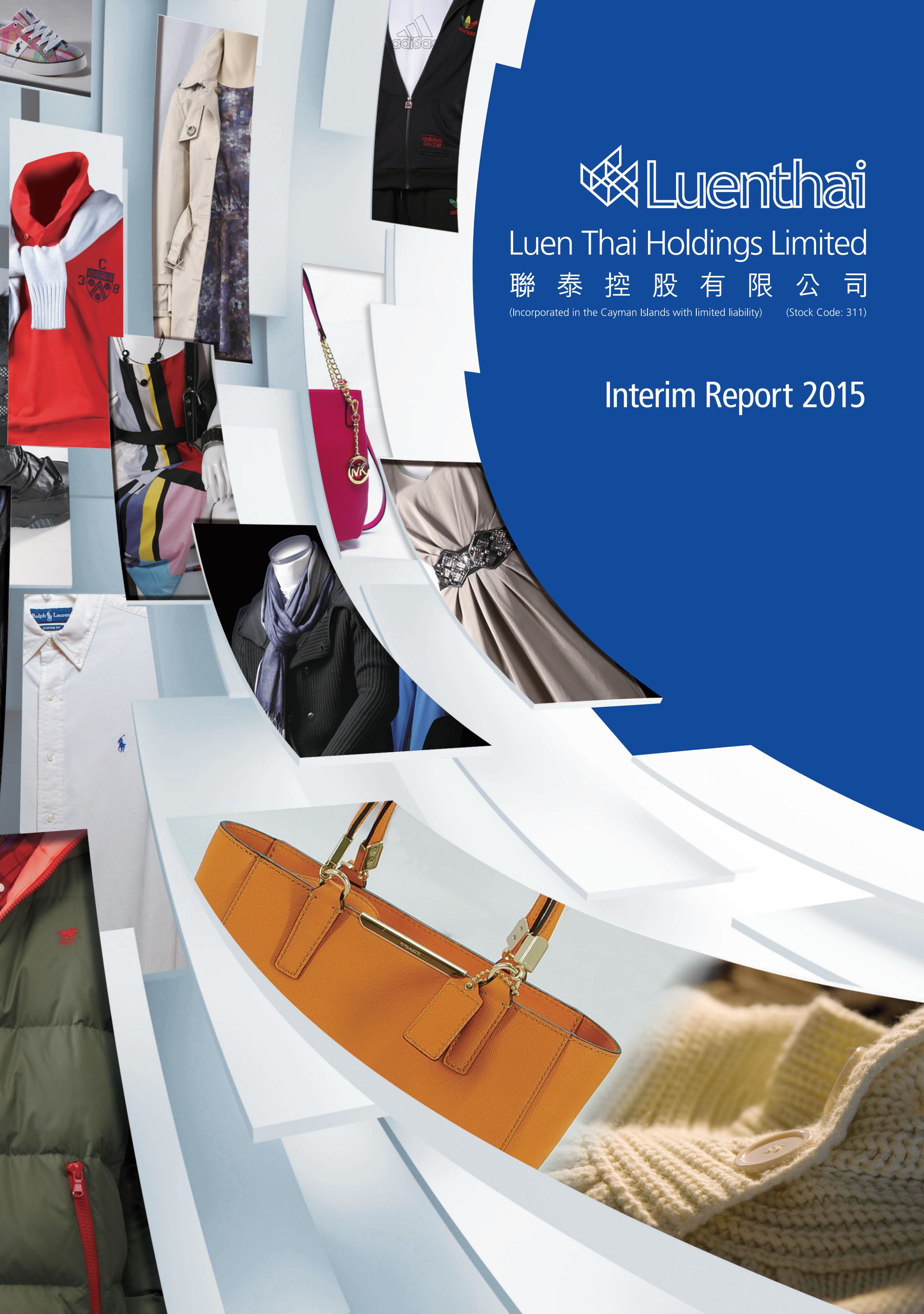
Luenthai

Luen Thai Holdings Limited

聯 泰 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 311)

Interim Report 2015



CONTENTS

EXECUTIVE DIRECTORS

TAN Siu Lin, *Chairman*
TAN Henry, *Chief Executive Officer*
TAN Cho Lung Raymond
MOK Siu Wan Anne

NON-EXECUTIVE DIRECTORS

TAN Willie
LU Chin Chu

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN Henry
CHEUNG Siu Kee
SEING Nea Yie

CHIEF FINANCIAL OFFICER

TAN Sunny

COMPANY SECRETARY

CHIU Chi Cheung

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF LUEN THAI HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 3 to 34, which comprises the interim condensed consolidated statement of financial position of Luen Thai Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related interim condensed consolidated statement of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The 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" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion 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 interim financial information 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 interim financial statements is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 August 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
ASSETS			
Non-current assets			
Leasehold land and land use rights	8	**11,050**	11,205
Property, plant and equipment	8	**108,091**	111,344
Investment properties	8	**6,517**	6,827
Intangible assets	8	**48,812**	50,110
Interest in an associated company		**399**	432
Interests in joint ventures	13	**14,087**	12,847
Amount due from a joint venture	24(c)	**7,857**	7,601
Deferred income tax assets		**1,141**	1,130
Other non-current assets		**7,178**	6,785
Total non-current assets		**205,132**	208,281
Current assets			
Inventories	9	**117,535**	110,270
Trade and other receivables	10	**231,807**	229,323
Prepaid income tax		**6,072**	5,413
Derivative financial instruments		**—**	183
Cash and bank balances		**150,573**	217,547
Total current assets		**505,987**	562,736
Total assets		**711,119**	771,017
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	**10,341**	10,341
Other reserves	12	**132,405**	135,752
Retained earnings		**235,224**	234,402
		377,970	380,495
Non-controlling interests		**1,628**	2,312
Total equity		**379,598**	382,807

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2015

	Note	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	15	**2,882**	3,330
Other payables	16	**1,593**	—
Retirement benefit obligations		**9,940**	9,189
Deferred income tax liabilities		**5,585**	5,704
Total non-current liabilities		**20,000**	18,223
Current liabilities			
Trade and other payables	16	**216,146**	220,212
Borrowings	15	**89,142**	141,853
Derivative financial instruments		**170**	126
Current income tax liabilities		**6,063**	7,796
Total current liabilities		**311,521**	369,987
Total liabilities		**331,521**	388,210
Total equity and liabilities		**711,119**	771,017
Net current assets		**194,466**	192,749
Total assets less current liabilities		**399,598**	401,030

The notes on pages 9 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2015

	Note	Six months ended 30 June **2015** **US$'000** **(Unaudited)**	 2014 US$'000 (Unaudited)
Revenue	6	**522,045**	561,088
Cost of sales		**(443,143)**	(458,822)
Gross profit		**78,902**	102,266
Other gains/(losses), net	17	**147**	(671)
Selling and distribution expenses		**(1,703)**	(1,875)
General and administrative expenses		**(67,785)**	(79,677)
Operating profit	18	**9,561**	20,043
Finance income	19	**1,590**	2,262
Finance costs	19	**(1,138)**	(1,545)
Finance income, net	19	**452**	717
Share of (loss)/gain of an associated company		**(7)**	25
Share of losses of joint ventures		**(1,043)**	(1,145)
Profit before income tax		**8,963**	19,640
Income tax expense	20	**(1,204)**	(3,045)
Profit for the period		**7,759**	16,595
Profit attributable to:			
Owners of the Company		**7,358**	16,410
Non-controlling interests		**401**	185
		7,759	16,595
Earnings per share attributable to owners of the Company, expressed in US cents per share			
— Basic and diluted	21	**0.71**	1.59

The notes on pages 9 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Profit for the period	**7,759**	16,595
Other comprehensive income/(loss)		
Item that may be reclassified to profit or loss:		
Currency translation differences	**478**	(1,858)
Total comprehensive income for the period	**8,237**	14,737
Total comprehensive income for the period attributable to:		
— Owners of the Company	**7,842**	14,549
— Non-controlling interests	**395**	188
	8,237	14,737

The notes on pages 9 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2015

	Unaudited						
	Attributable to owners of the Company						
	Share capital US$'000	Share premium US$'000	Other reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2015	**10,341**	**124,039**	**11,713**	**234,402**	**380,495**	**2,312**	**382,807**
Profit for the period	**–**	**–**	**–**	**7,358**	**7,358**	**401**	**7,759**
Other comprehensive income/(loss):							
Currency translation differences	**–**	**–**	**484**	**–**	**484**	**(6)**	**478**
Total comprehensive income for the period ended 30 June 2015	**–**	**–**	**484**	**7,358**	**7,842**	**395**	**8,237**
Total transactions with owners of the Company, recognized directly within equity							
Acquisition of additional interest in a subsidiary *(Note 14)*	**–**	**–**	**(3,831)**	**–**	**(3,831)**	**(1,079)**	**(4,910)**
Dividends paid	**–**	**–**	**–**	**(6,536)**	**(6,536)**	**–**	**(6,536)**
Total transactions with owners of the Company	**–**	**–**	**(3,831)**	**(6,536)**	**(10,367)**	**(1,079)**	**(11,446)**
Balance at 30 June 2015	**10,341**	**124,039**	**8,366**	**235,224**	**377,970**	**1,628**	**379,598**
Balance at 1 January 2014	10,341	124,039	15,210	226,778	376,368	8,986	385,354
Profit for the period	–	–	–	16,410	16,410	185	16,595
Other comprehensive (loss)/income:							
Currency translation differences	–	–	(1,861)	–	(1,861)	3	(1,858)
Total comprehensive (loss)/income for the period ended 30 June 2014	–	–	(1,861)	16,410	14,549	188	14,737
Total transactions with owners of the Company, recognized directly within equity							
Dividends paid	–	–	–	(9,027)	(9,027)	–	(9,027)
Total transactions with owners of the Company	–	–	–	(9,027)	(9,027)	–	(9,027)
Balance at 30 June 2014	10,341	124,039	13,349	234,161	381,890	9,174	391,064

The notes on pages 9 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2015

	Note	Six months ended 30 June 2015 US$'000 (Unaudited)	2014 US$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from/(used in) operations		**8,320**	(1,712)
Interest paid	19	**(1,138)**	(1,545)
Income tax paid		**(3,726)**	(1,594)
Net cash generated from/(used in) operating activities		**3,456**	(4,851)
Cash flows from investing activities			
Purchases of property, plant and equipment	8	**(6,423)**	(7,563)
Decrease in bank deposits maturing beyond 3 months		**2,790**	3,029
Proceeds from disposals of property, plant and equipment		**336**	688
Acquisition of additional interest in a subsidiary	14	**(2,500)**	—
Investment in a joint venture	13	**(2,548)**	(9,000)
Interest received	19	**649**	949
(Increase)/decrease in other non-current assets		**(393)**	1,699
Net cash used in investing activities		**(8,089)**	(10,198)
Net cash used before financing activities		**(4,633)**	(15,049)
Cash flows from financing activities			
Net (decrease)/increase in borrowing		**(52,896)**	11,167
Repayment of borrowings		**—**	(16,322)
Dividends paid to the Company's shareholders		**(6,536)**	(9,027)
Repayment of finance lease		**—**	(111)
Net cash used in financing activities		**(59,432)**	(14,293)
Net decrease in cash, cash equivalents and bank overdrafts		**(64,065)**	(29,342)
Cash, cash equivalents and bank overdrafts at beginning of the period		**214,494**	226,272
Effect of foreign exchange rate change		**144**	469
Cash, cash equivalents and bank overdrafts at end of the period		**150,573**	197,399

The notes on pages 9 to 34 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Luen Thai Holdings Limited (the "Company") is principally an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the manufacturing and trading of apparels and accessories, the provision of freight forwarding and logistics services and real estate development. The Group has manufacturing plants in the People's Republic of China ("the PRC"), Cambodia, the Philippines, Vietnam and Indonesia.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands and 5/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in United States dollars ("US$"), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 25 August 2015.

This condensed consolidated interim financial information has been reviewed, not audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual statements.

3 ACCOUNTING POLICIES (CONTINUED)

New and amended standards relevant to and adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2015:

- Amendment to HKAS 19 (2011) 'Employee benefits'
- Annual improvements 2010–2012 cycle
- Annual improvements 2011–2013 cycle

The adoption of the above new or amended standards or interpretations did not have a material impact on the Group's condensed consolidated interim financial information.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other new or amended standards or interpretations that are effective for the first time for this interim period and are relevant to the Group.

The Group has not adopted any new or amended standards or interpretations that are not yet effective for this interim period.

4 ESTIMATES

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management policies since year end.

5.2 Fair value estimation

The table below analyzes the Group's financial assets/(liabilities) that are carried at fair value, by valuation method, as at 30 June 2015 and 31 December 2014. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3)

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As at 30 June 2015				
Liabilities				
Derivative financial instruments	–	(170)	–	(170)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Fair value estimation (Continued)

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As at 31 December 2014				
Assets				
Derivative financial instruments	—	183	—	183
Liabilities				
Derivative financial instruments	—	(126)	—	(126)

There were no changes in valuation techniques during the period.

5.3 Valuation technique used to derive Level 2 fair values

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. Forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

5.4 Fair value of financial assets and liabilities measured at amortized cost

The fair values of the trade and other receivables, cash and bank balances, borrowings, and trade and other payables as at 30 June 2015 approximate their carrying amounts.

5.5 Liquidity risk

Compared to year end, there have been no material changes to the policies and practices for the Group's liquidity and funding risks management as described in the annual financial statements for the year ended 31 December 2014.

6 SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of apparels and accessories, the provision of freight forwarding and logistics services and real estate development. Revenue consists of sales revenue from casual and fashion apparel, life-style apparel, sweaters, accessories and income from the provision of freight forwarding and logistics services.

The Executive Directors have been identified as the Group's chief operating decision maker. The Executive Directors have determined the operating segments based on the information reviewed by them that are used to make strategic decisions.

Management considers the business from a product perspective whereby management assesses the performance of casual and fashion apparel, life-style apparel, sweaters, accessories, freight forwarding and logistics services and real estate development.

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2015 and 2014 is as follows:

	Casual and fashion apparel US$'000 (Unaudited)	Life-style apparel US$'000 (Unaudited)	Sweaters US$'000 (Unaudited)	Accessories US$'000 (Unaudited)	Freight forwarding/ logistics services US$'000 (Unaudited)	Real estate US$'000 (Unaudited)	Total Group US$'000 (Unaudited)
Six months ended 30 June 2015							
Total segment revenue	**452,393**	**32,665**	**32,855**	**171,722**	**11,384**	**–**	**701,019**
Inter-segment revenue	**(138,118)**	**(1,640)**	**(600)**	**(38,243)**	**(373)**	**–**	**(178,974)**
Revenue (from external customers)	**314,275**	**31,025**	**32,255**	**133,479**	**11,011**	**–**	**522,045**
Segment profit/(loss) for the period	**6,098**	**1,406**	**(1,778)**	**5,806**	**1,485**	**592**	**13,609**
Profit/(loss) for the period includes:							
Reversal of provision for claims on materials	**–**	**2,641**	**–**	**–**	**–**	**–**	**2,641**
Depreciation and amortization *(Note 8)*	**(6,457)**	**(119)**	**(1,138)**	**(2,337)**	**(456)**	**–**	**(10,507)**
Share of loss of an associated company	**–**	**–**	**–**	**–**	**(7)**	**–**	**(7)**
Share of losses of joint ventures	**(614)**	**–**	**–**	**–**	**–**	**(429)**	**(1,043)**
Income tax expense *(Note 20)*	**(685)**	**(100)**	**(269)**	**(5)**	**(145)**	**–**	**(1,204)**

6 SEGMENT INFORMATION (CONTINUED)

	Casual and fashion apparel US$'000 (Unaudited)	Life-style apparel US$'000 (Unaudited)	Sweaters US$'000 (Unaudited)	Accessories US$'000 (Unaudited)	Freight forwarding/ logistics services US$'000 (Unaudited)	Real estate US$'000 (Unaudited)	Total Group US$'000 (Unaudited)
Six months ended 30 June 2014							
Total segment revenue	455,235	50,721	33,876	187,867	9,958	–	737,657
Inter-segment revenue	(138,760)	(246)	(2,160)	(35,184)	(219)	–	(176,569)
Revenue (from external customers)	316,475	50,475	31,716	152,683	9,739	–	561,088
Segment profit/(loss) for the period	15,326	869	(1,941)	7,359	899	(968)	21,544
Profit/(loss) for the period includes:							
Depreciation and amortization *(Note 8)*	(7,155)	(772)	(1,040)	(3,058)	(483)	–	(12,508)
Share of profit of an associated company	–	–	–	–	25	–	25
Share of losses of joint ventures	(107)	–	–	–	–	(1,038)	(1,145)
Income tax expense *(Note 20)*	(2,408)	(92)	(225)	(211)	(109)	–	(3,045)

Revenues between segments are carried out in accordance with the terms mutually agreed between the respective parties and are equivalent to those that prevail in arm's length transactions. The revenue from external parties is derived from numerous external customers and the revenue reported to management is measured in a manner consistent with that in the condensed consolidated income statement. Management assesses the performance of the operating segments based on a measure of profit before corporate expenses for the period.

6 SEGMENT INFORMATION (CONTINUED)

A reconciliation of total segment profit to the profit for the period is provided as follows:

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Segment profit for the period	**13,609**	21,544
Unallocated corporate expenses *(Note)*	**(5,850)**	(4,949)
Profit for the period	**7,759**	16,595

Note:

Corporate expenses represent general corporate expenses such as executive salaries and other unallocated general and administrative expenses.

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Analysis of revenue by category		
Sales of garment, textile products and accessories	**508,219**	548,081
Freight forwarding and logistics service fee	**11,011**	9,739
Rental income	**621**	524
Others service revenue	**2,194**	2,744
Total revenue	**522,045**	561,088

7 SEASONALITY OF OPERATIONS

The sales for sweaters are subject to seasonal fluctuations, with peak demand in the second half of the year which is due to seasonal weather conditions. During the year ended 31 December 2014, 30% of revenues accumulated in the first half of the year (2013: 32%), with 70% accumulating in the second half of the year (2013: 68%).

8 LEASEHOLD LAND AND LAND USE RIGHTS, PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

	Intangible assets						
	Goodwill US$'000 (Unaudited)	Customer relationship US$'000 (Unaudited)	Total intangible assets US$'000 (Unaudited)	Investment properties US$'000 (Unaudited)	Property, plant and equipment US$'000 (Unaudited)	Leasehold land and land use rights US$'000 (Unaudited)	Total US$'000 (Unaudited)
Six months ended 30 June 2015							
Opening net book amount as at 1 January 2015	35,968	14,142	50,110	6,827	111,344	11,205	179,486
Additions	–	–	–	–	6,423	–	6,423
Disposals and write-off	–	–	–	–	(1,260)	–	(1,260)
Depreciation and amortization	–	(1,298)	(1,298)	(320)	(8,725)	(164)	(10,507)
Exchange differences	–	–	–	10	309	9	328
Closing net book amount as at 30 June 2015	35,968	12,844	48,812	6,517	108,091	11,050	174,470

8 LEASEHOLD LAND AND LAND USE RIGHTS, PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS (CONTINUED)

	Intangible assets						
	Goodwill US$'000 (Unaudited)	Customer relationship US$'000 (Unaudited)	Total intangible assets US$'000 (Unaudited)	Investment properties US$'000 (Unaudited)	Property, plant and equipment US$'000 (Unaudited)	Leasehold land and land use rights US$'000 (Unaudited)	Total US$'000 (Unaudited)
Six months ended 30 June 2014							
Opening net book amount as at 1 January 2014	46,050	29,287	75,337	–	127,813	11,809	214,959
Additions	–	–	–	–	7,563	–	7,563
Disposals and write-off	–	–	–	–	(692)	–	(692)
Depreciation and amortization	–	(2,134)	(2,134)	–	(10,208)	(166)	(12,508)
Exchange differences	–	–	–	–	(1,476)	(117)	(1,593)
Closing net book amount as at 30 June 2014	46,050	27,153	73,203	–	123,000	11,526	207,729

9 INVENTORIES

	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
Raw materials	**54,731**	48,731
Work in progress	**50,377**	45,313
Finished goods	**12,427**	16,226
	117,535	110,270

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
Trade and bills receivable, net	**181,581**	178,813
Deposits, prepayments and other receivables	**25,660**	26,164
Amounts due from related companies *(Note 24(c))*	**2,181**	3,125
Amounts due from joint ventures *(Note 24(c))*	**22,385**	21,221
	231,807	229,323

	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
Trade and bills receivable	**184,135**	181,360
Less: provision for impairment of trade and bills receivable	**(2,554)**	(2,547)
Trade and bills receivable, net	**181,581**	178,813

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group normally grants credit terms to its customers up to 120 days. The ageing analysis by due date of trade and bill receivables net of provision for impairment is as follows:

	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
Current	**134,146**	146,092
1 to 30 days	**25,441**	20,829
31 to 60 days	**10,892**	6,746
61 to 90 days	**4,765**	1,479
91 to 120 days	**573**	1,589
Over 120 days	**5,764**	2,078
Amounts past due but not impaired	**47,435**	32,721
	181,581	178,813

The impairment provision was approximately US$2,554,000 as at 30 June 2015 (31 December 2014: US$2,547,000). The provision made during the period has been included in general and administrative expenses in the condensed consolidated income statement.

Except for an amount due from a joint venture of US$20,994,000 (31 December 2014: US$19,967,000) which is non-trade in nature and interest-bearing (note 24(c)), amounts due from related parties and joint ventures are unsecured, interest-free, repayable on demand and of trade in nature. They are neither past due nor impaired and have no past default history.

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group normally grants credit terms to the related parties up to 30 days. The ageing analysis by due date of amounts due from related parties and joint ventures is as follows:

	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
Current	**3,572**	4,379

11 SHARE CAPITAL

	Number of shares '000 (Unaudited)	**Nominal value US$'000 (Unaudited)**
Authorized — ordinary shares of US$0.01 each		
As at 31 December 2014 and 30 June 2015	1,500,000	15,000
Issued and fully paid — ordinary shares of US$0.01 each		
As at 31 December 2014 and 30 June 2015	1,034,113	10,341

Share option

Compared to year end, there has been no change in the status of the Group's share option scheme. As at 30 June 2015 and 31 December 2014, there is no outstanding share option under the share option scheme. No share options have been granted or vested during the period ended 30 June 2015.

12 OTHER RESERVES

	Share premium US$'000 (Unaudited)	Capital reserve (Note (i)) US$'000 (Unaudited)	Other capital reserves (Note (ii)) US$'000 (Unaudited)	Employment benefit reserve US$'000 (Unaudited)	Exchange reserve US$'000 (Unaudited)	Total US$'000 (Unaudited)
As at 1 January 2015	**124,039**	**11,722**	**(4,799)**	**(717)**	**5,507**	**135,752**
Acquisition of additional interest in a subsidiary *(Note 14)*	**–**	**–**	**(3,831)**	**–**	**–**	**(3,831)**
Currency translation differences	**–**	**–**	**–**	**–**	**484**	**484**
As at 30 June 2015	**124,039**	**11,722**	**(8,630)**	**(717)**	**5,991**	**132,405**
As at 1 January 2014	124,039	11,722	(4,799)	698	7,589	139,249
Currency translation differences	–	–	–	–	(1,861)	(1,861)
As at 30 June 2014	124,039	11,722	(4,799)	698	5,728	137,388

Notes:

(i) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Initial Public Offerings ("IPO") reorganization and the nominal value of the Company's shares issued in exchange thereof.

(ii) Other capital reserves primarily represent (i) the initial recognition of the financial liabilities in relation to the put options granted to the minority shareholders and the subsequent derecognition of such financial liabilities upon the put options are exercised, expired or terminated; and (ii) the difference between the amount by which the non-controlling interests are acquired and the fair value of the consideration paid.

13 INTERESTS IN JOINT VENTURES

	Six months ended 30 June 2015 US$'000 (Unaudited)
Beginning of the period	12,847
Addition *(Note (a))*	2,548
Elimination of intercompany transactions	(297)
Share of post-tax losses of joint ventures	(1,043)
Share of exchange reserve	32
End of the period	14,087

Note (a):

On 10 February 2015, the Group entered into a subscription agreement with Duc Hanh Garment Joint Stock Company ("DHG"), pursuant to which DHG had allotted and issued and the Group had subscribed for 3,122,450 common shares for a consideration of Vietnam Dong ("VND") 54,299 million (equivalent to approximately US$2.5 million). DHG is incorporated under the laws of Vietnam and principally engaged in the manufacturing of garments and accessories. The transaction was completed on 16 June 2015. Upon completion, the Group held 51% of the total issued capital of DHG.

14 TRANSACTION WITH NON-CONTROLLING INTERESTS

Acquisition of additional interest in a subsidiary — On Time

On 15 June 2015, The Group acquired the remaining 40% of the issued shares of On Time International Limited and its subsidiaries (together, the "On Time") for a consideration of US$5,000,000. On Time after the transaction became a wholly-owned subsidiaries of the Group. The payment terms as at the date of acquisition are shown in the table below:

	US$'000 (Unaudited)
Consideration paid on 15 June 2015	2,500
Consideration payable on	
15 June 2016	817
15 June 2017	805
15 June 2018	788
Total cash consideration as at the date of acquisition	4,910

Upon the date of acquisition, the Group derecognized the non-controlling interests of On Time amounting to US$1,079,000 and the difference between the consideration of US$4,910,000 (after the discounting effect) and the carrying amount of the non-controlling interests of US$3,831,000 was recorded in the equity attributable to the owners of the Company.

The total consideration payable has been presented on the consolidated statement of financial position as follows:

	As at 30 June 2015 US$'000 (Unaudited)
Total consideration payable	
Current	817
Non-current *(Note 16)*	1,593
	2,410

15 BORROWINGS

	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
Non-current		
Bank borrowings	**2,882**	3,330
	2,882	3,330
Current		
Bank overdrafts	**–**	263
Trust receipt bank loans	**36,133**	40,876
Portion of bank borrowings due for repayment within one year	**14,259**	55,695
Portion of bank borrowings due for repayment after one year which contain a repayment on demand clause	**38,750**	45,019
	89,142	141,853
Total borrowings	**92,024**	145,183

16 TRADE AND OTHER PAYABLES

	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
Trade and bills payable	**98,399**	103,907
Other payables and accruals	**117,030**	113,519
Amounts due to related companies *(Note 24(c))*	**2,205**	2,730
Amount due to an associated company *(Note 24(c))*	**54**	—
Amounts due to joint ventures *(Note 24(c))*	**51**	56
	217,739	220,212
Less: non-current *(Note 14)*	**(1,593)**	—
Trade and other payables, current	**216,146**	220,212

As at 30 June 2015 and 31 December 2014, the ageing analysis of the trade and bills payable based on the invoice date is as follows:

	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
0 to 30 days	**89,425**	94,357
31 to 60 days	**5,340**	6,737
61 to 90 days	**1,129**	2,199
Over 90 days	**2,505**	614
	98,399	103,907

17 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Net unrealized gains on forward foreign exchange contracts	**11**	8
Net realized gains on forward foreign exchange contracts	**471**	149
Net foreign exchange losses	**(335)**	(828)
	147	(671)

18 OPERATING PROFIT

The following items have been charged/(credited) to the operating profit during the period:

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Amortization of leasehold land and land use rights *(Note 8)*	**164**	166
Amortization of intangible assets *(Note 8)*	**1,298**	2,134
Depreciation of property, plant and equipment *(Note 8)*	**8,725**	10,208
Depreciation of investment properties *(Note 8)*	**320**	—
Loss/(gain) on disposals of property, plant and equipment	**924**	(109)
Provision for impairment of receivables	**84**	299
Provision for inventory obsolescence	**465**	32
Reversal of provision for claims on materials	**(2,641)**	—

19 FINANCE INCOME, NET

	Six months ended 30 June 2015 US$'000 (Unaudited)	2014 US$'000 (Unaudited)
Interest expense on bank loans and overdrafts	**(1,138)**	(1,545)
Finance costs	**(1,138)**	(1,545)
Interest income from bank deposits	**649**	949
Effective interest income from amount due from a joint venture	**941**	1,313
Finance income	**1,590**	2,262
Finance income, net	**452**	717

20 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 June 2015 US$'000 (Unaudited)	2014 US$'000 (Unaudited)
Current income tax	**1,334**	2,357
Deferred income tax (credit)/charge	**(130)**	688
	1,204	3,045

20 INCOME TAX EXPENSE (CONTINUED)

Same as last year end, the Inland Revenue Department ("IRD") has been reviewing the 50:50 offshore claim made by a subsidiary of the Group since the years of assessment 2000/01 to 2011/12 and 100% offshore profits claim in 2012/13 and 2013/14. In prior years, the IRD tentatively disallowed the 50:50 offshore claim or 100% offshore profits claim and issued notices of additional assessments/assessments for the years of assessment 2000/01 to 2012/13. The Group has lodged an objection on the assessments and the objection case is being reviewed by the IRD.

The Group has thoroughly revisited the situations and concluded that even though the IRD may eventually deny the 50:50 offshore profits claim, the Group should have grounds to argue that its entire profits are not subject to Hong Kong Profits Tax on the basis that its manufacturing and trading activities including negotiation and conclusion of sale orders, sourcing of raw materials and arrangement of production of goods were wholly carried out outside Hong Kong and hence, the related profits should be regarded as wholly offshore sourced and non-taxable.

As at 30 June 2015 and 31 December 2014, the Group has paid an amount of US$3,686,000 in the form of Tax Reserve Certificate in prior periods for the case above, all of which have been included in prepaid income tax in the condensed consolidated statement of financial position as at 30 June 2015 and the Group considers that sufficient tax provision has been made in the interim financial information.

21 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

(a) Basic

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	**7,358**	16,410
Weighted average number of ordinary shares in issue (thousands)	**1,034,113**	1,034,113
Basic earnings per share (US cents per share)	**0.71**	1.59

(b) Diluted

Diluted earnings per share for the six months ended 30 June 2015 and 2014 is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the periods.

22 DIVIDENDS

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interim dividend — US0.213 cent or equivalent to HK1.65 cents (2014: US0.476 cent) per ordinary share	**2,203**	4,922

The interim dividend of US0.213 cent per share (2014: US0.476 cent per share) was declared by the Board of Directors on 25 August 2015. This condensed consolidated interim financial information does not reflect this dividend payable.

23 COMMITMENTS

(a) Capital commitments

	As at 30 June 2015	As at 31 December 2014
	US$'000	US$'000
	(Unaudited)	(Audited)
Authorized but not contracted for — Property, plant and equipment	**146**	380
Contracted but not provided for — Property, plant and equipment	**1,243**	264

23 COMMITMENTS (CONTINUED)

(b) Operating lease commitments — Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
Land and buildings		
— Not later than 1 year	**4,148**	4,405
— Later than 1 year and no later than 5 years	**11,279**	11,967
— Later than 5 years	**2,164**	2,336
	17,591	18,708
Property, plant and equipment		
— Not later than 1 year	**47**	107
— Later than 1 year and no later than 5 years	**65**	75
	112	182

23 COMMITMENTS (CONTINUED)

(c) Operating lease commitments — Group as lessor

The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	As at 30 June 2015 US$'000 (Unaudited)	As at 31 December 2014 US$'000 (Audited)
Land and buildings		
— Not later than 1 year	**1,394**	1,278
— Later than 1 year and no later than 5 years	**5,344**	5,440
— Later than 5 years	**1,135**	1,289
	7,873	8,007

24 RELATED-PARTY TRANSACTIONS

(a) Significant transactions with related parties

Capital Glory Limited, a company incorporated in the British Virgin Islands, owns 59.4% interest in the Company's equity. The Directors regard the ultimate holding company of the Company to be Helmsley Enterprises Limited, a company incorporated in Bahamas. The ultimate controlling party of the Group is Dr. Tan Siu Lin and his close family members.

During the period, other than the transactions and balances with related parties as disclosed in respective notes in this condensed consolidated interim financial information, the Group had the following transactions with related companies, an associated company and joint ventures. Related companies are companies which are beneficially owned, or controlled, by Dr. Tan Siu Lin, Dr. Tan Henry and Mr. Tan Cho Lung, Raymond, Executive Directors of the Company, individually, jointly or collectively, or together with their close family members (collectively referred to as the "Tan's Family").

24 RELATED-PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties (Continued)

(i) Provision of goods and services

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Commission income from a joint venture	**2,080**	724
Service income from joint ventures	**65**	1,023
Recharge of material costs and other expenses to		
— related companies	**733**	721
— joint ventures	**1,554**	385
	2,287	1,106

(ii) Purchases of goods and services

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Professional and technological support service fees to related companies	**1,357**	1,113
Subcontracting fee charged by joint ventures	**3,111**	1,056
Recharge of material costs and other expenses from		
— related companies	**308**	418
— joint ventures	**4,757**	239
	5,065	657

The above related-party transactions were carried out in accordance with the terms mutually agreed between the respective parties.

24 RELATED-PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Salaries and allowances	**4,292**	3,932
Others	**353**	341
	4,645	4,273

(c) Amounts due from/(to) related companies, an associated company and joint ventures

As at 30 June 2015, the outstanding balances with the related companies and an associated company are unsecured, non-interest bearing and repayable on demand.

As at 30 June 2015, the amounts due from joint ventures of US$30,242,000 (31 December 2014: US$28,822,000) is unsecured, non-interest bearing and repayable on demand, except that an amount due from a joint venture of US$20,994,000 (31 December 2014: US$19,967,000) (note 10) is interest bearing. The non-current balance of US$7,857,000 (31 December 2014: US$7,601,000) is unsecured, non-interest bearing and repayable after twelve months.

The credit quality of these receivable balances that are neither past due nor impaired can be assessed by reference to historical information about counter party default rates. None of them have defaults and been renegotiated in the past.

(d) In accordance with the deed of the indemnity dated 27 June 2004 in connection with the group reorganization in contemplation of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, any claims, actions, losses, damages, tax and charges against the Group in relation to periods prior to July 2004 would, subject to the terms contained in the deed, be indemnified and reimbursed by certain of the then shareholders of the Company.

25 CONTINGENT LIABILITIES AND LITIGATION

As at 30 June 2015 and 31 December 2014, the Group had no material contingent liabilities.

The board (the "Board") of directors (the "Directors") of Luen Thai Holdings Limited (the "Company") is pleased to present the interim report together with the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the "Group" or "Luen Thai") for the six months ended 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations and Overview

For the six-month period ended 30 June 2015, the Group recorded a revenue of approximately US$522,045,000, representing a decrease of approximately 7.0% over the same period last year. Due to the unsatisfactory performance of the Casual and Fashion Apparel Division, the profit attributable to owners of the Company for the period under review decreased significantly by approximately 55.2% to approximately US$7,358,000.

Segmental Review

Apparel and Accessories businesses continued to be the main sources of the Group's revenue for the six months ended 30 June 2015, which accounted for approximately 72.3% and 25.6% respectively of the Group's total revenue for the period under review.

Apparel Supply Chain Management Services

The Casual and Fashion Apparel Division generated a segment profit of approximately US$6,098,000 which decreased by approximately US$9,228,000 when compared with the last corresponding period. Such decrease in the segment profit was primarily attributable to (1) the unsatisfactory performance of Ocean Sky Global (S) Pte. Ltd. and its subsidiaries (collectively, the "Ocean Sky Group") within the Group due to the revamping of their factory operation and redeployment of employees in Cambodia, resulting in a drop in the gross margin and hence the net profit under the Casual and Fashion Apparel Division of the Group; and (2) the orders placed by a major Japanese customer in the first half of 2015 have reduced more than what the Company originally expected and thus affecting the gross margin and net profit under the Casual and Fashion Apparel Division of the Group.

During the period under review, the net profit of the Life-style Apparel Division increased by 61.8% to approximately US$1,406,000.

The Sweaters Division has reported a loss of approximately US$1,778,000 in the first half of 2015 due primarily to the seasonal nature of its business. After the restoration of level loading and efficiency of one of the factories under the Division, the loss for the period decreased by approximately 8.4% as compared to the same period last year.

Accessories Supply Chain Management Services

For the first half of 2015, the Accessories Division has reported segment profit of approximately US$5,806,000, representing a decrease of approximately US$1,553,000 when compared to the same period last year. As a result of the increasing costs in China, there was a drop in luxury bag orders in our China factory which caused the drop in the segment profit of the Accessories Division in the first half of 2015.

Real Estate

Real Estate Division represents our real estate project jointly operated with Sunshine 100 Real Estate Group Co., Limited ("Sunshine 100") in Qingyuan, China (the "Qingyuan Project"). The major source of income of Real Estate Division is the interest income accrued from the consideration receivable arisen from the disposal of the real estate project in Qingyuan to Sunshine 100. As the operating loss of the joint venture with Sunshine 100 reduced in the first half of 2015, the division reported a segment profit of approximately US$592,000 as compared to a loss of US$968,000 for the same period last year.

The site of the Qingyuan Project is close to the Guangzhou-Qingyuan Light Rail system ("Light Rail System") which is currently under construction and expected to be operational in late 2017. This Light Rail System will connect Qingyuan with the Guangzhou Metro, which will enable the people working in Guangzhou to live in Qingyuan as their primary home. The Board believes that the convenient locations of the Qingyuan Project could bring in desirable return to the Group in the foreseeable future.

Logistics

The Group's freight forwarding and logistics services recorded a segment profit of approximately US$1,485,000 for the period under review, representing an increase of approximately US$586,000 over the same period in 2014.

Markets

Geographically, Europe and the USA remained our key export markets for the period under review despite the economic downturn in Europe. The total revenue derived from customers in Europe and the USA collectively accounted for approximately 74.3% of the Group's total revenue in the first half of 2015.

The Group's revenue from the Asia market (mainly the PRC and Japan) slightly decreased from approximately US$91,848,000 to approximately US$90,803,000 which accounted for approximately 17.4% of the Group's total revenue in the first half of 2015.

Acquisitions and Joint Ventures

It has been one of the Group's strategies to strengthen the competitiveness of the Group by way of selective value-enhancing acquisitions and joint ventures. During the period under review, the Group has completed the following transactions.

The Group initially held an indirect 60% equity interest in On Time International Limited and its subsidiaries (collectively as "On Time Group"). As disclosed in the Company's announcement dated 15 June 2015, the Group acquired the remaining 40% equity interest of On Time Group from the non-controlling shareholder for a cash consideration of US$5,000,000.

After completion of the acquisition on the same date, On Time Group became wholly owned subsidiaries of the Group.

On 15 February 2015, Luen Thai International Group Limited ("LTIG"), a wholly owned subsidiary of the Company, entered into a subscription agreement with Duc Hanh Garment Joint Stock Company ("DHG"), pursuant to which LTIG has subscribed for subscription shares for a consideration of 54,229,000,000 Vietnam Dong which is equivalent to approximately US$2,540,000. DHG is principally engaged in the production, importation and exportation of garments in Vietnam. The subscription in DHG was completed on 16 June 2015.

The Company is in preliminary discussions with different potential acquisition targets with a view to expanding capacities and diversifying our product range on consumer products manufacturing. None of these discussions has materialized into any binding commitment to the Group at this stage.

Liquidity and Financial Resources

The financial position of the Group remained healthy. As at 30 June 2015, the total cash and bank deposits of the Group amounted to approximately US$150,573,000, representing a decrease of approximately US$66,974,000 over the balance as at 31 December 2014. The Group's total bank borrowings as at 30 June 2015 was approximately US$92,024,000, representing a decrease of approximately 36.6% as compared to approximately US$145,183,000 at 31 December 2014.

Gearing ratio is defined as net debt (representing bank borrowings net of cash and bank balances) divided by shareholders' equity. As at 30 June 2015, the Group was in a net cash position. Hence, no gearing ratio is presented.

As at 30 June 2015, based on the scheduled repayments set out in the relevant loan agreements with banks, the maturity profile of the Group's bank borrowings spreads over five years, with approximately US$89,142,000 repayable within one year, approximately US$497,000 in the second year, and approximately US$2,385,000 in the third to fifth year.

Foreign Exchange Risk Management

The Group adopts a prudent policy to hedge against the fluctuations in exchange rates. Most of the Group's operating activities are denominated in US dollar, Euro, Hong Kong dollar, Vietnam Dong, Cambodian Riel, Chinese Yuan and Philippine Peso. For those activities denominated in other currencies, the Group may enter into forward contracts to hedge its receivables and payables denominated in foreign currencies against the exchange rate fluctuations.

Future Plans and Prospect

Trade Preference Update

As the GSP Update for the Production Diversification and Trade Enhancement Act (commonly referred to as GSP UPDATE) has been passed, it could enable travel goods, like handbags, luggage and wallets, formerly excluded from GSP coverage, be eligible for duty-benefits for entering into the USA. It is generally believed that the actual duty advantage under the GSP UPDATE will happen in the second half of 2016. This will create new manufacturing opportunities for GSP eligible nations. Cambodia and the Philippines will become more competitive as they will enjoy the duty benefits for trading with China, Japan, European Union and the USA. Certain accessories customers have already prepared to adjust their sourcing strategies in view of this new trade preference development.

In order to cope with the requirement of our customers, the Group will expand the facilities for the production of luxury bags, computer bags and backpack in Cambodia and in the Philippines. The Board believes that this expansion will inevitably increase the cost of the Group in the short term but should enable the Group to grasp the opportunity of the trade preference for the growth and development of the accessories production business in the medium term.

Increase Investment in Vietnam

In view of the relatively favourable trade environment in Vietnam, and the prospect associated with the expected passage of the "Trans-Pacific Strategic Economic Partnership Agreement" ("TPP"), Vietnam will continue to be the country of choice in the foreseeable future for apparel manufacturing. Thus, the Group will continue to devote resources and efforts to the Vietnam projects including the investment in Thien Nam Sunrise Textile Joint Stock Company and DHG.

Business Development

During the period under review, the Group decided to substantially expand its retail operations by entering into a license and distribution agreement (the "Agreement") with one of the well-known branded customers (the "Licensor"), pursuant to which the Licensor would grant license and authorize a subsidiary of the Company to manufacture, purchase and/or distribute certain apparel and footwear products bearing a trademark of the Licensor through directly operated retail stores, wholesale and concession channels of the aforementioned subsidiary in the PRC (inclusive of Hong

Kong and Macau), Taiwan and certain other countries in Asia. The Agreement is expected to be signed no later than mid of September 2015 and this business will probably be launched in the late 2015 or early 2016.

As the Group has been one of the suppliers of certain products of the Licensor, the Board believes that by leveraging on its good relationship with the Licensor and its knowledge of the products bearing the Licensor's trademarks, this distribution/retail businesses would become an important growth driver in the near future.

Challenging Operating Environment

Looking forward, the Group will continue to encounter challenging and competitive operating environment especially the unsatisfactory performance of the Casual and Fashion Apparel Division as mentioned above will continue in the second half of 2015. The Board expects that the recovery can only happen in 2016.

Contingent Liabilities

As at 30 June 2015, the Group did not have any material contingent liabilities.

Human Resources, Social Responsibilities and Corporate Citizenship

Luen Thai continues to be an employer of choice through focused and strategic human resources strategies and social responsibility programmes that are aligned with the Company's growth and changing needs. Improved governance and strengthened partnership serve as the foundation for all these initiatives as Luen Thai maintains its position as a leader in Corporate Social Responsibility in the apparel manufacturing industry.

With over 40,000 employees around the world, Luen Thai continuously strives to foster open communications with employees through various channels. Under its employee care initiatives, Luen Thai has provided safe and enjoyable work and living environments, equitable compensation and benefit schemes, and opportunities for career growth through a variety of formal and informal learning and development programmes; and a strong corporate culture where employee' contributions are recognized and rewarded.

As a global corporate citizen, Luen Thai is conducting business and developing a sustainable business strategy with a long term view, which creates a positive impact for our worldwide supply chain and the surrounding environment. We not only focus on profit maximization, but we must also understand the needs and concerns of other stakeholders.

OTHER INFORMATION

Interim Dividend

The Board has resolved to declare an interim dividend of HK1.65 cents per share (2014: HK3.69 cents) for the six months ended 30 June 2015 to be payable to shareholders whose names appear on the Register of Members of the Company on 8 October 2015.

The interim dividend will be paid on or around 23 October 2015.

Closure of Register of Members

The Register of Members of the Company will be closed from 6 October 2015 to 8 October 2015, both days inclusive, during which period no transfer of shares will be registered. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 5 October 2015 to qualify for the interim dividend mentioned above.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares for the period under review.

Share Options

A new share option scheme of the Company was approved and adopted by way of an ordinary resolution in the annual general meeting of the Company held on 26 May 2014 (the "New Share Option Scheme"). Upon the adoption of the New Share Option Scheme, the old share option scheme adopted by the sole shareholder of the Company on 27 June 2004 (the "Old Share Option Scheme") was terminated immediately, provided that any options granted under the Old Share Option Scheme shall not, in any way, be affected or prejudiced and all such options shall continue to be valid and exercisable in accordance with the Old Share Option Scheme. As at the date of termination of the Old Share Option Scheme, no options were granted and remained outstanding under the Old Share Option Scheme.

No share options were granted to or exercised by any Directors or Chief Executive of the Company or employees of the Group or other participants, nor were cancelled or lapsed during the six months ended 30 June 2015.

As at 30 June 2015 and 31 December 2014, the Company had no share options outstanding under either the New Share Option Scheme or the Old Share Option Scheme.

Directors' and Chief Executives' Interests in Shares

As at 30 June 2015, the interests of the Directors and chief executives of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO, or otherwise notified to the Company and Stock Exchange pursuant to the Model Code contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position in the shares of the Company ("Shares")

Name of Director	Capacity	Number of Shares	Approximate percentage of interests in the Company (Note a)
TAN Siu Lin	Trustee *(Note b)*	6,500,000	0.63%
	Interest of controlled corporation *(Note b)*	26,300,000	2.54%
TAN Henry	Interest of controlled corporation *(Note c)*	689,600,000	66.69%
TAN Cho Lung, Raymond	Beneficial owner *(Note d)*	2,903,000	0.28%
MOK Siu Wan, Anne	Beneficial owner *(Note e)*	2,000,000	0.19%
TAN Willie	Beneficial owner *(Note f)*	1,000,000	0.10%

Notes:

(a) The percentage has been compiled based on the total number of shares of the Company in issue (i.e. 1,034,112,666) as at 30 June 2015.

(b) Dr. Tan Siu Lin as a trustee indirectly controls the entire issued capital of Wincare International Company Limited, which in turn holds directly 6,500,000 Shares. Dr. Tan Siu Lin also controls and is a subscriber and founding member of Tan Siu Lin Foundation Limited, which in turn owns directly 26,300,000 Shares.

(c) Dr. Tan Henry is the beneficial owner of 2,750 issued shares (representing 55% interests) in Helmsley Enterprises Limited ("Helmsley"), a company incorporated in the Commonwealth of the Bahamas. Dr. Tan Henry is also the settler of a trust which indirectly holds 750 issued shares (representing 15% interests) in Helmsley. Helmsley wholly owns Capital Glory Limited and indirectly owns Hanium Industries Limited, which own 614,250,000 Shares and 17,100,000 Shares respectively.

Dr. Tan Henry is the beneficial owner of 3,167,811 issued shares (representing 20% interests) in Tan Holdings Corporation ("THC"). Dr. Tan Henry is also the settler of a trust which indirectly holds 2,375,857 issued shares (representing 15% interests) in THC. THC wholly owns Union Bright Limited, which in turn owns 43,650,000 Shares.

Dr. Tan Henry also has a controlling interest in Double Joy Investment Limited, a company incorporated in the British Virgin Islands (the "BVI"), which directly owns 14,600,000 Shares.

(d) A total of 2,903,000 Shares were acquired by an associate of Mr. Tan Cho Lung, Raymond between 2006 and 2014. He is therefore deemed under Part XV of the SFO to be interested in all of the 2,903,000 Shares acquired by his associate.

(e) Ms. Mok Siu Wan, Anne owns 2,000,000 Shares through the exercise of share options granted by the Company on 21 April 2008 and none of the 2,000,000 Shares was disposed of up to the date of this report.

(f) A total of 1,000,000 Shares were acquired by an associate of Mr. Tan Willie in 2012. He is therefore deemed under Part XV of the SFO to be interested in all of the 1,000,000 Shares acquired by his associate.

Substantial Shareholders

As at 30 June 2015, the register of substantial shareholders maintained pursuant to Section 336 of the SFO showed that other than the interests disclosed in "Directors' and Chief Executives' Interests in Shares", the following shareholders had notified the Company of their relevant interests in the issued capital of the Company.

Long position in the Shares

Name of shareholder	Note	Capacity	Number of ordinary shares beneficially held	Approximate percentage of interests in the Company (Note a)
Capital Glory Limited	(b & c)	Beneficial owner	614,250,000	59.40%
Helmsley	(b & c)	Interest of controlled corporation	631,350,000	61.05%
Pou Chen Corporation	(d)	Interest of controlled corporation	100,746,666	9.74%
Wealthplus Holdings Limited	(d)	Interest of controlled corporation	100,746,666	9.74%
Yue Yuen Industrial (Holdings) Limited	(d)	Interest of controlled corporation	100,746,666	9.74%
Pou Hing Industrial Co. Ltd.	(d)	Interest of controlled corporation	100,746,666	9.74%
Great Pacific Investments Limited	(d)	Beneficial owner	100,746,666	9.74%

Notes:

(a) The percentage has been complied based on the total number of shares of the Company in issue (i.e. 1,034,112,666) as at 30 June 2015.

(b) Capital Glory Limited ("Capital Glory"), a company incorporated in the BVI with limited liability, is a wholly owned subsidiary of Helmsley. Helmsley is therefore deemed to be interested in the interests of Capital Glory held in the Company.

(c) Both of Dr. Tan Siu Lin and Dr. Tan Henry are directors in each of Capital Glory and Helmsley, companies which have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(d) Based on the information recorded in the register required to be kept under section 336 of the SFO, Great Pacific Investments Limited directly holds 100,746,666 Shares. Great Pacific Investments Limited is 100% directly owned by Pou Hing Industrial Co. Ltd. In turn, Pou Hing Industrial Co. Ltd. is 100% directly owned by Yue Yuen Industrial (Holdings) Limited. Wealthplus Holdings Limited directly holds approximately 46.88% interests in Yue Yuen Industrial (Holdings) Limited. In turn, Wealthplus Holdings Limited is 100% directly owned by Pou Chen Corporation.

Save as disclosed above, so far as is known to the Directors, there are no other person (not being a Director or Chief Executive of the Company) who has interest or a short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is directly or indirectly, interested in 5% 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 members of the Group.

Corporate Governance Practices

Throughout the six-month period ended 30 June 2015, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in the Appendix 14 of the Listing Rules. The Board Diversity Policy is published on the website of the Company for public information.

Luen Thai acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. It is committed to ensuring high standards of corporate governance in the interests of shareholders and taking care to identify practices designed to achieve effective oversight, transparency and ethical behavior. As at the date of this interim report, the Company has formed the following committees at the Board level:

Audit Committee: The Audit Committee was set up to provide advice and recommendations to the Board. All committee members are independent non-executive Directors namely: Mr. Chan Henry, Mr. Cheung Siu Kee and Mr. Seing Nea Yie as the Committee Chairman. Each committee member possesses appropriate finance and/or industry expertise to advise the Board.

Remuneration Committee: The Remuneration Committee was set up with the responsibility of recommending to the Board the remuneration policy for all Directors and the senior management. Dr. Tan Henry and the three independent non-executive Directors of the Company namely: Mr. Chan Henry, Mr. Cheung Siu Kee, and Mr. Seing Nea Yie as the Committee Chairman, comprise the Remuneration Committee.

Nomination Committee: The Nomination Committee was set up in March 2012 with responsibility of making recommendation to the Board on the appointment or re-appointment of Directors. Dr. Tan Henry and the three independent non-executive Directors of the Company namely: Mr. Chan Henry, Mr. Cheung Siu Kee, and Mr. Seing Nea Yie as the Committee Chairman, comprise the Nomination Committee.

Bank Facility Committee: The Bank Facility Committee was set up in December 2005 to review and approve any banking facility of the Group, and to ensure that each facility is in the best commercial interest of the Group as a whole. The Bank Facility Committee comprises two members, namely Dr. Tan Siu Lin and Dr. Tan Henry, with Dr. Tan Siu Lin as the Chairman.

Corporate governance practices of the Company during the six-month period ended 30 June 2015 are in line with those practices set out in the Corporate Governance Report in the Company's 2014 Annual Report.

Review of Interim Financial Information

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing, internal control and financial reporting matters. The Audit Committee has discussed and reviewed the unaudited interim financial information and the interim report for the six months ended 30 June 2015. Such unaudited interim financial information has also been reviewed by the Company's auditor, PricewaterhouseCoopers, 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.

Model Code

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). After having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standards as set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company during the six months ended 30 June 2015.

Disclosure of Information on the Company and the Stock Exchange's Websites

This interim report will be published on the websites of the Company (http://www.luenthai.com) and the Stock Exchange (http://www.hkex.com.hk).

By order of the Board
Tan Henry
Chief Executive Officer

Hong Kong, 25 August 2015