



# Samson Holding Ltd. 順誠控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 531.hk)



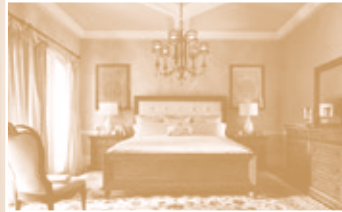
Interim Report 2015



\* for identification purpose only

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## Corporate Profile

Since its establishment in 1995, Samson Group, including **Samson Holding Ltd.** (the “Company”) and its subsidiaries (the “Group”), has now become a fully vertically-integrated furniture company and ranks as one of top 10 furniture wholesalers in the United States of America (the “U.S.”) and in the United Kingdom (the “U.K.”). Further, we are among the top 3 casegoods manufacturers in Asia. We currently market a wide range of our furniture products through a portfolio of brand names including Universal Furniture, Smartstuff by Universal, Legacy Classic Furniture, Legacy Classic Kids, Craftmaster Furniture, LacquerCraft Hospitality, and licensed with Paula Deen and Wendy Bellissimo in the U.S. Since October 2008, with the acquisition of a U.K. premium casegoods importer and wholesaler under the brand name “Willis Gambier”, we have established a solid presence in the U.K. and Europe. In addition

to our own brands, through our mega factories named Lacquer Craft in the People’s Republic of China (the “PRC”), we also manufacture for a number of North American leading brands.

Our product offerings include a full range of home furniture for living room, dining room and bedroom. In addition, we also manufacture furniture for high-end hotels and offices.

Our team of experienced executives, employees and sales force, comprising the U.S. and the U.K. market expertise, combining with the PRC manufacturing know-how, create a globally-integrated products and services logistics platform that brings forth the most effective means of business operations by which we strive to maximise ultimate benefits to our customers and shareholders.



## Corporate Information

### Executive Directors

Mr. Shan Huei KUO (*Chairman*)  
Ms. Yi-Mei LIU (*Deputy Chairman*)  
Mr. Mohamad AMINOZZAKERI

### Non-executive Directors

Mr. Sheng Hsiung PAN  
Mr. Yuang-Whang LIAO  
(resigned on 10 July 2015)

### Independent Non-executive Directors

Mr. Ming-Jian KUO  
Mr. Siu Ki LAU  
Mr. Sui-Yu WU

### Audit Committee

Mr. Siu Ki LAU (*Chairman*)  
Mr. Sheng Hsiung PAN  
Mr. Sui-Yu WU

### Remuneration Committee

Mr. Ming-Jian KUO (*Chairman*)  
Mr. Sheng Hsiung PAN  
Mr. Sui-Yu WU

### Nomination Committee

Mr. Shan Huei KUO (*Chairman*)  
Mr. Ming-Jian KUO  
Mr. Sui-Yu WU

### Company Secretary

Ms. Pik Yuk CHENG

### Authorized Representatives

Ms. Yi-Mei LIU  
Ms. Pik Yuk CHENG

### Registered Office

Floor 4, Willow House  
Cricket Square, P O Box 2804  
Grand Cayman, KY1-1112  
Cayman Islands

### Stock Code

The Stock Exchange of Hong Kong Limited: 531

### Websites

<http://www.samsonholding.com/>  
<http://www.universalfurniture.com/>  
<http://www.legacyclassic.com/>  
<http://www.legacyclassickids.com/>  
<http://www.cmfurniture.com/>  
<http://www.wguk.com/>

### Principal Places of Business

#### China:

Jian She Road, Jin Ju Village  
Daling Shan Town  
Dongguan City  
Guangdong Province  
China, 523830

China Timber Industry City Development Area  
No. 2 Taicheng Road  
Jia Shan County  
Zhejiang Province  
China, 314100

Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

#### United States of America:

2575 Penny Road  
High Point, NC 27265  
U.S.A.

221 Craftmaster Road  
Hiddenite, NC 28636  
U.S.A.

#### United Kingdom:

Unit 2, Kingston Park, Flaxley Road  
Peterborough, PE2 9EN  
England, U.K.

### Auditor

Ernst & Young

### Principal Bankers

BNP Paribas  
BSI LDT, HK  
Citibank Taiwan Limited  
Wachovia Bank, National Association

### Share Registrars and Transfer Offices

#### Principal:

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

#### Hong Kong Branch:

Computershare Hong Kong Investor Services Limited  
Shops 1712-16, 17/F  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## Financial Highlights

	Six months ended 30 June 2015 US\$'000	Six months ended 30 June 2014 US\$'000	Six months ended 30 June 2015 HK\$'000*	Six months ended 30 June 2014 HK\$'000*
<b>Operating results</b>				
Revenue	<b>211,221</b>	193,886	<b>1,647,524</b>	1,512,311
Earnings before interest and tax	<b>12,288</b>	8,626	<b>95,846</b>	67,283
Profit for the period	<b>7,304</b>	5,412	<b>56,971</b>	42,214
Earnings per share (US/HK cents)	<b>0.24</b>	0.18	<b>1.87</b>	1.39

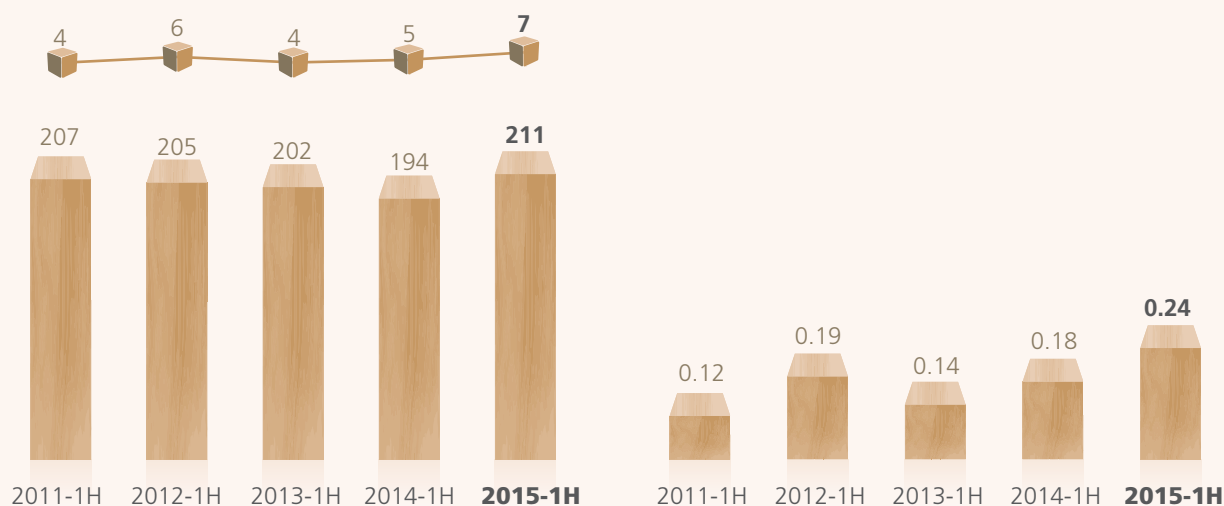
	As at 30 June 2015 US\$'000	As at 31 December 2014 US\$'000	As at 30 June 2015 HK\$'000*	As at 31 December 2014 HK\$'000*
<b>Financial position</b>				
Total assets	<b>745,962</b>	775,497	<b>5,818,504</b>	6,048,877
Net current assets	<b>315,309</b>	331,326	<b>2,459,410</b>	2,584,343
Shareholders' equity	<b>469,658</b>	488,568	<b>3,663,332</b>	3,810,830

\* Exchange rate: US\$1 = HK\$7.8 (for reference only)

\*\* Exchange rate: US\$1 = RMB6.2067 (for reference only)

### Revenue & Profit for the period (US\$ MN)

### Earnings per share (US cents)



■ Revenue  
■ Profit for the period



# Management Discussion and Analysis

## Business Review

We are proud to build a fully integrated U.S. wholesale furniture branding, including Universal Furniture, Smartstuff by Universal Furniture, Paula Deen Home, Legacy Classic Furniture, Legacy Classic Kids, Wendy Bellissimo, Craftmaster Furniture, Lacquer Craft Hospitality, Willis & Gambier (United Kingdom), Universal Furniture China and Athome, backed up by Lacquer Craft Furniture with its unparalleled China manufacturing operations in Dongguan and Jiashan.

We continue to see signs of bottoming up of the U.S. economy, as evidenced by the decreasing unemployment rate and the encouraging housing data. Furniture industry is riding with the growing consumer spending, with upholstery to take the lead, and followed by casegoods business. Our upholstery and hospitality businesses are growing fast to ride with the U.S. economy recovery. In the short five years, the management has achieved to develop these two businesses into sizable ones of the Company.

With the U.S. economy recovers unevenly, or commonly known as “M” shape recovery, we now adapt the economic trend by revising strategy in the branded casegoods business. By introducing better design and quality of manufacturing, we are moving up the products offering. With Enterprise Resource Planning to link up with the U.S. and China manufacturing, we offer real-time inventory and warehousing service to our clients in the U.S. For the middle-low priced segment, we now have a new business division to offer direct container with competitive price for sizable accounts.

We recently announced that Lacquer Craft Furniture, a wholly-owned subsidiary of the Company, will invest approximately US\$30 million of capital expenditure, the biggest investment plan in nearly eight years for the Company’s China operations, to increase the production of wooden products for both the residential and hospitality industries, increase efficiency, and reduce emissions for compliance with China’s new environmental regulations. We will continue to invest in both casegoods and upholstery businesses with the goal to become a top U.S. furniture manufacturer that offers a wide range of quality and affordable furniture to customers.

For the first six months of year 2015, we have achieved high single digit growth in the top lines, and we are optimistic that the growth trend will continue through the whole year. Gross margins of 25.6% are bottoming up. If our business strategy works out and the economy continues to improve, we are expecting to see bottom-lines expansion over the next few years.

## Financial Review

Net sales for the six-month period under review was US\$211.2 million compared to US\$193.9 million in the same period last year, an increase of US\$17.3 million or 8.9%. The increase in net sales was attributable to the sales growth in Upholstery and Hospitality division.

Gross profit margin for the period decreased to 25.6% from 27.1% for the same period in 2014. The decrease in margin was mainly due to the impact of the rising labour rates.

Total operating expenses for the period increased to US\$50.2 million from US\$45.4 million for the same period in 2014. The increase was due to the increased variable expenses in distribution, selling and marketing with the growth of sales.

Profit for the period increased to US\$7.3 million from US\$5.4 million for the same period in 2014. Net profit margin increased to 3.5% from 2.8% for the same period in 2014. The increase in profit was in line with the growth of sales.



## Management Discussion and Analysis (cont'd)

### Liquidity, Financial Resources and Capital Structure

As at 30 June 2015, the Group's cash and cash equivalents decreased by US\$69.4 million to US\$87.1 million from US\$156.5 million as at 31 December 2014, short term bank deposits increased by US\$19.2 million to US\$104.4 million from US\$85.2 million as at 31 December 2014. Interest-bearing bank borrowings decreased by US\$7.8 million to US\$201.1 million from US\$208.9 million as at 31 December 2014. The gearing ratio (total bank borrowings/shareholders' equity) increased slightly to 42.8% from 42.7% as at 31 December 2014. The Group's cash position remains strong and the Group possesses sufficient cash and available banking facilities to meet working capital requirements and further enable us to expand through acquisitions with confidence.

Cash and cash equivalents held by the Group are mainly denominated in U.S. dollars, Renminbi, U.K. Pound Sterling and Hong Kong dollars. As at 30 June 2015, short term bank borrowings of US\$196.1 million bore interest at floating rate and fixed rates (31 December 2014: US\$203.9 million) and long term bank borrowing of US\$5.0 million bore interest at floating rate (31 December 2014: US\$5.0 million).

Our sources of liquidity include cash and cash equivalents, short term bank deposits, cash from operations and general banking facilities granted to the Group. The Group maintains strong and prudent liquidity for day-to-day operations and business development.

As a result of our international operations, we are exposed to foreign exchange risk arising from various currency exposures primarily with respect to Renminbi and U.K. Pound Sterling. Although the majority of our total revenues is denominated in U.S. dollars, a substantial portion of our cost of sales is paid in Renminbi and part of the sales are denominated in U.K. Pound Sterling. The exchange rates of U.K. Pound Sterling and Renminbi to U.S. dollars have fluctuated substantially in recent years and may continue to fluctuate in the future. In order to manage the risks arising from fluctuations in foreign currency exchange rates, we entered into forward foreign currency contracts to help manage currency exposures associated with certain sales and cost of sales. Most of the forward exchange contracts have generally ranged from one to twelve months in maturity whereas all foreign currency exchange contracts are recognised in the balance sheet at fair value. As at 30 June 2015, outstanding forward exchange contracts with notional value amounted to US\$1.1 billion (31 December 2014: US\$702.7 million).

The Group's current assets decreased by 4.3% to US\$583.1 million from US\$609.5 million as at 31 December 2014 and the Group's current liabilities decreased by 3.8% to US\$267.7 million from US\$278.2 million as at 31 December 2014. The current ratio (current assets/current liabilities) is 2.2 times (31 December 2014: 2.2 times).

### Pledge of Assets

As at 30 June 2015, the Group's inventories of US\$29.4 million (31 December 2014: US\$29.0 million), trade and other receivables of US\$69.3 million (31 December 2014: US\$73.1 million), property, plant and equipment of approximately US\$43.5 million (31 December 2014: US\$41.5 million), investment properties of approximately US\$8.5 million (31 December 2014: US\$8.6 million), pledged bank deposits of approximately US\$6.5 million (31 December 2014: US\$6.9 million) had been pledged to banks to secure the general banking facilities granted to the Group.

### Capital Expenditure

Capital expenditure for the six months ended 30 June 2015 amounted to US\$6.2 million compared to US\$1.4 million for the same period in 2014. Capital expenditure was mainly incurred for the decoration of showroom building to further expand our operation in the U.S. and the purpose of upgrading and renovation of plant and machinery in the P.R.C.



## Management Discussion and Analysis (cont'd)

### Outlook

We believe that we are in the early stage of moving out from business recession since year 2010. The strong foundation we have built across our business models over the years has positioned us well to capitalise on continuing improvements in the economy. Competition maybe fierce, and economy is unpredictable. However, we believe our capital, our management, category expansion, diversified customer based, growing distribution channels and continuing operational efficiency will be winning factors for the next recovery cycle.

### Employees and Emolument Policy

As at 30 June 2015, the Group employed approximately 8,300 (30 June 2014: 8,100) full-time employees in the PRC, the U.S., the U.K. and Taiwan.

The Company believes that the ability to grow as a successful business depends on the quality of our management and employees. The Company is committed to recruiting, training and retaining skilled and experienced employees throughout our operations globally to better serve our customers. The Company intends to do this through our remuneration packages, including discretionary bonuses and share option scheme, as well as an emphasis on employee training. The emolument of the employees of the Group is determined on the basis of their merit, qualifications and competence. The emoluments of the directors and senior management of the Company are decided by the Company's board of directors (the "Board") with the recommendation of the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.



## Other Information

### Dividend

The Board has resolved the payment of an interim dividend of RMB0.05 per share for the six months ended 30 June 2015 (30 June 2014: HK\$0.06 per share), amounting to approximately RMB152.2 million (30 June 2014: HK\$182.6 million), to the shareholders of the Company whose names appeared on the Company's register of members on 15 September 2015. The interim dividend will be paid on 15 October 2015.

### Closure of Register of Members

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Monday, 14 September 2015 to Tuesday, 15 September 2015, both days inclusive, during which period no transfers of shares will be registered. In order to qualify for the entitlement to the interim dividend, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 11 September 2015.

### Corporate Governance

The Board is committed to maintaining high standards of corporate governance. The Company confirms that it has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the six months ended 30 June 2015, save that Mr. Shan Hwei KUO is the Chairman of the Board and also the Chief Executive Officer of Lacquer Craft Mfg. Co., Ltd. (Dongguan) and Lacquer Craft Mfg. Co., Ltd. (Zhejiang). The Group does not intend to separate these two functions as both the Board and senior management of the Group have significantly benefited from the leadership, support and experience of Mr. Kuo in his management of the Board and the business of the Company.

### Changes in Directors' Biographical Details

Changes in director's biographical details which are required to be disclosed pursuant to Rules 13.51(2) and 13.51B of the Listing Rules are set out below:

Mr. Siu Ki LAU, independent non-executive director of the Company, has been appointed as company secretary of Hung Fook Tong Group Holdings Limited, a company listed in Hong Kong, with effect from 13 May 2015.

### Code for Directors' Securities Transactions

The Company has adopted its own Code for Securities Transactions by Directors and Employees (the "Company's Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to govern the securities transactions of the directors and relevant employees.

Having made specific enquiry, all directors have confirmed that they have complied with the Model Code and the Company's Code throughout the six months ended 30 June 2015.

### Purchase, Sale or Redemption of the Company's Listed Securities

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.





## Other Information (cont'd)

### Share Option Scheme

The Company adopted a share option scheme on 24 October 2005. Details of movements in the Company's share options during the review period were as below:

	Date of grant	Exercise price HK\$	Vesting date	Exercise period	Number of share options					
					Outstanding as at 1.1.2015	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30.6.2015
<b>Director:</b>										
Mr. Mohamad AMINOZZAKERI	6.2.2006	4.20	6.2.2007	6.2.2007 – 16.11.2015	83,333	-	-	-	-	83,333
			6.2.2008	6.2.2008 – 16.11.2015	83,333	-	-	-	-	83,333
			6.2.2009	6.2.2009 – 16.11.2015	83,334	-	-	-	-	83,334
					250,000	-	-	-	-	250,000
<b>Other employees:</b>										
In aggregate	6.2.2006	4.20	6.2.2007	6.2.2007 – 16.11.2015	1,115,351	-	-	-	(10,000)	1,105,351
			6.2.2008	6.2.2008 – 16.11.2015	1,115,351	-	-	-	(10,000)	1,105,351
			6.2.2009	6.2.2009 – 16.11.2015	1,115,350	-	-	-	(10,000)	1,105,350
	29.12.2008	0.87	15.12.2009	15.12.2009 – 16.11.2015	1,500,000	-	-	-	-	1,500,000
			15.12.2010	15.12.2010 – 16.11.2015	1,500,000	-	-	-	-	1,500,000
			15.12.2011	15.12.2011 – 16.11.2015	1,500,000	-	-	-	-	1,500,000
			15.12.2012	15.12.2012 – 16.11.2015	1,500,000	-	-	-	-	1,500,000
			15.12.2013	15.12.2013 – 16.11.2015	1,500,000	-	-	-	-	1,500,000
					10,846,052	-	-	-	(30,000)	10,816,052
Total					11,096,052	-	-	-	(30,000)	11,066,052

### Directors' Interests in Shares and Underlying Shares

As at 30 June 2015, the interests of the directors or chief executive in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

#### Long positions:

##### (1) Shares of the Company

Name of directors	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Shan Huei KUO	Held by controlled corporations ( <i>Note 1</i> )	2,146,346,773	70.52%
Ms. Yi-Mei LIU	Held by controlled corporations ( <i>Note 1</i> )	2,146,346,773	70.52%
Mr. Yuang-Whang LIAO	Beneficial owner ( <i>Note 2</i> )	703,000	0.02%

*Note 1:* The 2,146,346,773 shares were held by Advent Group Limited ("Advent").

Mr. Shan Huei KUO and Ms. Yi-Mei LIU each holds 50% of the equity interest in Magnificent Capital Holding Limited which owns 70% of the issued share capital of Advent. Mr. Shan Huei KUO and Ms. Yi-Mei LIU are husband and wife. Therefore, Mr. Shan Huei KUO and Ms. Yi-Mei LIU are deemed to be interested in the shares of the Company which are owned by Advent.

*Note 2:* Mr. Yuang-Whang LIAO has resigned as non-executive director of the Company with effect from 10 July 2015.

##### (2) Underlying Shares of the Company

The interests of the directors of the Company in the underlying shares of the Company are detailed in "Share Option Scheme" above.

Other than as disclosed above, none of the directors nor chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2015.

### Substantial Shareholders

Other than the interests disclosed above in respect of certain directors and their controlled corporations which are also substantial shareholders of the Company, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no other person as having a notifiable interest or short position in the shares or underlying shares of the Company as at 30 June 2015.

### Independent and Audit Committee Review

The unaudited interim report for the six months ended 30 June 2015 has been reviewed by Ernst & Young, which report is included in this report, and the Company's Audit Committee.



# Report on Review of Condensed Consolidated Financial Statements



Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

安永會計師事務所  
香港中環添美道1號  
中信大廈22樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

## TO THE BOARD OF DIRECTORS OF SAMSON HOLDING LTD.

*(Incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the condensed consolidated financial statements set out on pages 11 to 26, which comprise the condensed consolidated statement of financial position of Samson Holding Ltd. as of 30 June 2015 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

#### Ernst & Young

*Certified Public Accountants*

Hong Kong

24 August 2015

# Condensed Consolidated Income Statement

For the six months ended 30 June 2015

## Six months ended 30 June

	Notes	2015 US\$'000 (Unaudited)	2014 US\$'000 (Unaudited)
REVENUE	4	211,221	193,886
Cost of sales		(157,144)	(141,298)
Gross profit		54,077	52,588
Other income, gains, losses and expenses		8,451	1,402
Distribution costs		(9,761)	(9,646)
Sales and marketing expenses		(20,927)	(18,945)
Administrative expenses		(19,552)	(16,773)
Finance costs		(1,840)	(1,303)
PROFIT BEFORE TAX	5	10,448	7,323
Income tax expense	6	(3,144)	(1,911)
PROFIT FOR THE PERIOD		7,304	5,412
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic (in US cents)		0.240	0.178
– Diluted (in US cents)		0.240	0.178



# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 US\$'000 (Unaudited)	2014 US\$'000 (Unaudited)
PROFIT FOR THE PERIOD	<b>7,304</b>	5,412
OTHER COMPREHENSIVE EXPENSE: <i>Other comprehensive expense to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	<b>(2,656)</b>	(3,891)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>4,648</b>	1,521

# Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	30 June 2015 US\$'000 (Unaudited)	31 December 2014 US\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	125,871	127,786
Investment properties		8,488	8,602
Prepaid land lease payments – non-current portion		10,418	10,785
Goodwill		11,475	11,475
Other intangible assets		1,669	1,669
Cash surrender value of life insurance		570	789
Deferred tax assets		4,415	4,895
Total non-current assets		162,906	166,001
<b>CURRENT ASSETS</b>			
Inventories		125,091	113,554
Trade and other receivables	10	101,048	102,860
Prepaid land lease payments – current portion		313	320
Held-for-trading investments	11	158,436	144,129
Derivative financial instruments		188	68
Pledged bank deposits		6,505	6,863
Short term bank deposits	12	104,385	85,211
Cash and cash equivalents	12	87,090	156,491
Total current assets		583,056	609,496
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	54,090	55,246
Tax payable		8,038	7,020
Derivative financial instruments		9,535	11,997
Interest-bearing bank borrowings	14	196,084	203,907
Total current liabilities		267,747	278,170
<b>NET CURRENT ASSETS</b>		<b>315,309</b>	<b>331,326</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>478,215</b>	<b>497,327</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	14	5,013	5,024
Deferred compensation		465	757
Deferred tax liabilities		3,079	2,978
Total non-current liabilities		8,557	8,759
<b>Net assets</b>		<b>469,658</b>	<b>488,568</b>
<b>EQUITY</b>			
Issued capital	15	152,180	152,180
Reserves		317,478	336,388
<b>Total equity</b>		<b>469,658</b>	<b>488,568</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Issued capital US\$'000	Share premium US\$'000	Capital redemption reserve US\$'000	Share option reserve US\$'000	Merger reserve US\$'000	Statutory reserve US\$'000	Exchange reserve US\$'000	Retained profits US\$'000	Total US\$'000
At 1 January 2015 (audited)	152,180	185,388	1,012	648	1,581	1,174	55,965	90,620	488,568
Profit for the period	-	-	-	-	-	-	-	7,304	7,304
Other comprehensive expense for the period:									
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(2,656)	-	(2,656)
Total comprehensive income for the period	-	-	-	-	-	-	(2,656)	7,304	4,648
Dividend distribution	-	-	-	-	-	-	-	(23,558)	(23,558)
At 30 June 2015 (unaudited)	152,180	185,388	1,012	648	1,581	1,174	53,309	74,366	469,658
At 1 January 2014 (audited)	152,180	185,388	1,012	648	1,581	1,174	58,800	120,239	521,022
Profit for the period	-	-	-	-	-	-	-	5,412	5,412
Other comprehensive expense for the period:									
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(3,891)	-	(3,891)
Total comprehensive income for the period	-	-	-	-	-	-	(3,891)	5,412	1,521
Dividend distribution	-	-	-	-	-	-	-	(23,558)	(23,558)
At 30 June 2014 (unaudited)	152,180	185,388	1,012	648	1,581	1,174	54,909	102,093	498,985

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

## Six months ended 30 June

	2015 US\$'000 (Unaudited)	2014 US\$'000 (Unaudited)
Net cash flows used in operating activities	<b>(18,135)</b>	(24,808)
Release of short term bank deposits	<b>270,189</b>	32,313
Interest received	<b>7,738</b>	6,568
Proceeds from disposal of property, plant and equipment	<b>16</b>	9
Withdrawal of pledged bank deposits	<b>358</b>	6,983
Placement of short term bank deposits	<b>(289,363)</b>	(88,211)
Purchase of property, plant and equipment	<b>(6,157)</b>	(1,418)
Deposits for acquisition of property, plant and equipment	<b>-</b>	(5,683)
Net cash flows used in investing activities	<b>(17,219)</b>	(49,439)
Repayment of bank borrowings	<b>(224,819)</b>	(135,680)
Dividend paid	<b>(23,558)</b>	(23,558)
Interest paid	<b>(1,840)</b>	(1,303)
New bank borrowings raised	<b>216,875</b>	162,425
Net cash flows (used in)/from financing activities	<b>(33,342)</b>	1,884
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(68,696)</b>	(72,363)
Cash and cash equivalents at the beginning of period	<b>156,491</b>	109,941
Effect of foreign exchange rate changes	<b>(705)</b>	(260)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<b>87,090</b>	37,318





# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

## 2. Significant Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA for the first time for the current period’s condensed consolidated financial statements:

Amendments to IAS 19  
*Annual Improvements 2010-2012 Cycle*  
*Annual Improvements 2011-2013 Cycle*

*Defined Benefit Plans: Employee Contributions*  
Amendments to a number of HKFRSs  
Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current period. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

## 3. Segmental Information

For the purposes of resources allocation and performance assessment, the Group’s executive directors review the operating results and financial information on a brand by brand basis. They focus on the operating results of each brand. Each brand constitutes an operating segment of the Group. As each brand shares similar economic characteristics, has similar products, is produced under similar production processes and has a similar target group of customers, the Group’s operating segments are aggregated into a single reportable segment and accordingly no separate segment information is prepared.

Segment profit before tax of US\$23,390,000 (six months ended 30 June 2014: US\$23,998,000) represents the profit before tax earned by the single reportable segment excluding administrative expenses, other income, gains, losses and expenses and finance costs.

## 4. Revenue

Revenue, which is also the Group’s turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

# Notes to the Condensed Consolidated Financial Statements (cont'd)

For the six months ended 30 June 2015

## 5. Profit Before Tax

	Six months ended 30 June	
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
The Group's profit before tax is arrived at after charging/(crediting):		
Write-down/(reversal) of inventories to net realisable value	493	(98)
Depreciation of investment properties	114	117
Depreciation of items of property, plant and equipment	5,903	6,216
Impairment loss of trade receivables	1,149	369
Net gain on derivative financial instruments	(2,979)	(1,737)
Net gain on held-for-trading investments	(3,488)	(4,934)
Loss on disposal of items of property, plant and equipment	1,158	43
Amortisation of prepaid land lease payments	157	160
Bank interest income	(4,638)	(2,200)

## 6. Income Tax Expense

	Six months ended 30 June	
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Tax charge comprises:		
Current tax		
The U.S. income tax		
Current period	1,340	1,700
Elsewhere	1,226	–
Deferred tax	578	211
Total tax charge for the period	3,144	1,911

The U.S. income tax charge comprises federal income tax calculated at 34% (six months ended 30 June 2014: 34%) and state income tax calculated at various rates on the estimated assessable profits of the Company's subsidiaries in the U.S..

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2015 as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2014: Nil).

# Notes to the Condensed Consolidated Financial Statements (cont'd)

For the six months ended 30 June 2015

## 7. Dividends

During the six months ended 30 June 2015, a final dividend of HK\$0.06 per share, amounting to approximately HK\$182,617,000 in aggregate (equivalent to approximately US\$23,558,000 in aggregate), for the year ended 31 December 2014 was paid to the shareholders of the Company.

During the six months ended 30 June 2014, a final dividend of HK\$0.06 per share, amounting to approximately HK\$182,617,000 in aggregate (equivalent to approximately US\$23,558,000 in aggregate), for the year ended 31 December 2013 was paid to the shareholders of the Company.

The Board has resolved that an interim dividend of RMB0.05 (six months ended 30 June 2014: HK\$0.06) per share amounting to approximately RMB152,180,000 in aggregate, equivalent to approximately US\$24,519,000 in aggregate for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately HK\$182,617,000 in aggregate, equivalent to approximately US\$23,557,000 in aggregate) be paid to the shareholders of the Company whose names appeared on the register of members on 15 September 2015.

## 8. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic and diluted earnings per share for the period is based on the following data:

	Six months ended 30 June	
	2015 US\$'000 (Unaudited)	2014 US\$'000 (Unaudited)
Profit for the period and earnings for the purpose of basic and diluted earnings per share	7,304	5,412
	Number of shares	Number of shares
Weighted average number of shares for the purpose of basic earnings per share	3,043,609,773	3,043,609,773
Effect of dilutive potential ordinary shares: Share options	1,282,285	1,227,670
Weighted average number of shares for the purpose of diluted earnings per share	3,044,892,058	3,044,837,443

## 9. Movements in Property, Plant and Equipment

During the period, the Group acquired items of property, plant and equipment of US\$6,157,000 (six months ended 30 June 2014: US\$1,418,000). In addition, the Group disposed of certain items of property, plant and equipment with an aggregate carrying amount of US\$1,174,000 (six months ended 30 June 2014: US\$52,000) for cash proceeds of US\$16,000 (six months ended 30 June 2014: US\$9,000), resulting in a loss on disposal of US\$1,158,000 (six months ended 30 June 2014: US\$43,000).

# Notes to the Condensed Consolidated Financial Statements (cont'd)

For the six months ended 30 June 2015

## 10. Trade and Other Receivables

The Group generally allows an average credit period of 60 days to its trade customers.

The following is an analysis of trade receivables, net of allowance for doubtful debts, by age, presented based on the invoice date:

	<b>30 June 2015 US\$'000 (Unaudited)</b>	31 December 2014 US\$'000 (Audited)
Trade receivables:		
Within 1 month	<b>42,143</b>	41,514
1 to 2 months	<b>24,619</b>	26,289
Over 2 months	<b>14,836</b>	16,674
	<b>81,598</b>	84,477
Other receivables and prepayments	<b>19,450</b>	18,383
	<b>101,048</b>	102,860

## 11. Held-for-trading Investments

	<b>30 June 2015 US\$'000 (Unaudited)</b>	31 December 2014 US\$'000 (Audited)
Debt securities, at fair value:		
Listed in the U.S. with fixed interest:		
– 2.60% to 8.50% and maturity from January 2015 to September 2021	<b>34,497</b>	21,213
Listed in Hong Kong with fixed interest:		
– 1.40% to 6.80% and maturity from May 2015 to September 2024	<b>38,009</b>	34,180
Listed in Singapore with fixed interest:		
– 2.50% to 6.38% and maturity from January 2015 to December 2024	<b>32,020</b>	29,044
Listed in the United Kingdom with fixed interest:		
– 3.20% to 10.18% and maturity from November 2015 to January 2022	<b>8,681</b>	8,892
Listed in other jurisdictions with fixed interest:		
– 2.95% to 9.25% and maturity from February 2015 to February 2041	<b>20,374</b>	25,710
Others	<b>24,855</b>	25,090
	<b>158,436</b>	144,129

The above investments as at 30 June 2015 and 31 December 2014 were classified as held-for-trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

# Notes to the Condensed Consolidated Financial Statements (cont'd)

For the six months ended 30 June 2015

## 12. Short Term Bank Deposits/Cash and Cash Equivalents

At 30 June 2015, cash and cash equivalents are cash and bank balances with an original maturity of three months or less of US\$87,090,000 (31 December 2014: US\$156,491,000).

Included in short term bank deposits are deposits placed in banks of US\$104,385,000 (31 December 2014: US\$85,211,000) with an original maturity of more than three months up to twelve months.

## 13. Trade and Other Payables

The following is an analysis of trade payables by age, presented based on the invoice date:

	<b>30 June 2015 US\$'000 (Unaudited)</b>	31 December 2014 US\$'000 (Audited)
Trade payables:		
Within 1 month	<b>14,613</b>	15,544
1 to 2 months	<b>4,780</b>	3,257
Over 2 months	<b>2,864</b>	2,777
	<b>22,257</b>	21,578
Other payables and accruals	<b>31,833</b>	33,668
	<b>54,090</b>	55,246

## 14. Interest-bearing Bank Borrowings

	30 June 2015			31 December 2014		
	Effective interest rate (%)	Maturity	US\$'000	Effective interest rate (%)	Maturity	US\$'000
<b>Current</b>						
Bank loans – unsecured	<b>0.76 – 0.94</b>	<b>2015</b>	<b>185,877</b>	0.74 – 1.05	2015	203,682
Bank loans – secured	<b>1.66 – 1.88</b>	<b>2016</b>	<b>10,207</b>	1.88	2015	225
			<b>196,084</b>			203,907
<b>Non-current</b>						
Bank loans – secured	<b>1.88</b>	<b>2034</b>	<b>5,013</b>	1.88	2034	5,024
			<b>201,097</b>			208,931

During the period, the Group obtained new bank borrowings amounting to US\$216,875,000 (six months ended 30 June 2014: US\$162,425,000).

# Notes to the Condensed Consolidated Financial Statements (cont'd)

For the six months ended 30 June 2015

## 15. Share Capital

	Number of shares	Nominal value <i>US\$'000</i>
Ordinary shares of US\$0.05 each		
Authorised:		
At 31 December 2014 and 30 June 2015	6,000,000,000	300,000
Issued and fully paid:		
At 31 December 2014 and 30 June 2015	3,043,609,773	152,180

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the current and corresponding periods.

## 16. Capital Commitments

	30 June 2015 <i>US\$'000</i> (Unaudited)	31 December 2014 <i>US\$'000</i> (Audited)
Capital expenditure in respect of acquisition of items of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	519	147

# Notes to the Condensed Consolidated Financial Statements (cont'd)

For the six months ended 30 June 2015

## 17. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### As at 30 June 2015

#### Financial assets

	Financial assets at fair value through profit or loss - held for trading US\$'000	Loans and receivables US\$'000	Total US\$'000
Trade receivables	-	81,598	81,598
Financial assets included in prepayments, deposits and other receivables	-	19,450	19,450
Held-for-trading investments	158,436	-	158,436
Derivative financial instruments	188	-	188
Pledged bank deposits	-	6,505	6,505
Short term bank deposits	-	104,385	104,385
Cash and cash equivalents	-	87,090	87,090
	<b>158,624</b>	<b>299,028</b>	<b>457,652</b>

#### Financial liabilities

	Financial liabilities at fair value through profit or loss - held for trading US\$'000	Financial liabilities at amortised cost US\$'000	Total US\$'000
Trade payables	-	22,257	22,257
Financial liabilities included in other payables and accruals	-	31,833	31,833
Derivative financial instruments	9,535	-	9,535
Interest-bearing bank borrowings	-	201,097	201,097
	<b>9,535</b>	<b>255,187</b>	<b>264,722</b>

# Notes to the Condensed Consolidated Financial Statements (cont'd)

For the six months ended 30 June 2015

## 17. Financial Instruments by Category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

### As at 31 December 2014

#### Financial assets

	Financial assets at fair value through profit or loss - held for trading US\$'000	Loans and receivables US\$'000	Total US\$'000
Trade receivables	–	84,477	84,477
Financial assets included in prepayments, deposits and other receivables	–	18,383	18,383
Held-for-trading investments	144,129	–	144,129
Derivative financial instruments	68	–	68
Pledged bank deposits	–	6,863	6,863
Short term bank deposits	–	85,211	85,211
Cash and cash equivalents	–	156,491	156,491
	144,197	351,425	495,622

#### Financial liabilities

	Financial liabilities at fair value through profit or loss - held for trading US\$'000	Financial liabilities at amortised cost US\$'000	Total US\$'000
Trade payables	–	21,578	21,578
Financial liabilities included in other payables and accruals	–	33,668	33,668
Derivative financial instruments	11,997	–	11,997
Interest-bearing bank borrowings	–	208,931	208,931
	11,997	264,177	276,174



# Notes to the Condensed Consolidated Financial Statements (cont'd)

For the six months ended 30 June 2015

## 18. Fair Value and Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade receivables, trade payables, financial assets included in other receivables and prepayments, financial liabilities included in other payables and accruals and balances with subsidiaries, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of held-for-trading investments are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with BBB credit ratings or higher. Derivative financial instruments, including foreign currency forward contracts, currency structured forward contracts and foreign currency forward options are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of foreign currency forward contracts, currency structured forward contracts and foreign currency forward options are the same as their fair values.

### Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

	Fair value measurement using		
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Total US\$'000
<b>As at 30 June 2015</b>			
Held-for-trading investments	141,852	16,584	158,436
Derivative financial instruments	–	188	188
	<b>141,852</b>	<b>16,772</b>	<b>158,624</b>

# Notes to the Condensed Consolidated Financial Statements (cont'd)

For the six months ended 30 June 2015

## 18. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

### Fair Value Hierarchy (continued)

#### Assets measured at fair value: (continued)

	Fair value measurement using		
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Total US\$'000
As at 31 December 2014			
Held-for-trading investments	127,429	16,700	144,129
Derivative financial instruments	–	68	68
	<u>127,429</u>	<u>16,768</u>	<u>144,197</u>

#### Liabilities measured at fair value:

	Fair value measurement using significant observable inputs (Level 2) US\$'000
<b>As at 30 June 2015</b>	
Derivative financial instruments	<u>9,535</u>
As at 31 December 2014	
Derivative financial instruments	<u>11,997</u>

During the six months ended 30 June 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

# Notes to the Condensed Consolidated Financial Statements (cont'd)

For the six months ended 30 June 2015

## 19. Related Party Transactions

During the period, the Group had the following transaction with a related party:

Name of related company	Nature of transaction	Six months ended 30 June	
		2015 US\$'000 (Unaudited)	2014 US\$'000 (Unaudited)
Samson Global Co., Ltd.	Rental charged to the Group	19	20

The above related company is beneficially owned and jointly controlled by Mr. Shan Huei KUO and Ms. Yi-Mei LIU, both are directors and ultimate controlling parties of the Company.

### Compensation of key management personnel

The remuneration of members of key management personnel during the period was as follows:

	Six months ended 30 June	
	2015 US\$'000 (Unaudited)	2014 US\$'000 (Unaudited)
Short-term benefits	1,001	1,007

The remuneration of directors and key executives was determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

## 20. Approval of the Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 24 August 2015.