

King's Flair International  
(Holdings) Limited

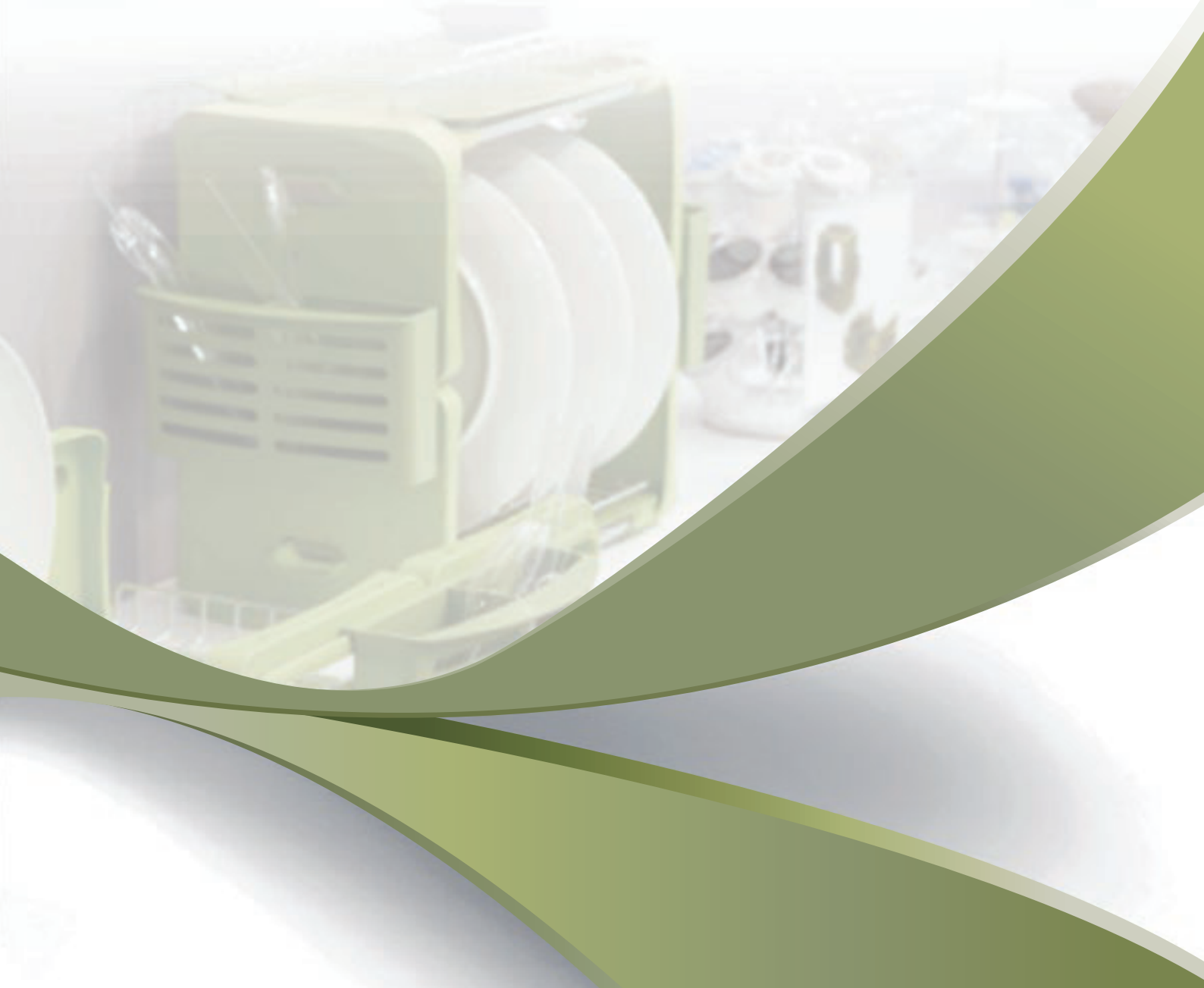
科勁國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6822


# 2015

## Interim Report





# CONTENTS

- 2** Corporate Information
  - 3** Chairman's Statement
  - 5** Management Discussion and Analysis
  - 10** Corporate Governance and Other Information
  - 15** Condensed Consolidated Statement of Comprehensive Income
  - 16** Condensed Consolidated Statement of Financial Position
  - 18** Condensed Consolidated Statement of Changes in Equity
  - 19** Condensed Consolidated Statement of Cash Flows
  - 20** Notes to the Unaudited Condensed Interim Financial Statements
- 

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wong Siu Wah (*Chairman and Chief Executive Officer*)  
 Ms. Wong Fook Chi  
 Mr. Wong Ying Wai Dennis

### Independent Non-Executive Directors

Dr. Lau Kin Tak  
 Mr. Anthony Graeme Michaels  
 Ms. Leung Wai Ling, Wylie

### AUDIT COMMITTEE

Ms. Leung Wai Ling, Wylie (*Chairman*)  
 Dr. Lau Kin Tak  
 Mr. Anthony Graeme Michaels

### REMUNERATION COMMITTEE

Dr. Lau Kin Tak (*Chairman*)  
 Mr. Anthony Graeme Michaels  
 Ms. Leung Wai Ling, Wylie  
 Mr. Wong Siu Wah  
 Ms. Wong Fook Chi

### NOMINATION COMMITTEE

Mr. Wong Siu Wah (*Chairman*)  
 Dr. Lau Kin Tak  
 Mr. Anthony Graeme Michaels  
 Ms. Leung Wai Ling, Wylie

### RISK MANAGEMENT COMMITTEE

Ms. Wong Fook Chi (*Chairman*)  
 Dr. Lau Kin Tak  
 Ms. Leung Wai Ling, Wylie

### COMPANY SECRETARY

Mr. Po Tien Chu, Ronnie *HKICPA*

### AUDITOR

BDO Limited  
 25th Floor Wing On Centre  
 111 Connaught Road Central  
 Hong Kong

### COMPLIANCE ADVISER

V Baron Global Financial Services Limited  
 18th Floor Prosperity Tower  
 39 Queen's Road Central  
 Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited  
 Cricket Square  
 Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
 Unit 1316–25, 13th Floor, Metroplaza Tower 1  
 223 Hing Fong Road  
 Kwai Chung, New Territories  
 Hong Kong

Hang Seng Bank Limited  
 83 Des Voeux Road Central  
 Hong Kong

Standard Chartered Bank (Hong Kong) Limited  
 13th Floor Standard Chartered Bank Building  
 4–4A Des Voeux Road Central  
 Central  
 Hong Kong

## REGISTERED OFFICE

Cricket Square  
 Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

12/F., Yardley Commercial Building  
 3 Connaught Road West  
 Hong Kong

## STOCK CODE

6822

## WEBSITE

<http://www.kingsflair.com.hk>

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On Behalf of the board (the "Board") of directors (the Directors") of King's Flair International (Holdings) Limited (The "Company"), I am pleased to present the unaudited condensed interim financial report of the Company and its subsidiaries (the "Group") for the six month ended 30 June 2015.

The six months ended 30 June 2015 was a tremendous period for the Group, during which the Group again achieved record sales and profitability and we had completed the initial public offering process of listing (the "Listing") the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and our shares commenced trading on 16 January 2015. We continue to grow as one of the pre-eminent kitchenware design and supply firm in our industry and go from strength to strength both financially and operationally.

During such period, the Group has delivered a satisfactory performance and achieved steady growth in sales. Total revenue rose by approximately 9.4% to approximately HK\$683.6 million, as compared to that of approximately HK\$624.7 million for the six months ended 30 June 2014. Revenue growth was principally resulted from increased orders received from the existing customers as well as the new orders placed by new customers. Gross profit was approximately HK\$153.5 million for the six months ended 30 June 2015 and the gross profit margin increased by approximately 34.7% to approximately 22.5% for the period as compared to 16.7% for the six months ended 30 June 2014. The profit for the period increased by approximately 88.1% to approximately HK\$78.7 million as compared to HK\$41.9 million for the six months ended 30 June 2014.

These remarkable results were achieved principally through the effort of our marketing team to enable the continuous sales growth and the benefit we gained from the management effort on cost control in the six months ended 30 June 2015.

In terms of operation, I am pleased to report that we continue to make progress on the design capability enhancement and sales growth commitments we made in our prospectus dated 31 December 2014 (the "Prospectus").

The Group has been built over the years with a clear focus on offering our clients differentiated first-class services that combine innovative design with quality product and intensive engineering capabilities. We have continued to invest in human resources, hardware and software to ensure we remain competitive in our ability to support our customers delivering quality products to market in ever-shortening timeframes.

## A POSITIVE FUTURE

With our three decades of experiences in the global kitchenware business, we believe we are well positioned to build on the record financial performance we achieved during the six months ended 30 June 2015 and for continued growth over the long term.

I am confident that the Group has the strategy to take us forward in the fast evolving global market for kitchenware products. In February 2015, we have, for the first time, exhibited at The Ambiente Frankfurt, one of the world's most important consumer goods trade fair in Germany. We have also further drive our international sales strategy in tandem with continued research and investment into expanding our market penetration in China.

The market is growing rapidly and I am pleased to report that we too are growing with our valuable established existing clients from the US and Europe as well as developing relationship with potential new clients in China, Eastern Europe, Africa and South America.

## Chairman's Statement

As the market grows, so does competition. It is in light of this competition we are now actively investing in patentable design to further protect our sales growth and market penetration.

In closing, I would like to thank every one of our global customers, business partners and family of dedicated employees for their continued support and our shareholders for their trust in us to create value for them and continue the growth and development of the business.

**Wong Siu Wah**

*Chairman and Chief Executive Officer*

20 August 2015

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of 2015, the Group continued to be principally engaged in designing, developing and supplying an extensive assortment of kitchenware products with its headquarters in Hong Kong. Our business involves supplying mainly high-end kitchenware products to international brandowner customers in North America, Europe and Asia which include tools and gadgets, drinkware, bakeware and accessories, food preparation products and storage and accessories.

The Group differentiates itself by providing customised services including market research, concept creation, product design, product development, raw material sourcing, production factory sourcing, production engineering and control, quality assurance, order tracking and logistics, as well as other ancillary services. The Group aims to become a complete one-stop shop for kitchenware products to international kitchenware brand-owner customers.

## OPERATIONAL REVIEW

### Continue strengthening of product design, development and engineering capabilities

Strong product design, development and engineering capabilities are the Group's core business strength. As at 30 June 2015, the Group had a team of 5 full-time personnel engaged in market research, product design and development and 8 full-time production engineers in product development.

### Further expand the global customer base

During the six months ended 30 June 2015, the Group received orders from over 100 customers. As at 30 June 2015, we had a sales and marketing team of over 35 employees.

Apart from strengthening relationship with existing customers, the Group regularly participates in Hong Kong trade fairs to explore new business opportunities with potential brand-owner customers. In February 2015 the Group has, for the first time, exhibited at The Ambiente Frankfurt, an important trade show in Germany, as we further drive our international sales strategy in tandem with continued research and investment into expanding our market penetration in China. Attending major fairs is an important new step for the Group and one that will help to further drive our global growth.

### Deep commitment to quality and customer services

The Group values quality control capability and believes it is one of our key strengths. During the six months ended 30 June 2015, the production and quality control processes were carried out by a team of over 90 quality assurance professionals in the People's Republic of China ("PRC") who provided quality control and production control services to us and were stationed at or near the production factories in the PRC and under the close supervision of our quality assurance management. During such period, there were no major quality control issues encountered by the production factories to whom production had been outsourced.

The Group had neither received any major sales return nor any complaint about product quality from customers during such period.

## Management Discussion and Analysis

### FUTURE STRATEGY

The Group believes that companies which operate in the global kitchenware market must be able to closely track market trends and immediately assist their customers to bring products to market with the best innovative product design, development and engineering capabilities. As such the Group continues to invest in human resources, hardware and software to ensure that we will continue to bring innovation and value-added input to our customers.

While the Group still strives to expand our sales efforts to a larger international audience through participating in major global trade shows, the Group will continue to focus on meeting mid-tier and high-end kitchenware market demand, and ensure that we have the capability to cater for demand for a broad and diversified range of products. The Group also intends to enter into new markets with good growth potential such as Eastern Europe, Africa and South America, by working with local importers and trade agents where appropriate.

Closer to home, the Group continues to research opportunities in the PRC where a significant opportunity exists for us to deepen our market penetration. As the retail market in the PRC is still volatile, the Group is taking a cautious approach towards expansion, but in line with our plans at the time of the initial listing, we continue to look for opportunities to further develop our own physical retail and e-commerce presence in the PRC market.

### FINANCIAL REVIEW

#### Revenue

Benefiting from our differentiation strategy with our strong design and engineering skills, the Group again achieved steady growth in sales in a highly competitive market. With increased order levels from existing customers as well as the orders placed by new customers, during the six months ended 30 June 2015, our total revenue achieved approximately HK\$683.6 million, representing an increase of approximately 9.4% as compared to that of approximately HK\$624.7 million in the same period of 2014.

In addition to maintaining the business with our current customers who will continue contributing to a large percentage of the Group's revenue, the Group is also actively diversifying and expanding our customer base with the aim to sustain the growth of our revenue.

#### Cost of sales

During the six months ended 30 June 2015, cost of sales of the Group increased by approximately 1.9% to approximately HK\$530.1 million as compared to that of approximately HK\$520.2 million in the same period of 2014. Cost of sales as a percentage of revenue decreased to 77.5% for the six months ended 30 June 2015 as compared to that of 83.3% for the same period in 2014.

The Group benefited from the lower cost of products during the six months ended 30 June 2015 which was driven by two factors:

- The global reduction in commodity prices during such period, which helped to reduce production costs of our suppliers.
- The switching to more competitive production factories from which the Group was able to enjoy lower cost of production.

## Management Discussion and Analysis

### Gross profit and gross profit margin

The Group's gross profit increased by approximately 46.9% to approximately HK\$153.5 million for the six months ended 30 June 2015 (2014: HK\$104.5 million) and the gross profit margin increased by approximately 34.7% to approximately 22.5% for the period under review (2014: 16.7%). This increase was mainly due to the lower cost of products as mentioned above.

### Profit for the period

During the six months ended 30 June 2015, profit for the period increased by approximately 88.1% to approximately HK\$78.7 million (2014: HK\$41.9 million). The increase in profit for the period was mainly driven by the lower cost of products.

### Other income

Other income decreased by approximately 35.7% to approximately HK\$3.4 million for the six months ended 30 June 2015 (2014: HK\$5.2 million) primarily due to decrease in recharge from customers.

### Distribution expenses

Distribution expenses are primarily related to the PRC retail business. With the effort of the Group in cost control, the distribution expenses slightly increased by approximately 2.9% to approximately HK\$11.3 million during the six months ended 30 June 2015 (2014: HK\$11.0 million).

### Administrative expenses

During the six months ended 30 June 2015, administrative expenses remained relatively stable at approximately HK\$49.0 million (2014: HK\$48.2 million) which was mainly due to the off-setting of the increase in staff cost with the decrease in other expenses such as legal and professional fee and loss on exchange.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group had 144 employees (2014: 139). Total staff costs (including Directors' emoluments) were approximately HK\$29.3 million for the six months ended 30 June 2015 (2014: HK\$25.7 million).

The Group remunerates its employees based on their qualifications, performance, experience and prevailing industry practice. Competitive remuneration package is offered to retain elite employees including salaries, medical insurance, discretionary bonuses as well as mandatory provident fund schemes for employees in Hong Kong and state managed retirement benefit schemes for employees in the PRC.

## SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS ON CAPITAL ASSETS

Other than the available-for-sale financial assets as disclosed in the condensed consolidated statement of financial position, there were no significant investment held as at 30 June 2015 nor are there plans for material investments on capital assets as at the date of this report.



## Management Discussion and Analysis

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2015, the Group had not made any material acquisition or disposal of subsidiaries and associated companies.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2015, the Group had cash and bank balances amounted to approximately HK\$396.6 million (31 December 2014: HK\$125.2 million) which were mainly denominated in United States dollars ("USD"), Renminbi ("RMB") and Hong Kong dollars ("HKD"). The Group's total bank borrowings amounted to approximately HK\$15.3 million (31 December 2014: HK\$10.3 million) which were all denominated in HKD. Interest is determined on the basis of Hong Kong Interbank Offering Rate or Prime Rate for HKD borrowings.

There was no change to the Group's capital structure since the Listing in January 2015 and up to the date of this interim report. In light of the current financial position of the Group and provided there is no unforeseeable circumstance, our management does not anticipate the need to change the capital structure. The annual interest rate of the bank borrowings during the six months ended 30 June 2015 was 2.5% (2014: 2.5%).

For the six months ended 30 June 2015, the Group recorded a strong cash inflow from operating activities of HK\$45.1 million (2014: HK\$21.0 million). Net cash used in investing activities of HK\$0.8 million (2014: HK\$11.2 million) was due to pledged bank deposit. The significant increase in net cash inflow of HK\$221.9 million (2014: HK\$0.8 million) from financing activities was due to the proceeds from the Listing.

Prior to the Listing, the Group's operations were funded principally from the cashflows from operation and bank borrowings. During the six months ended 30 June 2015, the principal liquidity and capital requirements of the Group related to the following:

- costs and expenses related to the operation of the business, including the cost of sales, distribution expenses and administrative expenses; and
- capital expenditures for the establishment of retail sales points and flagships stores in the PRC.

During such period, the Group mainly financed our liquidity needs through cash flow from operations, bank borrowing and the net proceeds from the Listing in January 2015.

### Gearing ratio

The Group's gearing ratio is calculated as total borrowings, which is the summation of bank borrowings and loans from non-controlling interests, divided by total equity. The gearing ratio of the Group as at 30 June 2015 and 31 December 2014 were approximately 7.6% and 15.2% respectively. The decrease of the gearing ratio was mainly due to the increase in equity balances arising from the Listing.

### **FOREIGN EXCHANGE EXPOSURE**

The Group mainly earns revenue in USD and incurs cost in HKD and RMB. The Group is exposed to foreign exchange risk with respect mainly to USD and RMB which may affect the Group's performance. Our management is aware of the possible exchange rate exposure due to the continuing fluctuation of RMB and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. The Group currently does not have any hedging policy.

### **PLEDGE OF ASSETS**

As at 30 June 2015, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK\$21.5 million (31 December 2014: HK\$21.9 million) and pledged time deposit of HK\$20.9 million (31 December 2014: HK\$20.9 million) were pledged to secure general banking facilities granted to the Group.

### **USE OF PROCEEDS FROM THE SHARE OFFER**

The net proceeds from the Company's share offer in January 2015 amounted to approximately HK\$219.8 million (after deducting underwriting commissions and all related expenses). Such net proceeds are intended to be or have been applied in accordance with the proposed application as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at 30 June 2015, approximately HK\$18.3 million of the proceeds raised has been utilised and the unused proceeds were deposited in licensed banks in Hong Kong. In the event that the Directors decided to use such net proceeds in a manner different from that stated in the Prospectus, the Company will issue further announcement in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

### **CONTINGENT LIABILITIES**

As at 30 June 2015, the Group had no significant contingent liabilities (31 December 2014: Nil).

### **CAPITAL COMMITMENTS**

As at 30 June 2015, the Group has no significant outstanding capital commitment (31 December 2014: Nil).

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and has steered its development and protection of the interests of the shareholders of the Company (“Shareholders”) in an enlightened and open manner. The Board comprises three executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (“Code Provisions”) set out in Appendix 14 to the Listing Rules. Throughout the period since the date of listing of the Company on the Stock Exchange on 16 January 2015 (the “Listing Date”) and up to the date of this report, the Company has complied with the Code Provisions, except for code provision A.2.1, which provides that, among other things, the role of chairman of the board and the chief executive officer of a listed issuer shall be separate and shall not be performed by the same individual.

Mr. Wong Siu Wah (“Mr. Wong”) is both the chief executive officer and the chairman of the Board of the Company which is in deviation from code provision A.2.1. We consider that vesting the role of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board composition and structure taking into account the background and experience of our Directors and the number of independent non-executive Directors on the Board.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Directors have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in dealing in the Company’s securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code since the Listing Date and up to the date of this report.

## AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee, comprising Ms. Leung Wai Ling, Wylie (Chairman), Dr. Lau Kin Tak and Mr. Anthony Graeme Michaels, has reviewed our unaudited condensed interim financial statements for the six months ended 30 June 2015 and the accounting principles and practices adopted, and discussed auditing, internal controls and financial reporting matters with our management and our Company’s external auditors.

## INTERIM AND SPECIAL DIVIDENDS

The Board resolved to declare an interim dividend of HK\$0.045 (2014: Nil) and a special dividend of HK\$0.055 per share (2014: Nil) to Shareholders whose names appear on the register of members on 8 September 2015, representing a payout ratio of approximately 87.9% of profit attributable to shareholders for the six months ended 30 June 2015. The interim and special dividends will be paid on or around 22 September 2015.

## Corporate Governance and Other Information

### CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlements to the interim and special dividends, the register of members will be closed from 7 September 2015 to 8 September 2015 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim and special dividends, all transfers accompanied by the relevant share certificate must be lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 September 2015 for registration.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to the date of this report.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules throughout the period from the Listing Date to 30 June 2015.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 30 June 2015, the interests or short positions of the Directors and the chief executive of the Company 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 of the Laws of Hong Kong) (the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of director	Long positions in the shares of the Company				Total	Percentage (%)
	Personal interest	Family interests	Corporate interests	Other interests		
Mr. Wong	–	–	525,000,000 (Note)	–	525,000,000	75%

Note:

The 525,000,000 shares comprise 105,000,000 shares held by First Concord Limited, which is held as to 60% by Mr. Wong and as to 40% by Ms. Cheng Rebecca Hew Hong ("Ms. Cheng") and 420,000,000 Shares held by City Concord Limited, which is 100% held by Mr. Wong. Accordingly, Mr. Wong is deemed to be interested in the shares held by First Concord Limited and City Concord Limited.

Saved as disclosed above, as at 30 June 2015, none of the Directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Corporate Governance and Other Information

Save as disclosed above, at no time during the six months ended 30 June 2015 was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the following persons (not being the directors or chief executive of the Company) who had interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provision of Division 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, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of substantial shareholders	Capacity/nature of interests	Number of shares held (Note 1)	Approximate percentage of issued share capital (%)
First Concord Limited (Note 2)	Beneficial owner	105,000,000(L)	15%
City Concord Limited (Note 3)	Beneficial owner	420,000,000(L)	60%
Ms. Cheng	Interest of controlled corporation and interest of spouse	525,000,000(L)	75%

Notes:

- The letter "L" denotes a long position in the Shareholder's interest in the share capital of the Company.
- First Concord Limited is held as to 60% by Mr. Wong and 40% by Ms. Cheng. Mr. Wong and Ms. Cheng are both deemed to be interested in the 105,000,000 shares held by First Concord Limited.
- City Concord Limited is wholly and beneficially owned by Mr. Wong. Mr. Wong is therefore deemed to be interested in the 420,000,000 shares held by City Concord Limited. Ms. Cheng is deemed to be interested in the 420,000,000 shares held by City Concord Limited by reason of her being the spouse of Mr. Wong.

### Interests in other member(s) of the Group

Name of non-wholly owned subsidiary of the Company	Name of registered substantial shareholders (other than members of the Group)	Approximate percentage of issued share capital (%)
Homespan (HK) Limited	Mr. Christopher Paul Liversey	44%
Manweal Development Limited	Primehill Holdings Limited	32%
寧波家之良品國際貿易有限公司 (Ningbo Homesbrands International Trading Company Limited)	Mr. Lin Zhao	25%

## Corporate Governance and Other Information

Save as disclosed above, as at 30 June 2015, the Directors were not aware of any other person having an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 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 or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### SHARE OPTION SCHEME

On 22 December 2014, the Company has conditionally adopted a share option scheme (the "Share Option Scheme") for the purposes of recognizing and acknowledging the contributions that eligible participants have made or may make to our Group. The Share Option Scheme became unconditional and commenced on 16 January 2015 and will remain in force for 10 years from Listing Date unless otherwise cancelled or amended.

Eligible participants of the Share Option Scheme include (i) any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Affiliate"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or an Affiliate; or (iii) a company beneficially owned by any Director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to our Group or an Affiliate.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares in issue as at the Listing Date (or 70,000,000 shares of the Company) (the "Limit"). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) refresh the Limit at any time to 10% of the shares in issue as at the date of the approval of the Limit (as refreshed) by the Shareholders in general meeting; or
- (ii) grant options beyond the Limit to eligible participants specifically identified by the Board before approval is sought.

Notwithstanding the foregoing, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The maximum number of shares issuable upon the exercise of options granted under the Share Option Scheme and any other share option scheme adopted by the Group (including both exercised, cancelled or outstanding options) to each grantee within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time. Options granted to a director, chief executive or substantial Shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors of the Company. In addition, any options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

## Corporate Governance and Other Information

The exercise period of the options granted is to be determined by the Board, which period may commence from the date of the offer of the options, and ends on a date which is not later than ten years from the date of grant of the options subject to the provisions for early termination thereof. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company non-refundable HK\$1 upon acceptance of the grant.

The exercise price of the options is to be determined by the Board, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the Stock Exchange's daily quotations sheet on the date of grant of option, which must be a business day; (ii) the average closing price of the Company's shares as quoted on the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of option; and (iii) the nominal value of a share.

As at 30 June 2015, no options have been granted, exercised or lapsed under the Share Option Scheme.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
<b>Revenue</b>	5	<b>683,592</b>	624,715
Cost of sales		<b>(530,055)</b>	(520,228)
<b>Gross profit</b>		<b>153,537</b>	104,487
Other income	6	<b>3,351</b>	5,213
Distribution expenses		<b>(11,323)</b>	(11,001)
Administrative expenses		<b>(48,974)</b>	(48,249)
Operating profit		<b>96,591</b>	50,450
Finance costs	8	<b>(137)</b>	(172)
<b>Profit before income tax</b>	7	<b>96,454</b>	50,278
Income tax expenses	9	<b>(17,708)</b>	(8,409)
<b>Profit for the period</b>		<b>78,746</b>	41,869
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Change in fair value of available-for-sale financial assets, net of tax		<b>8,547</b>	(4,352)
Exchange difference arising on translation of foreign operations		<b>121</b>	29
<b>Other comprehensive income for the period, net of tax</b>		<b>8,668</b>	(4,323)
<b>Total comprehensive income for the period</b>		<b>87,414</b>	37,546
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>79,627</b>	43,216
Non-controlling interests		<b>(881)</b>	(1,347)
		<b>78,746</b>	41,869
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>88,226</b>	38,851
Non-controlling interests		<b>(812)</b>	(1,305)
		<b>87,414</b>	37,546
<b>Earnings per share:</b>	10		
– Basic		<b>HK\$0.12</b>	HK\$0.08
– Diluted		<b>HK\$0.12</b>	HK\$0.08



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	<i>Notes</i>	<b>As at 30 June 2015 HK\$'000 (Unaudited)</b>	As at 31 December 2014 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	32,676	33,685
Prepaid land lease payments		1,971	2,021
Other asset		172	172
Interest in an associate		–	–
Intangible asset		16,822	19,225
Deferred tax assets		5	5
		<b>51,646</b>	55,108
<b>Current assets</b>			
Inventories		10,157	10,200
Trade receivables	13	177,828	144,639
Prepayments, deposits and other receivables		49,378	35,901
Available-for-sale financial assets	14	46,838	38,291
Amount due from an associate		108	2,046
Prepaid tax		320	528
Pledged bank deposits		20,901	20,895
Cash and bank balances		396,625	125,211
		<b>702,155</b>	377,711
<b>Current liabilities</b>			
Trade and bills payables	15	82,551	90,198
Deposits received, other payables and accruals		39,885	43,294
Bank borrowings		15,272	10,268
Loans from non-controlling interests		12,189	14,239
Provision for tax		25,778	7,832
		<b>175,675</b>	165,831
<b>Net current assets</b>		<b>526,480</b>	211,880
<b>Total assets less current liabilities</b>		<b>578,126</b>	266,988

## Condensed Consolidated Statement of Financial Position

As at 30 June 2015

<i>Notes</i>	<b>As at 30 June 2015 HK\$'000 (Unaudited)</b>	As at 31 December 2014 HK\$'000 (Audited)
<b>Non-current liabilities</b>		
Loans from non-controlling interests	<b>14,700</b>	12,916
Deferred tax liabilities	<b>6,681</b>	7,126
	<b>21,381</b>	20,042
<b>Net assets</b>	<b>556,745</b>	246,946
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>7,000</b>	–
Reserves	<b>549,140</b>	245,529
	<b>556,140</b>	245,529
Non-controlling interests	<b>605</b>	1,417
Total equity	<b>556,745</b>	246,946

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Equity attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium*	Merger reserve*	Revaluation reserve*	Exchange reserve*	Other reserve*	Retained profits*	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 January 2014 (Audited)</b>	-	-	(4,231)	8,138	1,450	2,867	186,217	194,441	3,990	197,831
Dividend to shareholders and non-controlling interests of subsidiaries	-	-	-	-	-	-	(50,000)	(50,000)	-	(50,000)
<b>Transactions with owners</b>	-	-	-	-	-	-	(50,000)	(50,000)	-	(50,000)
Profit/(loss) for the period	-	-	-	-	-	-	43,216	43,216	(1,347)	41,869
<b>Other comprehensive income</b>										
- Change in fair value of available-for-sale financial assets	-	-	-	(4,352)	-	-	-	(4,352)	-	(4,352)
- Exchange difference arising on translation of foreign operations	-	-	-	-	(13)	-	-	(13)	42	29
<b>Total comprehensive income for the period</b>	-	-	-	(4,352)	(13)	-	43,216	38,851	(1,305)	37,546
<b>At 30 June 2014 (Audited)</b>	-	-	(4,231)	3,786	1,437	2,867	179,433	183,292	2,085	185,377
<b>At 1 January 2015 (Audited)</b>	-	-	(4,231)	14,087	1,443	2,867	231,363	245,529	1,417	246,946
Profit/(loss) for the period	-	-	-	-	-	-	79,627	79,627	(881)	78,746
<b>Other comprehensive income</b>										
- Change in fair value of available-for-sale financial assets	-	-	-	8,547	-	-	-	8,547	-	8,547
- Exchange difference arising on translation of foreign operations	-	-	-	-	52	-	-	52	69	121
<b>Total comprehensive income for the period</b>	-	-	-	8,547	52	-	79,627	88,226	(812)	87,414
<b>Capitalisation issue (note 16(a))</b>	5,250	(5,250)	-	-	-	-	-	-	-	-
<b>Share issued under public offer and placing (note 16(b))</b>	1,750	220,635	-	-	-	-	-	222,385	-	222,385
<b>At 30 June 2015 (Unaudited)</b>	7,000	215,385	(4,231)	22,634	1,495	2,867	310,990	556,140	605	556,745

\* The aggregate balance of these reserve amounts of HK\$549,140,000 (30 June 2014: HK\$183,292,000) are included as reserves as at 30 June 2015 in the condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
<b>Net cash generated from operating activities</b>		<b>45,105</b>	20,988
<b>Net cash used in investing activities</b>		<b>(845)</b>	(11,187)
<b>Net cash generated from financing activities</b>		<b>221,897</b>	760
<b>Net increase in cash and cash equivalents</b>		<b>266,157</b>	10,561
<b>Cash and cash equivalents at beginning of period</b>		<b>116,130</b>	121,423
<b>Effect on foreign exchange rate changes</b>		<b>(99)</b>	183
<b>Cash and cash equivalents at end of period</b>		<b>382,188</b>	132,167
<b>Analysis of cash and cash equivalents</b>			
Cash and bank balances		<b>396,625</b>	141,940
Bank overdrafts		<b>(14,437)</b>	(9,773)
Cash and cash equivalents at end of period		<b>382,188</b>	132,167

# NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 1. GENERAL INFORMATION

King's Flair International (Holdings) Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and domiciled in Hong Kong. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is 12/F, Yardley Commercial Building, 3 Connaught Road West, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 January 2015.

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are trading, retail, wholesale and distribution of kitchenware products. There were no significant changes in the Group's operations during the period. In the opinion of the directors, the Company's ultimate holding company is City Concord Limited, a company incorporated in the British Virgin Islands.

## 2. BASIS OF PREPARATION

The condensed interim financial statements has been prepared in accordance with the applicable disclosure requirement of Appendix 16 of the Listing Rules, and with Hong Kong Accounting Standard ("HKAS") 34, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of the 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.

The condensed consolidated interim financial statements contain selected explanatory notes which 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 consolidated financial statements for the year ended 31 December 2014 (the "2014 Annual report"). The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and should be read in conjunction with the Group's 2014 Annual report.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for those financial assets that are measured at fair values. The condensed consolidated interim financial statements are unaudited but has been reviewed by the Company's audit committee.

This condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000") unless otherwise indicated.

## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES

In the current interim period, the Group has also applied, for the first time, the following amendments issued by the HKICPA:

<i>Amendments to HKFRS</i>	Annual Improvements to HKFRSs 2010-2012 Cycle
<i>Amendments to HKFRS</i>	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the interim financial statements and/or disclosures set out in the interim financial statements.

The Group has not early adopted the following new or amended HKFRSs that have been issued but are not yet effective in the interim financial statements:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2017

3 Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the potential impact of these pronouncements in the period of initial application and the Directors anticipate that more disclosures would be made but not yet in a position to state whether they would have a material impact on the Group's financial statements.

## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

### 4. SEGMENT INFORMATION

#### (i) Operating segment information

The Group has identified its operating segment and prepared segment information based on the regular internal financial statements reported to the Company's executive directors for their decisions about resources allocation to the Group's business component and review of the component's performance. There is only one business component in the internal reporting to the executive directors, which is the trading of kitchenware products. The Group's assets and capital expenditure are principally attributable to this business component.

#### (ii) Geographical segment information

The management determines the Group is domiciled in Hong Kong, which is the location of the Group's principal place of operations. The Group's revenue from external customers is divided into the following geographical areas:

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
United States		597,785	529,111
Europe	(a)	31,842	40,071
Asia	(b)	33,393	33,439
Canada		13,828	16,215
Other locations	(c)	6,744	5,879
		<b>683,592</b>	624,715

Notes:

- (a) Principally included United Kingdom, Switzerland, France and Germany
- (b) Principally included Hong Kong, the PRC and Japan
- (c) Principally included Australia, Mexico, Turkey and Egypt

The geographical location of customers is based on the location of customers. For intangible asset, the geographical location is based on the entities' areas of operation. The geographical location of other non-current assets is based on the physical location of the assets. As at 30 June 2015, over 90% (31 December 2014: over 90%) of the Group's non-current assets (other than financial instruments and deferred tax assets) are located in Hong Kong.

## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

### 4. SEGMENT INFORMATION *(Continued)*

#### (iii) Information about major customers

For the six months ended 30 June 2015, revenues from two (2014: four) customers with whom transactions of each has exceeded 10% of the Group's revenue. Total revenue from these two major customers as shown below accounted for HK\$435,760,000 (2014: four customers totalling HK\$494,355,000) of the Group's revenue for the six months ended 30 June 2015.

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
Company A	359,729	267,096
Company B <i>(Note)</i>	62,692	63,035
Company C <i>(Note)</i>	66,250	90,820
Company D	76,031	73,404
	<b>564,702</b>	494,355

*Note:*

For the six months ended 30 June 2015, revenue from these two customers with whom transactions of each does not exceed 10% of the Group's revenue. The revenue from these customers are disclosed for illustrative purpose only.

### 5. REVENUE

The Group is principally engaged in trading of kitchenware products. Revenue, which is also the Group's turnover, represents invoiced value of goods sold, after allowances for returns and discounts (net of value added tax). Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
Sales of goods	683,592	624,715



## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

### 6. OTHER INCOME

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
Bank interest income	501	11
Management and handling services	142	781
Recharge from customers	2,599	4,415
Gain on disposal of property, plant and equipment	65	–
Others	44	6
	<b>3,351</b>	<b>5,213</b>

### 7. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
Profit before income tax is arrived at after charging:		
Cost of inventories sold recognised as expenses	530,055	520,228
Depreciation of property, plant and equipment	2,297	2,033
Amortisation of intangible asset	2,403	2,403
Amortisation of prepaid land lease payments	29	28
Employee benefit expenses (including directors' remuneration)		
Wages, salaries and other benefits	18,404	16,718
Discretionary bonuses	10,179	8,203
Contributions to defined contribution schemes	747	747
	<b>29,330</b>	<b>25,668</b>

## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

## 8. FINANCE COSTS

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
Interest charges on financial liabilities at amortised cost:		
Bank loans wholly repayable within five years	13	50
Bank overdrafts and other borrowings wholly repayable within five years	124	122
	<b>137</b>	172

## 9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
Current tax – Hong Kong		
– Current period	18,153	8,854
Deferred tax		
– Credit for the period	(445)	(445)
Income tax expenses	<b>17,708</b>	8,409

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit arising in Hong Kong for the six months ended 30 June 2015.

Enterprise income tax ("EIT") for the period was calculated at 25% of the estimated assessable profits arising from the PRC. No PRC EIT tax has been provided for Group's PRC subsidiaries as they did not derive any assessable profits during the six months ended 30 June 2015 (2014: Nil).

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

### 10. EARNINGS PER SHARE

#### Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the period of HK\$79,627,000 (2014: HK\$43,216,000) and the weighted average of 685,497,000 ordinary shares (2014: 525,000,000 ordinary shares, comprising 1,000 ordinary shares issued as at 30 June 2014, 9,000 ordinary shares issued as part of the group reorganisation on 24 December 2014 and 524,990,000 ordinary shares issued pursuant to the capitalisation issue on 15 January 2015 as if these shares were outstanding throughout the period) in issue during the interim period.

#### Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2015 and 2014, and hence the diluted earnings per share is the same as basic earnings per share.

### 11. DIVIDENDS

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
Interim dividend declared and payable after the interim period of HK\$0.045 per share (six months ended 30 June 2014: Nil)	31,500	–
Special dividend declared and payable after the interim period of HK\$0.055 per share (six months ended 30 June 2014: Nil)	38,500	–
	70,000	–

The interim and special dividends have not been recognised as a liability of the end of the reporting period.

### 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment at a total cost of HK\$1,341,000 (2014: HK\$1,597,000).

Property, plant and equipment of HK\$27,000 (2014: Nil) were disposed by the Group during the six months ended 30 June 2015.

At 30 June 2015, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK\$21,549,000 (31 December 2014: HK\$21,943,000) were pledged to secure general banking facilities granted to the Group.

## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

### 13. TRADE RECEIVABLES

	<b>As at 30 June 2015 HK\$'000 (Unaudited)</b>	As at 31 December 2014 HK\$'000 (Audited)
Trade receivables	<b>177,828</b>	144,791
Less: provision of impairment loss	-	(152)
Trade receivables, net	<b>177,828</b>	144,639

The Group's trading terms with customers are mainly on credit. The credit terms are generally 7 to 90 days from the invoice date. All trade receivables are interest-free.

An ageing analysis of the Group's trade receivables (net of impairment losses) as at the reporting date, based on the invoices dates, is as follows:

	<b>As at 30 June 2015 HK\$'000 (Unaudited)</b>	As at 31 December 2014 HK\$'000 (Audited)
0-30 days	<b>124,740</b>	111,173
31-60 days	<b>43,489</b>	24,701
61-90 days	<b>7,090</b>	4,492
Over 90 days	<b>2,509</b>	4,273
	<b>177,828</b>	144,639

## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

### 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>As at 30 June 2015 HK\$'000 (Unaudited)</b>	As at 31 December 2014 HK\$'000 (Audited)
Listed equity securities, at fair value:		
– in Hong Kong	<b>46,838</b>	38,291

During the six months ended 30 June 2015, the change in fair value in respect of the Group's available-for-sale financial assets recognised in other comprehensive income amounted to HK\$8,547,000 in surplus (2014: HK\$4,352,000 in deficit).

The fair value of the Group's investment in listed securities has been determined by reference to their quoted market prices at the reporting dates.

### 15. TRADE AND BILLS PAYABLES

Trade and bills payables are non-interest bearing and normally have a credit period of 0 to 90 days from the invoice date.

	<b>As at 30 June 2015 HK\$'000 (Unaudited)</b>	As at 31 December 2014 HK\$'000 (Audited)
Trade payables	<b>76,359</b>	90,198
Bills payables	<b>6,192</b>	–
	<b>82,551</b>	90,198

## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

**15. TRADE AND BILLS PAYABLES** (Continued)

An ageing analysis of the Group's trade and bills payables as at the reporting date, based on the invoices dates is as follows:

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
0–90 days	81,709	89,668
91–180 days	425	108
181–365 days	–	–
Over 365 days	417	422
	<b>82,551</b>	90,198

**16. SHARE CAPITAL**

	As at 30 June 2015		As at 31 December 2014	
	Number of shares '000 (Unaudited)	HK\$'000 (Unaudited)	Number of shares '000 (Audited)	HK\$'000 (Audited)
Authorised:				
Shares of HK\$0.01 each				
At 1 January 2015/1 January 2014	10,000,000	100,000	38,000	380
Increase in authorised shares	–	–	9,962,000	99,620
At 30 June 2015/31 December 2014	<b>10,000,000</b>	100,000	10,000,000	100,000
Issued and fully paid:				
Shares of HK\$0.01 each				
At 1 January 2015/1 January 2014	10	–	1	–
Capitalisation issue (note a)	524,990	5,250	–	–
Allotment of shares (note b)	175,000	1,750	9	–
At 30 June 2015/31 December 2014	<b>700,000</b>	7,000	10	–

Notes:

- (a) On 15 January 2015, 524,990,000 ordinary shares of HK\$0.01 each were issued at par to the shareholders of the Company by way of capitalisation of HK\$5,249,000 from the Company's share premium account.
- (b) On 15 January 2015, an aggregate of 17,500,000 ordinary shares and 157,500,000 ordinary shares were issued and offered for subscription under public offer and placing, respectively at a price of HK\$1.38 per share. The Group raised approximately HK\$241,500,000 before any related listing expenses arising from the public offer and placing. It resulted in an increase in the issued share capital of the Company by HK\$1,750,000 and the share premium of the Company by HK\$239,750,000.

## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

### 17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents assets measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these assets. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value as at 30 June 2015 and 31 December 2014 in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

Recurring fair value measurement	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>As at 30 June 2015 (Unaudited)</b>				
Available-for-sale financial assets				
– Listed equity securities, at fair value	<b>46,838</b>	–	–	<b>46,838</b>
<b>As at 31 December 2014 (Audited)</b>				
Available-for-sale financial assets				
– Listed equity securities, at fair value	38,291	–	–	38,291

The listed equity securities at fair values are denominated in HK\$. Fair values have been determined by reference to their quoted market prices at the reporting date.

There have been no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 in the current period.

## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

### 18. CAPITAL COMMITMENTS

As at 30 June 2015, there were no capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment (31 December 2014: Nil).

### 19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the interim financial report, the Group had the following significant transactions with related parties during the period:

#### 19.1 Significant transactions with related parties

Nature of transaction	Name of related company/party	Notes	Six months ended 30 June	
			2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
Licensing fee paid	Ignite Hong Kong Limited ("Ignite HK")	(a)	2,166	1,385
Management fee income	Grand Venture Holdings Limited ("Grand Venture")	(b)	142	774
Rental expenses	Mr. Wong	(c)	381	–

Notes:

- (a) A related company, of which Mr. Wong is a director and Mr. Wong and Ms. Cheng, the Company's ex-director, are together interested in 50% of its shareholding.
- (b) An associate of the Group.
- (c) During the six months ended 30 June 2015, the Group had paid rental expenses relating to a premise which is owned by Mr. Wong.
- (d) All transactions as shown above were made on the Group's normal course of business and were made with reference to the terms negotiated between the relevant parties.



## Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2015

### 19. RELATED PARTY TRANSACTIONS *(Continued)*

#### 19.2 Outstanding balances with related parties

The Group had the following balances with related parties included in other payable and amount due from an associate to the condensed consolidated statement of financial position.

Name of related company	As at	As at
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Ignite HK <i>(note 1)</i>	1,965	1,208
Grand Venture <i>(note 2)</i>	108	2,046

*Note 1:* As at 30 June 2015, included in other payables of approximately HK\$1,965,000 (31 December 2014: HK\$1,208,000) was due to a related company which was unsecured, interest-free and repayable on demand.

*Note 2:* Amount due from an associate is unsecured, interest-free and repayable on demand.

#### 19.3 Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors were as follows:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Salaries, allowances and benefits in kind	3,214	3,141
Discretionary bonuses	4,000	–
Contributions to defined contribution scheme	27	23
	7,241	3,164

### 20. CONTINGENT LIABILITIES

At the reporting date, the Group does not have any significant contingent liabilities.