

HIGHLIGHT CHINA IOT INTERNATIONAL LIMITED

高銳中國物聯網國際有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號：1682



Interim Report
中期報告
2014/15

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Corporate Information

BOARD OF DIRECTORS

Executive Directors*

Mr. Gao Zhiyin (*Chairman*)
(appointed on 26 July 2014)
Mr. Gao Zhiping (*Chief Executive Officer*)
(appointed on 26 July 2014)
Mr. Shi Jiguo (appointed on 26 July 2014)

Independent Non-Executive Directors#

Mr. Lau Chi Kit (*re-appointed on 16 August 2014*)
Dr. Chen Yifan (*appointed on 26 July 2014*)
Mr. Lam Kai Yeung (*appointed on 16 August 2014*)

COMPANY SECRETARY^

Ms. Sze Suet Ling *ACIS ACS*
(appointed on 16 August 2014)

AUDIT COMMITTEE

Mr. Lam Kai Yeung (*Chairman*)
Mr. Lau Chi Kit
Dr. Chen Yifan

REMUNERATION COMMITTEE

Dr. Chen Yifan (*Chairman*)
Mr. Gao Zhiyin
Mr. Lau Chi Kit

NOMINATION COMMITTEE

Mr. Gao Zhiyin (*Chairman*)
Mr. Lau Chi Kit
Dr. Chen Yifan

AUTHORISED REPRESENTATIVES

Mr. Gao Zhiyin
Ms. Sze Suet Ling *ACIS ACS*

LEGAL ADVISER AS TO HONG KONG LAW

Paul Hastings

AUDITOR

Grant Thornton Hong Kong Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
OCBC Wing Hang Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

19/F, Ford Glory Plaza
37-39 Wing Hong Street
Cheung Sha Wan
Kowloon
Hong Kong

STOCK CODE

1682

COMPANY WEBSITE

www.highlightiot.com

* Each of Mr. Choi Lin Hung (*Chairman & Chief Executive Officer*), Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On resigned on 16 August 2014.

Each of Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei resigned on 16 August 2014.

^ Mr. Lee Chung Shing resigned on 16 August 2014.

Note: Each of Mr. Chen Tien Tui and Mr. Li Ming Hung resigned as a non-executive director on 16 August 2014.

Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of Highlight China IoT International Limited (formerly known as “Ford Glory Group Holdings Limited”) (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2014 (the “Period”).

BUSINESS REVIEW

During the Period, the garment industry had operated in an environment full of challenges and opportunities. Nevertheless, the Group’s customised out-sourcing capabilities enabled the Group to navigate successfully through the global macro-economic pressure and associated unfavourable consumer spending environment. The export market demonstrated a mixed picture. The unsolved debt crisis in the Eurozone has weighed on consumer confidence and has led to persistently low demand. On the other hand, the United States of America (the “US”), the Group’s major export destination, has shown soft signs of recovery.

According to the Major Shippers Report released by the US Department of Commerce, imports of apparel increased by approximately 2.8% to approximately US\$62.0 billion during January to September of 2014, as compared to the corresponding period in last year. Although the US recorded a soft rebound, retailers have become increasingly price cautious in order to remain resilient. Thanks to the Group’s successful implementation of its one-stop shop approach in garment sourcing and the Group’s network of quality garment suppliers, the Group was able to remain competitive.

Continuing and Discontinued Operations

In order to better focus on the Group’s garment sourcing business (“continuing operations”) and to further leverage the Group’s advantages, the Group had disposed of its garment manufacturing and trading business (“discontinued operations”) on 22 July 2014 (the “Disposal”), details of which were disclosed in the circular of the Company dated 18 June 2014 and Note 8 of the unaudited condensed consolidated interim financial statements included in this report. For the Period, the Group’s total revenue (including continuing and discontinued operations) decreased by approximately 8.0% on a year-on-year basis to approximately HK\$505.8 million (2013: HK\$549.9 million). The decrease in total revenue (including continuing and discontinued operations) during the Period was mainly attributable to the incorporation of performance of the discontinued operations only up to 22 July 2014.

Gross profit (including continuing and discontinued operations) decreased by approximately 14.7% to approximately HK\$79.2 million (2013: HK\$92.8 million) with gross profit margin decreased from approximately 16.9% to approximately 15.7%.

Profit attributable to the owners of the Company (including continuing and discontinued operations) reached approximately HK\$16.4 million, representing an approximately 7.9% increase as compared to the corresponding period in last year (2013: HK\$15.2 million).

Profit (including continuing and discontinued operations) of the Period included professional fees of approximately HK\$7.5 million and capital gain tax of HK\$1.2 million directly related to the Disposal. If these one-off expenses were excluded, the profit attributable to the owners of the Company would be approximately HK\$25.1 million.

Management Discussion and Analysis (Continued)

Total comprehensive income (including continuing and discontinued operations) for the Period amounted to approximately HK\$9.1 million (2013: HK\$13.1 million), representing a decrease of approximately 30.5%. The decrease was primarily due to the release of foreign currency translation reserve of approximately HK\$7.9 million upon the Disposal.

Garment Sourcing Business – continuing operations

For the Period, revenue contributed from the garment sourcing business increased by approximately 20.2% to approximately HK\$203.1 million (2013: HK\$168.9 million). Such increase was mainly attributable to the Group's ability to source quality products with competitive prices from different garment sub-contractors, enabling the Group to successfully capture the recovering orders from the US and Canada during the Period. Such competitive advantages allowed the Group to grasp greater market shares in North America. With the Group's flexibility and capability to fulfill orders with a diversified garment sub-contractor network, the Group is capable to serve its customers with competitive price, fast lead time and quality workmanship.

The garment sourcing business recorded a loss attributable to the owners of the Company of approximately HK\$2.2 million which included the above mentioned professional fees and capital gain tax directly related to the Disposal. If such one-off expenses were excluded, the garment sourcing business would record a profit attributable to the owners of the Company of approximately HK\$6.5 million (2013: HK\$5.9 million).

CHANGE IN CONTROLLING SHAREHOLDERS AND BOARD OF DIRECTORS

Immediately after completion of the acquisition of shares of the Company (the "Shares") pursuant to a shares sale agreement dated 14 March 2014, on 22 July 2014, Unitech Enterprises Group Limited ("Unitech") became interested in 320,000,000 Shares, representing approximately 61.56% of the entire issued share capital of the Company. Accordingly, Kingston Securities Limited, on behalf of Unitech, made an unconditional mandatory cash offer (the "Share Offer") for all the issued Shares not already owned and/or agreed to be acquired by Unitech and/or parties acting in concert with it. The composite document on the Share Offer was despatched to the shareholders of the Company (the "Shareholders") on 25 July 2014 (the "Despatch Date").

On 26 July 2014 (being the date immediately after the Despatch Date), in connection with the Share Offer, three new executive Directors, namely Mr. Gao Zhiyin, Mr. Gao Zhiping and Mr. Shi Jiguo, and one new independent non-executive Director, namely Dr. Chen Yifan, were appointed by the Board.

Before the close of the Share Offer on 15 August 2014, Shareholders holding 2,326,500 Shares accepted the Share Offer, as a result of which Unitech held 322,326,500 Shares, representing approximately 62.01% of the total issued Shares.

Management Discussion and Analysis (Continued)

With effect from 16 August 2014, being the day immediately after the first closing date of the Share Offer, each of Mr. Choi Lin Hung, Mr. Lau Kwok Wa, Stanley, Mr. Ng Tze On has resigned as an executive Director, each of Mr. Chen Tien Tui and Mr. Li Ming Hung has resigned as a non-executive Director and each of Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei has resigned as an independent non-executive Director.

On the same day, Mr. Lau Chi Kit was re-appointed as an independent non-executive Director; and Mr. Lam Kai Yeung was appointed as an independent non-executive Director.

Details of the above were disclosed in the Company's circular dated 18 June 2014, announcement dated 22 July 2014, composite document dated 25 July 2014 and announcement dated 18 August 2014.

PROSPECTS AND DEVELOPMENT PLAN

Following the completion of the Disposal, the Group will continue its garment sourcing business. The Group will conduct a detailed review of its operations and formulate feasible business strategies with a view to developing a sustainable corporate strategy to broaden the Group's income stream, which may include rebalancing the resources of the Group should appropriate opportunities arise.

Subject to a detailed review to be performed by the Group on the availability of sufficient resources to finance new business opportunities, the Group intends to explore new business opportunities relating to the internet, IoT ("Internet of Things"), Tri-Network Integration ("Integration of telecommunication network, broadcasting network and the internet"), and new media industries by utilizing Unitech's experience (being the controlling Shareholder) and resources, identify suitable projects and new investment opportunities in other sectors.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained a healthy financial position for the Period with cash and cash equivalents amounted to approximately HK\$6.0 million as at 30 September 2014. The Group did not have any bank borrowings as at 30 September 2014.

As at 30 September 2014, the Group's gearing ratio, being net debt (represented by bank borrowings net of cash and cash equivalents) divided by Shareholders' equity, was zero (31 March 2014: 17.2%), as the Group did not have any bank borrowings as at 30 September 2014. The Group's current ratio was approximately 1.7 (31 March 2014: 2.0).

For the Period, the Group's bank borrowings were in Hong Kong dollar ("HK\$") and US dollar ("US\$"). The majority of interest-bearing bank borrowings of the Group were on Hong Kong Interbank Offer Rate and London Interbank Offer Rate basis. The Group had no bank borrowing as at 30 September 2014.

Management Discussion and Analysis (Continued)

Foreign Exchange and Risk Management

The Group's working capital is mainly financed through internal generated cash flows. The management of the Group regularly monitors the funding requirements of the Group to support its normal operations and its development plans. Most of the Group's cash balances were deposits in US\$ and HK\$ with major global financial institutions and most of the Group's monetary assets, revenues, monetary liabilities and payments were held in US\$ and HK\$.

Foreign exchange risks arising from sales and purchases transacted in different currencies are normally managed by the Group through the use of foreign exchange forward contracts. Pursuant to the Group's policy in place, foreign exchange forward contracts or any other financial derivatives contracts are entered into by the Group for hedging purpose. The Group has not entered into any financial derivatives contracts for speculation. The Group had no outstanding financial derivatives contracts as at 30 September 2014.

Capital Expenditure and Commitments

During the Period, the Group has disposed of property, plant and equipment through the Disposal that included the garment manufacturing and trading business, with an aggregate carrying value of approximately HK\$151.9 million. For the continuing operations, the Group did not have any material investment in property, plant and equipment in the Period. During the six months ended 30 September 2013, the Group invested approximately HK\$11.4 million on additions to property, plant and equipment.

As at 30 September 2014, the Group had no commitment (31 March 2014: Nil) in respect of acquisition of new machineries.

Charges on Assets

As at 30 September 2014, the Group had no pledged assets.

Employee Information

As at 30 September 2014, the Group employed approximately 22 employees (excluding Directors). The Group offers its employees competitive remuneration schemes which are generally structured with reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. In addition, bonuses are normally paid to those eligible based on individual's and the Group's performance.

The Company maintains a share option scheme (the "Share Option Scheme"), pursuant to which share options are granted to selected eligible participants including employees of the Group, with a view to providing eligible participants with appropriate incentive to contribute to the success of the Group. As at 30 September 2014, all share options with the exercise prices of HK\$0.6 and HK\$0.844 granted under the Share Option Scheme had been exercised in full.

Other Disclosures

DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2014 (for the six months ended 30 September 2013: HK1.0 cent per ordinary share of the Company).

During the Period, a special cash dividend of HK\$0.72 per ordinary share was declared by the Board and was approved by the Shareholders at the special general meeting held on 10 July 2014 (the "SGM"). The aggregate amount of the special dividend declared and paid amounted to approximately HK\$374.2 million.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2014, the interests and short positions of the Directors or chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) (i) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities <i>(Note 1)</i>	Interest in underlying shares of share options <i>(Note 1)</i>	Approximate percentage of total issued shares*
Gao Zhiyin	The Company	Interest of controlled corporation	322,326,500 ordinary shares of HK\$0.01 each of the Company ("Shares") (L) <i>(Note 2)</i>	-	62.01%
Gao Zhiping	The Company	Interest of controlled corporation	322,326,500 Shares (L) <i>(Note 2)</i>	-	62.01%

* The percentage has been calculated based on 519,777,000 Shares in issue as at 30 September 2014.

Other Disclosures (Continued)

Notes:

1. The letter "L" denotes the Directors' long position in the shares of the Company or the relevant associated corporation.
2. These Shares were held by Unitech Enterprises Group Limited, which were owned as to 60% by Mr. Gao Zhiyin and owned as to 40% by Mr. Gao Zhiping.

Save as disclosed above in this report, as at 30 September 2014, none of the Directors nor the chief executive of the Company had any interests or short positions in the Shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Other Disclosures (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2014, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than Directors and chief executive of the Company) had an interest or short position in the Shares and/or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial Shareholder	Capacity/ nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of total issued shares*
Unitech Enterprises Group Limited	Beneficial owner	322,326,500 Shares (L) <i>(Note 2)</i>	62.01%
Ng Tsze Lun	Beneficial owner	50,173,000 Shares (L)	9.65%
Yau Yuk Chun Carole <i>(Note 3)</i>	Interest of spouse	50,173,000 Shares (L)	9.65%

* The percentage has been calculated based on 519,777,000 Shares in issue as at 30 September 2014.

Notes:

1. The letter "L" denotes the individual's or the corporation's long position in the Shares.
2. Unitech Enterprises Group Limited was owned as to 60% by Mr. Gao Zhiyin and owned as to 40% by Mr. Gao Zhiping, both of them are Directors.
3. Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun.

Save as disclosed above, as at 30 September 2014, there was no other person who was recorded in the register of the Company as having interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all the circumstances at general meetings of members of the Group other than the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Other Disclosures (Continued)

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 2 June 2010 which became effective upon listing of the Shares on 5 October 2010. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants for their contributions to the Group.

The following table discloses movements in the Company's share options during the Period:

Category	Grant date	Vesting period	Exercise price HK\$	Exercisable period	Number of share options					Outstanding at 30.9.2014 '000
					Outstanding at 1.4.2014 '000	Granted during the Period '000	Exercised during the Period '000	Cancelled during the Period '000	Lapsed during the Period '000	
Directors (both resigned on 16 August 2014)										
Mr. Lau Kwok Wa, Stanley	2.6.2010	5.10.2010- 4.10.2012	0.6	5.10.2012- 31.5.2020	5,350	-	5,350	-	-	-
Mr. Ng Tze On	2.6.2010	5.10.2010- 4.10.2012	0.6	5.10.2012- 31.5.2020	5,350	-	5,350	-	-	-
Employees										
Mr. Ng Tsze Lun (note i)	2.6.2010	5.10.2010- 4.10.2012	0.6	5.10.2012- 31.5.2020	21,000	-	21,000	-	-	-
	27.4.2011	27.4.2011- 26.4.2013	0.844	27.4.2013- 26.4.2016	37,000	-	37,000	-	-	-
Other employees (note ii)	2.6.2010	5.10.2010- 4.10.2012	0.6	5.10.2012- 31.5.2020	350	-	350	-	-	-
	27.4.2011	27.4.2011- 26.4.2013	0.844	27.4.2013- 26.4.2016	465	-	465	-	-	-
					69,515	-	69,515	-	-	-

Other Disclosures (Continued)

note i: The grant of the share options to Mr. Ng Tsze Lun, which exceeded the individual limit as set out in note to Rule 17.03(4) of the Listing Rules, was approved by Shareholders in a special general meeting of the Company held on 27 April 2011.

note ii: Other employees include employees of the Group (other than the Directors) working under employment contracts with the Group which are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company’s listed securities during the six months ended 30 September 2014.

CORPORATE GOVERNANCE CODE

Save for the deviation discussed below, the Company had complied with all the code provisions (“Code Provisions”) under the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2014.

Under Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The roles of the chairman and the chief executive officer of the Company were not separate and both were performed by Mr. Choi Lin Hung until 16 August 2014, being the date of change of Board composition, details of which were disclosed in the announcement of the Company dated 18 August 2014. Since the Directors met regularly to consider major matters affecting the operations of the Company, the Directors considered that this structure did not impair the balance of power and authority between the Directors and the management of the Company before the change of Board composition on 16 August 2014.

Since 16 August 2014, Mr. Gao Zhiyin has been appointed as the chairman of the Company and Mr. Gao Zhiping has been appointed as the chief executive officer of the Company.

Therefore, the roles of the chairman and the chief executive officer of the Company are now separate and performed by Mr. Gao Zhiyin and Mr. Gao Zhiping respectively. The Board believes that such arrangement is in the best interest of the Company and the Shareholders as a whole.

Other Disclosures (Continued)

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) currently comprises three independent non-executive Directors, namely Mr. Lam Kai Yeung (chairman), Mr. Lau Chi Kit and Dr. Chen Yifan. Its duties are clearly defined in its revised written terms of reference which have been prepared and adopted according to the Code Provisions.

The Audit Committee has reviewed with the management of the Group and discussed with the Company’s external auditor and the management of the Group, the unaudited interim financial statements of the Group for the six months ended 30 September 2014 including the accounting principles and practices adopted by the Group and the Audit Committee was satisfied with the replies given.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has established a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2014.

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as otherwise set out in this report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Other Disclosures (Continued)

Name of Director	Details of Changes
Mr. Lau Chi Kit ("Mr. Lau")	<p>Highlight China IoT International Limited (Stock Code: 1682)</p> <ul style="list-style-type: none">– Mr. Lau was re-appointed by the Board as an independent non-executive Director on 16 August 2014.– A new letter of appointment was entered into between the Company and Mr. Lau on 16 August 2014 with a term of three (3) years with the commencement date of 16 August 2014 unless terminated by not less than one (1) month's notice in writing served by Mr. Lau or by the Company.– Mr. Lau is entitled to an annual director's fee of HK\$250,000. <p>Century Sunshine Group Holdings Limited (Stock Code: 509)</p> <ul style="list-style-type: none">– Mr. Lau has been appointed as an independent non-executive director, a member of the audit committee and a member of the remuneration committee of Century Sunshine Group Holdings Limited with effect from 29 April 2014. <p>Leoch International Technology Limited (Stock Code: 842)</p> <ul style="list-style-type: none">– Mr. Lau has been appointed as an independent non-executive director, the chairman of the remuneration committee, a member of the nomination committee and a member of the audit committee of Leoch International Technology Limited with effect from 17 September 2014.

On behalf of the Board

Highlight China IoT International Limited

Gao Zhiyin

Chairman

Hong Kong

28 November 2014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2014

	NOTE	For the six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
Continuing operations			
Revenue	3	203,140	168,923
Cost of sales		(188,078)	(153,804)
Gross profit		15,062	15,119
Other income		1	–
Other net losses	4	(7,473)	–
Selling and distribution costs		(2,972)	(1,474)
Administrative expenses		(4,193)	(6,300)
Profit before income tax	5	425	7,345
Income tax expense	6	(2,607)	(1,490)
(Loss)/Profit for the period from continuing operations		(2,182)	5,855
Discontinued operations			
Profit for the period from discontinued operations	8	18,941	5,977
Profit for the period		16,759	11,832
Other comprehensive (expense)/income			
Item that will not be reclassified to profit or loss:			
– Remeasurement of defined benefit obligations		175	324
Item that may be subsequently reclassified to profit or loss:			
– Exchange gain on translation of financial statements of foreign operations		–	435
Reclassification adjustments:			
– Release of foreign currency translation reserve on dissolution of a subsidiary		–	546
– Release of foreign currency translation reserve upon disposal of subsidiaries	8	(7,852)	–
Other comprehensive (expense)/income for the period, including reclassification adjustments and net of tax		(7,677)	1,305
Total comprehensive income for the period		9,082	13,137

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 September 2014

		For the six months ended 30 September	
	NOTE	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
(Loss)/Profit for the period attributable to the owners of the Company:			
– from continuing operations		(2,182)	5,855
– from discontinued operations		18,538	9,325
		16,356	15,180
Profit/(Loss) for the period attributable to non-controlling interests of the Company:			
– from continuing operations		–	–
– from discontinued operations		403	(3,348)
		403	(3,348)
Total comprehensive (expense)/income attributable to the owners of the Company:			
– from continuing operations		(2,182)	5,855
– from discontinued operations		10,861	10,624
		8,679	16,479
Total comprehensive income/(expense) attributable to non-controlling interests of the Company:			
– from continuing operations		–	–
– from discontinued operations		403	(3,342)
		403	(3,342)
(Loss)/Earnings per share from continuing operations attributable to the owners of the Company during the period	9		
– Basic (HK cents)		(0.44)	1.33
– Diluted (HK cents)		(0.42)	1.27
Earnings per share from discontinued operations attributable to the owners of the Company during the period	9		
– Basic (HK cents)		3.73	2.11
– Diluted (HK cents)		3.60	2.02

The Notes on pages 20 to 36 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

At 30 September 2014

	NOTE	As at 30 September 2014 HK\$'000 (unaudited)	As at 31 March 2014 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	163	150,540
Prepaid lease payments		–	3,492
Goodwill		–	5,970
Intangible asset		–	1,000
Deferred tax assets		–	2,329
		163	163,331
Current assets			
Inventories		15,689	180,593
Trade and bills receivables	11	85,341	116,800
Deposits, prepayments and other receivables		20,277	81,794
Prepaid lease payments		–	99
Derivative financial instruments		–	3,705
Tax recoverable		–	183
Bank balances and cash		5,998	46,298
		127,305	429,472
Current liabilities			
Trade and bills payables	12	45,205	48,477
Other payables and accruals		29,041	31,229
Amounts due to related companies		–	4,144
Derivative financial instruments		–	306
Tax payable		2,372	15,381
Bank borrowings		–	111,206
		76,618	210,743
Net current assets		50,687	218,729
Total assets less current liabilities		50,850	382,060
Non-current liabilities			
Defined benefit obligations		–	1,494
Deferred tax liabilities		–	2,306
		–	3,800
Net assets		50,850	378,260

Condensed Consolidated Statement of Financial Position (Continued)

At 30 September 2014

	NOTE	As at 30 September 2014 HK\$'000 (unaudited)	As at 31 March 2014 HK\$'000 (audited)
Capital and reserves			
Share capital	13	5,198	4,502
Reserves		45,652	375,476
Equity attributable to the owners of the Company		50,850	379,978
Non-controlling interests		–	(1,718)
Total equity		50,850	378,260

The Notes on pages 20 to 36 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

	Attributable to the owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2013	4,381	64,720	(22,325)	30,880	6,858	270,099	354,613	5,663	360,276
Profit for the period	-	-	-	-	-	15,180	15,180	(3,348)	11,832
Other comprehensive income									
- Remeasurement of defined benefit obligations	-	-	-	-	-	324	324	-	324
- Exchange gain on translation of financial statements of foreign operations	-	-	-	-	429	-	429	6	435
- Release of foreign currency translation reserve on dissolution of a subsidiary	-	-	-	-	546	-	546	-	546
Total comprehensive income for the period	-	-	-	-	975	15,504	16,479	(3,342)	13,137
Shares issued upon exercise of share options	86	7,914	-	(2,393)	-	-	5,607	-	5,607
Recognition of equity-settled share-based payments	-	-	-	1,004	-	-	1,004	-	1,004
Release of equity-settled share-based payments upon cancellation/lapse of options	-	-	-	(74)	-	74	-	-	-
At 30 September 2013 (unaudited)	4,467	72,634	(22,325)	29,417	7,833	285,677	377,703	2,321	380,024
At 1 April 2014	4,502	77,060	(22,325)	27,732	7,849	285,160	379,978	(1,718)	378,260
Profit for the period	-	-	-	-	-	16,356	16,356	403	16,759
Other comprehensive income									
- Remeasurement of defined benefit obligations	-	-	-	-	-	175	175	-	175
- Release of foreign currency translation reserve upon disposal of subsidiaries (Note 8)	-	-	-	-	(7,852)	-	(7,852)	-	(7,852)
Total comprehensive income for the period	-	-	-	-	(7,852)	16,531	8,679	403	9,082
Shares issued upon exercise of share options	696	77,887	-	(27,732)	-	-	50,851	-	50,851
Deemed distribution to shareholders (Note 8)	-	(5,000)	295,590	-	-	(305,009)	(14,419)	1,315	(13,104)
Dividend declared and paid (Note 7)	-	-	(374,239)	-	-	-	(374,239)	-	(374,239)
Share premium cancellation (note)	-	(149,947)	149,947	-	-	-	-	-	-
At 30 September 2014 (unaudited)	5,198	-	48,973	-	(3)	(3,318)	50,850	-	50,850

note: Share premium cancellation was approved by the Shareholders at the special general meeting held on 10 July 2014 (the "SGM"), pursuant to which the entire amount standing to the credit of the share premium account of the Company was cancelled and the credit arising from the share premium cancellation was transferred to the special reserve of the Company.

The Notes on pages 20 to 36 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

	NOTE	For the six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
Net cash used in operating activities		(62,273)	(978)
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(9,171)	(11,393)
Proceeds from disposal of property, plant and equipment		824	552
Net cash inflow from disposal of subsidiaries	8	210,828	–
Interest received		293	45
Net cash generated from/(used in) investing activities		202,774	(10,796)
Cash flows from financing activities			
Repayment of mortgage loans		(454)	(663)
Export loans, import loans and trust receipt loans raised/(repaid)		143,041	(29,974)
Proceeds from issue of shares upon exercise of share options		50,851	5,607
Dividends paid	7	(374,239)	–
Net cash used in financing activities		(180,801)	(25,030)
Net decrease in cash and cash equivalents		(40,300)	(36,804)
Effect of foreign exchange rate changes		–	(46)
Cash and cash equivalents at the beginning of the period		46,298	142,491
Cash and cash equivalents at the end of the period, represented by bank balances and cash		5,998	105,641

The Notes on pages 20 to 36 form part of this interim financial report.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

1. GENERAL

Highlight China IoT International Limited (formerly known as “Ford Glory Group Holdings Limited”) (the “Company”) is an exempted company with limited liability incorporated in Bermuda. The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at 19/F., Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company changed its English name from “Ford Glory Group Holdings Limited” to “Highlight China IoT International Limited” and adopted the Chinese name of “高銳中國物聯網國際有限公司” as the secondary name to replace “福源集團控股有限公司” which has been used for identification purposes only. This change of name was approved by the shareholders of the Company (the “Shareholders”) at the SGM and has become effective from 4 August 2014. The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name of the Company were issued by the Registrar of Companies in Bermuda on 11 August 2014, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was also issued by the Registrar of Companies in Hong Kong on 26 August 2014 confirming registration of the Company’s new name of “Highlight China IoT International Limited 高銳中國物聯網國際有限公司” in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) is principally engaged in the garment sourcing business.

The Company’s immediate and ultimate holding company is Unitech Enterprises Group Limited (“Unitech”), a company incorporated in the British Virgin Islands (the “BVI”) with limited liability.

The functional currency of the Company is US dollar (“US\$”). The condensed consolidated interim financial statements are presented in Hong Kong dollar (“HK\$”) because the Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and most of its potential investors are located in Hong Kong.

2. BASIS OF PREPARATION AND THE PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). It was authorised for issue on 28 November 2014.

The preparation of the condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This condensed consolidated interim financial statements contain the condensed consolidated statement of financial position, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows, for the six-month period then ended and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The condensed consolidated interim financial statements are unaudited but have been reviewed by the audit committee of the Company.

The financial information relating to the financial year ended 31 March 2014 that is included in the condensed consolidated interim financial statements as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2014 are available from the Company’s Hong Kong head office and its website. The then auditor of the Company, Deloitte Touche Tohmatsu, has expressed an unqualified opinion on those financial statements in the independent auditor’s report dated 27 June 2014.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

2. BASIS OF PREPARATION AND THE PRINCIPAL ACCOUNTING POLICIES (continued)

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 September 2014 (the “Period”) are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the Period, the Group has applied, for the first time, the following amendments issued by the HKICPA, which are relevant to and effective for the Group’s condensed consolidated interim financial statements for the annual financial period beginning on 1 April 2014:

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities

The adoption of these amendments has no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

The principal activity of the Group is garment sourcing business (“continuing operations”) after the Group had disposed of its garment manufacturing and trading business (“discontinued operations”) on 22 July 2014 (the “Disposal”) that has been classified as discontinued operations as set out in Note 8 in this report.

Turnover from continuing operations represents revenue from garment sourcing business received and receivable during the Period. Turnover from discontinued operations represents revenue from garment manufacturing and trading products received and receivable during the Period.

3. REVENUE AND SEGMENT INFORMATION (continued)

The Group's reportable and operating segments under Hong Kong Financial Reporting Standard 8 Operating Segments ("HKFRS 8"), based on the information reported to the chief operating decision makers ("CODM"), represented by the executive Directors, for the purposes of resource allocation and performance assessment are as follows:

Continuing operations

- Garment sourcing – This segment includes the subsidiaries of the Group primarily engaged in garment sourcing business which mainly comprises the 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.

Discontinued operations

- Garment manufacturing and trading – This segment includes the discontinued operations of the Group which mainly engaged in the manufacturing and trading of garment products by self-owned factories in the People's Republic of China (the "PRC"), Cambodia, Indonesia and Jordan and the provision of quality inspection services.

Due to the Disposal, the Group has amended the format of management information provided to the CODM for the purpose of assessing the performance of the operating segments. The CODM considered that there is only one operating segment in accordance with HKFRS 8 and reviewed the condensed consolidated statement of profit or loss and other comprehensive income and the assets and liabilities of the Group as a whole for the purpose of resource allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

4. OTHER NET LOSSES

	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000 (restated)
Continuing operations		
Legal and professional fee attributable to the Disposal	7,450	–
Net foreign exchange loss	23	–
	7,473	–

5. PROFIT BEFORE INCOME TAX

	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000 (restated)
Continuing operations		
Profit before income tax is arrived at after charging:		
Cost of inventories sold	188,078	153,804
Depreciation of property, plant and equipment	38	5

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

6. INCOME TAX EXPENSE

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the Period.

Other jurisdictions

Taxation arising in other jurisdictions is calculated at rates prevailing in the respective jurisdictions.

7. DIVIDENDS

The board of Directors of the Company (the “Board”) does not recommend the payment of any interim dividend for the six months ended 30 September 2014 (2013: HK1.0 cent per ordinary share of the Company).

During the Period, a special cash dividend of HK\$0.72 per ordinary share was declared by the Board and was approved by the Shareholders at the SGM. The aggregate amount of the special dividend declared and paid amounted to approximately HK\$374,239,000.

8. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

On 14 March 2014, Sure Strategy Limited (“Sure Strategy”) and the Company entered into a conditional disposal agreement for the Disposal (the “Disposal Agreement”).

8. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES (continued)

Sure Strategy, a company incorporated in the BVI with limited liability, was the Company's former immediate holding company. Sure Strategy is currently owned as to 49% by Merlotte Enterprise Limited (a company incorporated in the BVI and is wholly-owned by Mr. Choi Lin Hung, who was a former director of the Company and the Company's ultimate controlling shareholder before the Disposal) and as to 51% by Victory City Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Victory City International Holdings Limited ("VC"), the Company's former ultimate holding company and a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 539).

According to the Disposal Agreement, Sure Strategy has agreed to purchase, and the Company has agreed to sell the entire issued share capital of Ford Glory Holdings Limited (a wholly-owned subsidiary of the Company and an investment holding company), which, together with its subsidiaries held the garment manufacturing and trading business at a total cash consideration of HK\$270,000,000. The Disposal was approved by the Shareholders at the SGM and the Disposal was completed on 22 July 2014, on which date the control of Ford Glory Holdings Limited was passed to Sure Strategy.

Accordingly, the results of garment manufacturing and trading business for the Period have been separately presented as discontinued operations in the condensed consolidated statement of profit or loss and other comprehensive income. The presentation of comparative financial information for the six months ended 30 September 2013 has been re-presented to conform to the Period's presentation.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

8. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES (continued)

The results of the discontinued operations during the Period are presented below:

	Period from 1 April 2014 to 22 July 2014 (date of completion of Disposal) HK\$'000	For the six months ended 30 September 2013 HK\$'000
Revenue	302,622	380,953
Cost of sales	(238,497)	(303,246)
Gross profit	64,125	77,707
Other income	451	2,411
Other net gain	204	456
Selling and distribution costs	(11,430)	(17,051)
Administrative expenses	(31,597)	(55,532)
Finance costs	(855)	(1,461)
Profit before income tax	20,898	6,530
Income tax expense	(1,957)	(553)
Profit for the period from the discontinued operations	18,941	5,977

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

8. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES (continued)

The net cash flows generated/(incurred) by the discontinued operations are presented below:

	Period from 1 April 2014 to 22 July 2014 (date of completion of Disposal) HK\$'000	For the six months ended 30 September 2013 HK\$'000
Operating activities	(119,983)	6,630
Investing activities	(10,465)	(10,796)
Financing activities	143,673	(26,449)
Net cash inflow/(outflow) from discontinued operations	13,225	(30,615)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

8. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES (continued)

The net assets of the subsidiaries disposed of at the date of completion of the Disposal (i.e. 22 July 2014) were as follows:

	As at 22 July 2014 HK\$'000
Non-current assets	163,748
Current assets	514,617
Current liabilities	(383,582)
Non-current liabilities	(3,827)
Net assets disposed of:	290,956
Non-controlling interests	1,315
Release of foreign currency translation reserve upon disposal of subsidiaries	(7,852)
Loss on disposal recognised as deemed distribution to Shareholders	(14,419)
Total consideration	270,000
Net cash inflow arising on the Disposal	
Cash consideration	270,000
Cash and bank balances disposed of	(59,172)
Net inflow of cash and cash equivalents in respect of the Disposal	210,828

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following:

	For the six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000 (restated)
(Loss)/Profit for the period attributable to the owners of the Company		
– from continuing operations	(2,182)	5,855
– from discontinued operations	18,538	9,325
	16,356	15,180
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share calculation at 30 September	497,540,169	441,088,546
Effect of dilutive potential ordinary shares: Share options issued by the Company	16,798,922	21,387,630
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share calculation at 30 September	514,339,091	462,476,176
(Loss)/Earnings per share attributable to the owners of the Company		
Basic (HK cents)		
– from continuing operations	(0.44)	1.33
– from discontinued operations	3.73	2.11
Diluted (HK cents)		
– from continuing operations	(0.42)	1.27
– from discontinued operations	3.60	2.02

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group has disposed of property, plant and equipment through the Disposal (disclosed in Note 8 in this report) that included the garment manufacturing and trading business, with an aggregate carrying value of approximately HK\$151.9 million. For the continuing operations, the Group did not have any material investment in property, plant and equipment in the Period. During the six months ended 30 September 2013, the Group invested approximately HK\$11.4 million on additions to property, plant and equipment.

11. TRADE AND BILLS RECEIVABLES

The Group allows a credit period ranging from 30 days to 150 days to its trade customers. The following is an ageing analysis of the Group's trade and bills receivables presented based on the invoice date at the reporting date:

	As at 30 September 2014 HK\$'000	As at 31 March 2014 HK\$'000
0-30 days	31,887	52,153
31-60 days	31,475	24,856
61-90 days	20,111	13,767
91-120 days	1,337	19,129
Over 120 days	531	6,895
	85,341	116,800

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

12. TRADE AND BILLS PAYABLES

The following is an ageing analysis of the Group's trade and bills payables presented based on the invoice date at the reporting date:

	As at 30 September 2014 HK\$'000	As at 31 March 2014 HK\$'000
0-60 days	38,212	41,087
61-90 days	6,993	6,314
Over 90 days	–	1,076
	45,205	48,477

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2013, 31 March 2014 and 30 September 2014	900,000,000	9,000
Issued and fully paid:		
As at 1 April 2014	450,262,000	4,502
Arising from issue of ordinary shares on exercise of share options during the Period	69,515,000	696
As at 30 September 2014	519,777,000	5,198

14. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme of the Company

Pursuant to a written resolution passed on 2 June 2010, the Company adopted the Share Option Scheme. The purpose of the Share Option Scheme is to provide incentives to eligible participants including eligible directors and eligible employees. The Share Option Scheme will remain in force for a period of ten years from the date of its adoption.

During the Period, there were an aggregate of 69,515,000 Shares issued by the Company upon exercise of 32,050,000 and 37,465,000 share options granted under the Share Option Scheme at an exercise price of HK\$0.6 and HK\$0.844 per Share respectively. Details of which were disclosed in Note 13 in this report.

At 30 September 2014, there were 519,777,000 Shares in issue and no outstanding share options under the Share Option Scheme.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

15. RELATED PARTY DISCLOSURES

(i) Transactions

During the Period, the Group had the following transactions with related parties:

	For the six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
VC and its subsidiaries, except the Company and its subsidiaries (the "VC Group")		
Purchase of fabric (note 1)	14,086	20,998
Purchase of yarn (note 1)	2,434	11
Utility expenses paid	1,219	2,009
Rental income received	124	246
Other related party		
Purchase of apparel (note 2)	32,103	30,257

note 1: During the Period, the Group purchased fabrics and yarn from the VC Group who ceased to be the controlling shareholder of the Group on 22 July 2014.

note 2: During the Period, the Group purchased apparel products from 加美(清遠)製衣有限公司 Kimberley (Qing Yuen) Garment Limited ("Kimberley"). Kimberley was controlled by a former director who ceased to be a director of the Company on 16 August 2014. Kimberley was deemed to be a connected party to the Group. The Group had placed purchase deposits with Kimberley of approximately HK\$18,617,000 as at 31 March 2014. There was no deposit placed by the Group to Kimberley as at 30 September 2014.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

15. RELATED PARTY DISCLOSURES (continued)

(ii) Balances

As at 31 March 2014, the amount due to the VC Group amounted to approximately HK\$4,144,000 is unsecured, interest free and repayable according to credit terms. As at 30 September 2014, the Group did not have any balances with any related parties. The following is an ageing analysis of the Group's amounts due to related parties presented based on the invoice date at the reporting date:

	As at 30 September 2014 HK\$'000	As at 31 March 2014 HK\$'000
0-30 days	–	4,144

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2014

15. RELATED PARTY DISCLOSURES (continued)

(iii) Compensation of key management personnel

The remuneration of the Directors and other members of key management during the Period was as follows:

	For the six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
Directors fees	1,043	1,360
Basic salaries and allowances	363	1,754
Retirement benefit scheme contributions	10	26
Share-based payment	–	884
	1,416	4,024

(iv) Disposal of subsidiaries to Sure Strategy

Pursuant to the Disposal Agreement, the Company has disposed of its garment manufacturing and trading business to Sure Strategy (i.e. the Company's former immediate holding company) and the Disposal completed on 22 July 2014. Details of the Disposal are presented in Note 8 of this report.

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