKFRSS, which are newly effective for the period under review. The adoption of these new or revised HKFRSS does not have significant effect on the financial results of the current periods and there is no change in the Group's significant accounting policies, thus, no prior period adjustment is resulted.

NOTES

2. Basis of Preparation (continued)

The Group has not applied or early adopted the new or revised HKFRSs (including their consequential amendments) which are relevant to the Group that have been issued but are not yet effective in the preparation of these unaudited condensed consolidated results. The Group is currently assessing the impact of these new or revised HKFRSs upon initial application but is not yet in a position to state whether these new or revised HKFRSs would have any significant impact on its results of operations and financial position. It is anticipated that all of the pronouncements will be adopted in the Group's accounting policies in the accounting periods when they first become effective.

The unaudited condensed consolidated results have been reviewed by the audit committee of the Board ("Audit Committee").

3. Revenue

Revenue, which is also the Group's turnover, represents the aggregate of the net invoiced value of leather products sold, after allowances for returns.

4. Finance Costs

	Nine months ended 31 March		Three months ended 31 March	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Interests on bank borrowing wholly repayable within a year	—	12	—	—

5. Profit/(Loss) Before Tax

The Group's profit/(loss) before tax is arrived at after charging:

	Nine months ended 31 March		Three months ended 31 March	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	85	97	29	32
Listing expenses	—	18,422	—	4,727

NOTES

6. Income Tax Expense

Hong Kong Profits Tax is calculated at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates during the periods. The rate of the Corporate Income Tax of the People's Republic of China (the "PRC") of the Group's subsidiary operating in the PRC during the period was 25% (2015: 25%) on their assessable profits.

	Nine months ended 31 March		Three months ended 31 March	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current income tax:				
Hong Kong	1,087	2,211	150	557
Elsewhere: The PRC	8	581	—	—
Total income tax expense for the period	1,095	2,792	150	557

7. Earnings/(Loss) Per Share Attributable to Owners of the Company

Earnings per Share attributable to owners of the Company for the nine months and three months ended 31 March 2016 were calculated based on (i) the profit attributable to owners of the Company for the periods and (ii) the number of 400,000,000 Shares.

Loss per Share attributable to owners of the Company for the nine months and three months ended 31 March 2015 were calculated based on (i) the loss attributable to owners of the Company for the periods and (ii) the weighted average number of 317,582,418 Shares, assuming 300,000,000 Shares were in issue prior to the completion of the placing of 100,000,000 Shares on 11 February 2015 (the "Placing").

The diluted earnings/(loss) per Share for the nine months and three months ended 31 March 2016 and 2015 are equal to the basic earnings/(loss) per Share as there were no dilutive potential ordinary Shares in issue.

NOTES

8. Dividend

The Company has not declared any dividends since its incorporation.

Prior to the completion of the Reorganisation in December 2014, Perline Company Limited ("Perline"), a subsidiary of the Company, declared in October 2014 a dividend of HK\$3,200,000 to its then shareholders as follows:

	Nine months ended 31 March		Three months ended 31 March	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Dividend of Perline to the then shareholders of Perline of nil (2015: HK\$16) per Perline's share	—	3,200	—	—

9. Reserves

Attributable to owners of the Company

	Share premium HK\$'000	Statutory reserve HK\$'000 (note i)	Exchange fluctuation reserve HK\$'000 (note ii)	Other reserve HK\$'000 (note iii)	Retained earnings HK\$'000	Total HK\$'000
At 1 July 2015 (audited)	39,782	208	184	100	13,679	53,953
Profit for the period (unaudited)	—	—	—	—	4,903	4,903
Other comprehensive income for the period (unaudited)	—	—	65	—	—	65
Total comprehensive income for the period (unaudited)	—	—	65	—	4,903	4,968
At 31 March 2016 (unaudited)	39,782	208	249	100	18,582	58,921
At 1 July 2014 (audited)	—	48	179	—	16,923	17,150
Effect of Shares exchange (unaudited) (note iv)	—	—	—	200	—	200
Issue of Shares on Reorganisation (unaudited) (note iv)	—	—	—	(100)	—	(100)
Loss for the period (unaudited)	—	—	—	—	(3,871)	(3,871)
Other comprehensive income for the period (unaudited)	—	—	10	—	—	10
Total comprehensive income/(expense) for the period (unaudited)	—	—	10	—	(3,871)	(3,861)
Appropriation of statutory reserve (unaudited)	—	160	—	—	(160)	—
Dividend of Perline to the then shareholders of Perline (unaudited)	—	—	—	—	(3,200)	(3,200)
Shares issued pursuant to the Capitalisation Issue (unaudited) (note v)	(2,900)	—	—	—	—	(2,900)
Transaction cost attributable to issue of new Shares (unaudited)	(11,318)	—	—	—	—	(11,318)
Issue of new Shares through the Placing (unaudited) (note vi)	54,000	—	—	—	—	54,000
At 31 March 2015 (unaudited)	39,782	208	189	100	9,692	49,971

NOTES

9. Reserves (continued)

Notes:

(i) Statutory reserve

Pursuant to the relevant laws and regulations for business enterprises in the PRC, a portion of the profits of the entity which is registered in the PRC has been transferred to the statutory reserve which is restricted as to use. When the balance of such reserve reaches 50% of the capital of that entity, any further appropriation is optional. The statutory reserve can be utilised, upon approval of the relevant authority, to offset prior years' losses or to increase capital. However, the balance of the statutory reserve must be maintained at a minimum 25% of capital after such usage.

(ii) Exchange fluctuation reserve

Exchange fluctuation reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) that are recognised directly in other comprehensive income and accumulated in the exchange fluctuation reserve. Such exchange differences accumulated in the exchange fluctuation reserve are reclassified to profit or loss on the disposal of the foreign operations.

(iii) Other reserve

Other reserve represents the difference between the nominal value of the Shares issued by the Company in exchange for the nominal value of the share capital of its subsidiary arising from the Reorganisation.

(iv) Effect of Shares exchange

The share capital as at 1 July 2014 represented the share capital of Perline, the then holding company of the Group amounted to HK\$200,000.

On 3 September 2014, the Company was incorporated in the Cayman Islands. On the same date, one Share of HK\$0.01 was firstly allotted and issued to an officer of the provider of registered office of the Company (at nil paid) which was then transferred to Quality Century Limited ("QCL"), a company wholly owned by Ms. Cheung Woon Yiu and a further 999,999 Shares were allotted and issued at nil paid to QCL, Design Vanguard Limited ("DVL"), a company wholly owned by Ms. Lam Wai Si Grace, and Olson Global Limited ("OGL"), a company wholly owned by Mr. Ching Wai Man.

On 11 September 2014, Odella International Limited ("Odella BVI") was incorporated in the British Virgin Islands. On the same date, 100 Shares of US\$1 each in Odella BVI were issued to the Company at par. On 4 December 2014, Odella BVI acquired from Ms. Cheung Woon Yiu, Ms. Lam Wai Si Grace and Mr. Ching Wai Man the entire share capital in Perline. In consideration of and in exchange for such acquisition, the Company credited as fully paid the 1,000,000 nil-paid Shares which were first issued on 3 September 2014, and issued to QCL, DVL and OGL 9,000,000 new Shares (in the proportion of 68%, 17% and 15% respectively), all credited as fully paid.

On completion, Odella BVI became the sole shareholder of Perline, and the number of issued Shares in the Company increased to 10,000,000.

NOTES

9. Reserves (continued)

Notes (continued):

(v) Issue of Shares pursuant to the Capitalisation Issue

On 11 February 2015, the Company allotted and issued a total of 290,000,000 Shares of HK\$0.01 each to the shareholders whose names appeared on the Company's register of members on 28 January 2015 by capitalising an amount of HK\$2,900,000 standing to the credit of the Company's share premium account which was created pursuant to the Placing (the "Capitalisation Issue").

(vi) Issue of new Shares through the Placing

On 11 February 2015, the Company issued a total of 100,000,000 new Shares of HK\$0.01 each at a Placing price of HK\$0.55 per Share pursuant to the Prospectus. The gross listing proceeds were HK\$55,000,000.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months and three months ended 31 March 2016. During the nine months and three months ended 31 March 2015, no dividend was declared by the Company. Dividends declared and paid by Perline to its then shareholders of HK\$16 per Perline's share for the nine months ended 31 March 2015 was HK\$3,200,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Listing on GEM and Reorganisation

The Company was incorporated in the Cayman Islands on 3 September 2014 as an exempted company with limited liability. In preparation for the Listing of the Shares on GEM by way of Placing, the Group underwent the Reorganisation in 2014. Pursuant to the Reorganisation which was completed on 4 December 2014, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" of the Prospectus. On 12 February 2015, the Shares were first listed on GEM.

The total net proceeds from the Placing after deducting all related expenses was approximately HK\$25.3 million. The net proceeds were partially applied up to 31 March 2016, in line with the proposed applications set out in the Prospectus, as follows:

- (a) approximately HK\$0.7 million for strengthening the Group's business development capability by expanding its marketing function;
- (b) approximately HK\$0.1 million for enhancing the Group's manufacturing facilities through purchasing new production equipment and machineries;
- (c) approximately HK\$1.3 million for expansion of the Group's pre-production product development function;
- (d) approximately HK\$1.1 million for expansion of the Group's sourcing capability; and
- (e) approximately HK\$1.8 million for general working capital.

The Company intends to apply the remaining net proceeds in the manner as stated in the Prospectus. The unutilised proceeds are deposited with licensed banks and financial institutions in Hong Kong as short-term interest-bearing deposits.

Financial Review

Overview

During the period under review, the revenue of the Group has recorded a drop of approximately 35% from approximately HK\$62.5 million for the nine months ended 31 March 2015 to approximately HK\$40.5 million for the nine months ended 31 March 2016.

During the nine months ended 31 March 2016, the Group recorded a profit after tax of approximately HK\$4.9 million, representing an increase of profit by approximately HK\$8.8 million as compared with the loss after tax of approximately HK\$3.9 million for the nine months ended 31 March 2015. This is mainly attributable to the non-recurring listing expenses of approximately HK\$18.4 million incurred last year in connection with the preparation for Listing, the effect of which was partially offset by the decrease in its gross profit.

Revenue

The Group's revenue principally represents income derived from the manufacturing and sales of leather garment products. Revenue of approximately HK\$40.5 million and HK\$10.4 million was recognised for the nine months and three months ended 31 March 2016 respectively, which represented decreases of approximately 35% and 49% as compared to the corresponding periods last year, respectively. This is because lesser amounts per order were received from some customers for the second and third quarters of this year as the Directors reasonably believe these customers are more conservative on global fashion market predictions and so ordered smaller quantities for the coming season.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales and Gross Profit

Cost of sales mainly represents costs of raw materials, costs of accessories, labour costs and other manufacturing overheads.

The cost of sales amounted to approximately HK\$24.0 million and HK\$6.3 million for the nine months and three months ended 31 March 2016 respectively, representing decreases of approximately 32% and 48%, respectively, as compared with the cost of sales for the corresponding periods last year. The decreases in cost of sales were mainly in line with the decreases in revenue due to the reduction in orders from customers.

Gross profit margin for the nine months and three months ended 31 March 2016 were approximately 41% and 39% respectively, representing slight drops of approximately 3% and 2% respectively as compared with those in the corresponding periods last year.

Other Revenue and Other Income

Other revenue and other income, which mainly include interest income, exchange gains and sales of scrap materials, amounted to approximately HK\$279,000 and HK\$45,000 for the nine months and three months ended 31 March 2016, respectively, representing increases of approximately HK\$248,000 and HK\$21,000, respectively, as compared with those recognised in the nine months and three months ended 31 March 2015. The increases were mainly attributable to the increases in interest income of approximately HK\$212,000 and HK\$21,000, respectively, from deposits of listing proceeds and surplus working capital during the nine months and three months ended 31 March 2016.

Selling and Distribution Expenses

Selling and distribution expenses comprise mainly logistic expenses and marketing expenses.

The selling and distribution expenses decreased from approximately HK\$2.0 million for the nine months ended 31 March 2015 to approximately HK\$1.8 million for the nine months ended 31 March 2016, representing a decrease of approximately HK\$0.2 million. The same trend was noted for the three months ended 31 March 2016 which decreased from approximately HK\$0.6 million for the three months ended 31 March 2015 to approximately HK\$0.5 million for the three months ended 31 March 2016. The lower level of selling and distribution expenses was mainly due to lower sales quantity in the current periods.

Administrative Expenses

Administrative expenses comprise mainly payroll expenses, rent and rates, professional expenses and other office administrative expenses.

Administrative expenses have increased from approximately HK\$8.0 million for the nine months ended 31 March 2015 to approximately HK\$9.0 million for the nine months ended 31 March 2016, representing an increase of approximately 13%. Administrative expenses have increased from approximately HK\$2.9 million for the three months ended 31 March 2015 to approximately HK\$3.4 million for the three months ended 31 March 2016, representing an increase of approximately 17%.

The higher administrative expenses for the nine months ended 31 March 2016 are mainly attributable to higher professional costs which were incurred subsequent to the listing of the Shares on GEM. Due to similar reasons, the administrative expenses increased slightly for the three months ended 31 March 2016 as compared with those in the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Listing Expenses

The Company was listed on GEM in February 2015. All listing expenses were charged in the year ended 30 June 2015 and none were incurred in the nine months ended 31 March 2016.

Finance Costs

Finance costs last year represented trust receipt loan interests. There were insignificant amount of bank loan interests as there were no major outstanding bank loans, for both of the nine months ended 31 March 2016 and 2015 and thus the finance costs were insignificant for the periods under review.

Income Tax Expense

Income tax represents Hong Kong Profits Tax at 16.5% for the Company's subsidiary in Hong Kong and PRC Corporate Income Tax at 25% for the Company's subsidiary in the PRC. Listing expenses may not be deductible for tax purpose.

Net Profit for the Period

During the nine months ended 31 March 2016, the Group recorded a profit after tax of approximately HK\$4.9 million, representing an increase of profit by approximately HK\$8.8 million as compared with the loss after tax of approximately HK\$3.9 million for the nine months ended 31 March 2015. Same trend was noted for the three months ended 31 March 2016. During the nine months and three months ended 31 March 2015, the Group incurred listing expenses of approximately HK\$18.4 million and HK\$4.7 million, respectively. Excluding the effect of this non-recurring listing expenses last year, the operating profit for the nine months and three months ended 31 March 2015 would have been approximately HK\$4.4 million and HK\$14.5 million respectively.

The decreases in gross profit and increase in administrative expenses resulted in significant drop in operating profits for the nine months and three months ended 31 March 2016 as comparing to the operating profit (before deducting listing expenses) in the corresponding periods in 2015.

Financial Position, Liquidity and Financial Resources

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks in United States dollars and Renminbi and denominated mostly in Hong Kong and the PRC. Hong Kong dollars are pegged to United States dollars under the current policy of the Government of Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has remained at a sound financial resource level. Included in net current assets were cash and bank balances (including pledged deposits) at 31 March 2016 totalling approximately HK\$50.8 million (30 June 2015: HK\$39.7 million). Gearing ratio is calculated by dividing the net debt by total equity where net debt is calculated as bank borrowings and amounts due to directors less cash and bank balances. The Group did not have any outstanding net debt at 31 March 2016 and 30 June 2015 and thus gearing ratio is not applicable.

The Group's operations were mainly financed by its revenue and proceeds from the listing. The Group's liquidity position became stronger due to operating profit.

Charge Over Assets of the Group

At 31 March 2016 and 30 June 2015, the Group's banking facilities were supported by pledged deposits of the Group of approximately HK\$3.0 million and HK\$3.3 million respectively.

Capital Commitments and Contingent Liabilities

At 31 March 2016, the Group did not have any significant capital commitment (30 June 2015: nil) and any significant contingent liability (30 June 2015: nil).

Material Acquisitions and Disposals

During the nine months ended 31 March 2016, the Group did not have any material acquisition and disposal. During the nine months ended 31 March 2015, save for the Reorganisation, the Group did not have any material acquisition and disposal.

Business Review and Outlook

The Group is specialised in the manufacture and sales of private label leather garments for its customers on original equipment manufacturer basis. Its major customers are mostly fashion brands with price range of leather garments falling under the high-end and middle-end categories. It has an operation history of more than 20 years and is proud of the in-depth knowledge of the production process of leather garment products. The Group's sales orders are depending on number of customers and each customer's order quantity.

Despite the weaker customer confidence due to sluggish luxury retail market and global macroeconomic downturn, the Group will continue its marketing efforts with existing customers as well as developing new customers to boost up sales to customers in the markets of Australia, South Africa, Hong Kong and the PRC.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As of 31 March 2016, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, required to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

Name of Director	Capacity	Notes	Number of ordinary Shares	Approximate percentage of total number of Shares
				(Note 1)
Ms. Cheung Woon Yiu	Interest in controlled corporation	2	204,000,000	51.00%
Ms. Lam Wai Si Grace	Interest in controlled corporation	3	51,000,000	12.75%
Mr. Ching Wai Man	Interest in controlled corporation	4	45,000,000	11.25%

Notes:

1. As of 31 March 2016, the Company had 400,000,000 Shares in issue.
2. QCL, a company incorporated in the British Virgin Islands, held 204,000,000 Shares, representing 51.00% of the total number of issued Shares. QCL is wholly owned by Ms. Cheung Woon Yiu.
3. DVL, a company incorporated in the British Virgin Islands, held 51,000,000 Shares, representing 12.75% of the total number of issued Shares. DVL is wholly owned by Ms. Lam Wai Si Grace.
4. OGL, a company incorporated in the British Virgin Islands, held 45,000,000 Shares, representing 11.25% of the total number of issued Shares. OGL is wholly owned by Mr. Ching Wai Man.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Save as disclosed above, as of 31 March 2016, none of the Directors and chief executive of the Company had an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Interests and Short Positions of Substantial Shareholders

As of 31 March 2016, so far as is known to any Director or chief executive of the Company, persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in Shares

Name of shareholders	Capacity	Notes	Number of ordinary Shares	Approximate percentage of total number of Shares
				(Note 1)
Mr. Lam Andrew Hung Yun	Interest of spouse	2	204,000,000	51.00%
QCL	Beneficial owner	2	204,000,000	51.00%
Mr. Lee Ben	Interest of spouse	3	51,000,000	12.75%
DVL	Beneficial owner	3	51,000,000	12.75%
OGL	Beneficial owner	4	45,000,000	11.25%

Notes:

1. As of 31 March 2016, the Company had 400,000,000 Shares in issue.
2. QCL held 204,000,000 Shares, representing 51.00% of the total number of issued Shares. QCL is wholly owned by Ms. Cheung Woon Yiu. Mr. Lam Andrew Hung Yun is the spouse of Ms. Cheung Woon Yiu and he is deemed to be interested in such Shares held by QCL by virtue of the SFO.
3. DVL held 51,000,000 Shares, representing 12.75% of the total number of issued Shares. DVL is wholly owned by Ms. Lam Wai Si Grace. Mr. Lee Ben is the spouse of Ms. Lam Wai Si Grace and he is deemed to be interested in such Shares held by DVL by virtue of the SFO.
4. OGL held 45,000,000 Shares, representing 11.25% of the issued Shares. OGL is wholly owned by Mr. Ching Wai Man.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Save as disclosed above, as of 31 March 2016, so far as is known to any Director or chief executive of the Company, no persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Rights to Acquire Shares or Debentures

Save as disclosed in the paragraphs headed “Share Option Scheme” and “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures”, at no time during the period under review were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors’ and Controlling Shareholders’ Interest in Competing Business

For the nine months ended 31 March 2016, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

Share Option Scheme

A share option scheme was adopted and approved by the then shareholders of the Company on 28 January 2015 (the “Share Option Scheme”). No share options have been granted pursuant to the Share Option Scheme since its adoption up to 31 March 2016.

Purchase, Sale or Redemption of the Company’s Listed Securities

During the nine months ended 31 March 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s securities.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Compliance Adviser's Interests

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Halcyon Capital Limited ("Halcyon") to be the compliance adviser. Halcyon, being the sponsor to the Listing, had declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules in connection with the Listing. Save as provided for under the underwriting agreement relating to the Placing of the Shares during the Listing, during the period under review, neither Halcyon nor any of its directors, employees or close associate who have been involved in providing advice to the Company, has or may have any interest in any securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) and/or any material benefit accrued to Halcyon or its close associates.

The compliance adviser's appointment entered into between Halcyon and the Company is for a period commencing on 12 February 2015 (i.e. date of Listing) and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the dispatch of its annual report of the financial results for the second full financial year commencing after that date, i.e. for the year ending 30 June 2017, or until the compliance adviser agreement is terminated in accordance with its terms and conditions, whichever is earlier. Pursuant to the compliance adviser agreement entered into between Halcyon and the Company, Halcyon will receive fees for acting as the Company's compliance adviser.

Compliance with Code of Conduct for Directors' Securities Transaction

The Company has adopted a code of conduct regarding securities transactions by Directors ("Securities Code") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Each of the Directors gave confirmation that he/she was in compliance with the Securities Code during the nine months ended 31 March 2016.

Compliance with the Code on Corporate Governance

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its shareholders. To accomplish this, the Company has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Company has complied with all the code provisions set out in the CG Code during the nine months ended 31 March 2016.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Audit Committee and Review of Financial Results

The Audit Committee has been established by the Board on 28 January 2015 with written terms of reference in compliance with the GEM Listing Rules. Members of the Audit Committee comprise Dr. Wong Wai Kong (chairman of the Audit Committee), Mr. How Sze Ming and Mr. Philip David Thacker, all of them being independent non-executive Directors. The principal responsibilities of the Audit Committee include overseeing the Group's financial reporting system and internal control procedures, reviewing the Group's financial information and reviewing the Group's relationship with external auditors.

The Audit Committee has reviewed with the management the unaudited condensed consolidated results of the Group for the nine months ended 31 March 2016, this quarterly report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

The unaudited condensed consolidated results of the Group for the nine months ended 31 March 2016 have not been audited.

By order of the Board

Cheung Woon Yiu

Chairman and executive Director

10 May 2016