



# Addchance Holdings Limited 互益集團有限公司

(a company incorporated in the Cayman Islands with limited liability)  
(Stock Code: 3344)



# 2015

Interim Report

- Major cotton agricultural bases
- Major dyeing bases



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## EXECUTIVE DIRECTORS

Mr. SUNG Kim Ping (*Chairman*)  
Mr. WONG Chiu Hong  
Mr. LO Ping  
Mr. YEUNG Choi Yee  
(appointed on 9th July, 2015)  
Mr. TSANG Fai

## NON-EXECUTIVE DIRECTOR

Mr. CHUI Chi Yun, Robert

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. HUANG Yunjie  
Mr. CHAN Shu Kin  
Dr. TSE Kwok Sang  
(appointed on 9th July, 2015)

## COMPANY SECRETARY

Ms. CHANG Kam Lai

## MEMBERS OF AUDIT COMMITTEE, REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

Ms. HUANG Yunjie  
Mr. CHAN Shu Kin  
Dr. TSE Kwok Sang  
(appointed on 9th July, 2015)

## AUTHORIZED REPRESENTATIVES

Mr. WONG Chiu Hong  
Ms. CHANG Kam Lai

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

Sung's Tower  
15-19 Lam Tin Street  
Kwai Chung  
New Territories  
Hong Kong

## REGISTERED OFFICE

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

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited  
Standard Chartered Bank (Hong Kong)  
Limited  
DBS Bank (Hong Kong) Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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 SHARE REGISTRAR AND TRANSFER OFFICE

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

## AUDITOR

Deloitte Touche Tohmatsu

## LEGAL ADVISOR AS TO HONG KONG LAWS

F. Zimmern & Co.

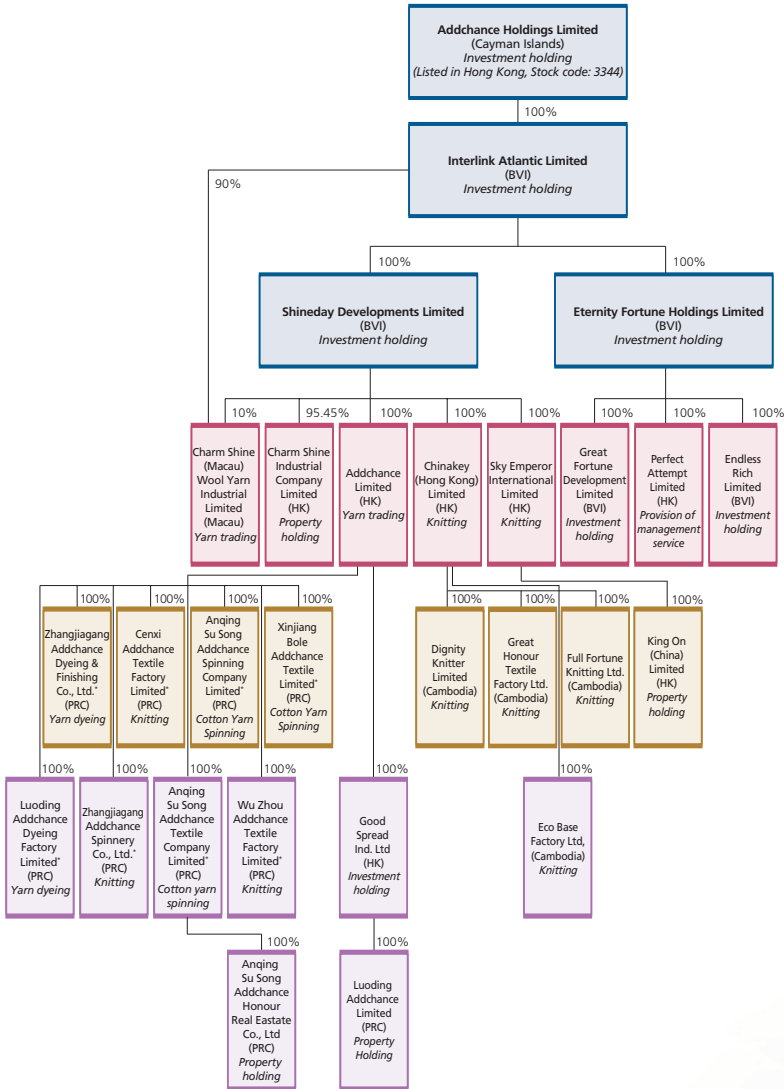
## WEBSITE

[www.addchance.com.hk](http://www.addchance.com.hk)  
[www.irasia.com/listco/hk/addchance/index.htm](http://www.irasia.com/listco/hk/addchance/index.htm)

## STOCK CODE

3344

# CORPORATE STRUCTURE AS AT 30TH JUNE, 2015



\* for identification purpose only

# FINANCIAL HIGHLIGHTS

## Key Financial Results

	Six months ended 30 June		
	2015 HK\$'000	2014 HK\$'000	Changes +/-%
Turnover	409,865	418,326	-2.0%
Gross profit	15,211	94,001	-83.8%
Loss for the period	(61,598)	(42,872)	+43.7%
Loss attributable to:			
Equity holders of the Company	(61,598)	(42,872)	+43.7%
Minority interests	-	-	-
Loss per share (in HK cents)	11.02	9.72	+13.4%

## Financial Ratios

	Six months ended 30 June	
	2015	2014
Profitability ratios:		
Gross margin	3.71%	22.5%
Net margin	-15.0%	-10.2%
Liquidity ratios:		
Current ratio (times)	1.03	1.09
Stock turnover (days) (Note 1)	489	659
Debtors turnover (days) (Note 2)	99	218
Creditors turnover (days) (Note 3)	38	65
Capital adequacy ratio:		
Gearing ratio (%) (Note 4)	41.3%	46.1%

### Notes:

1. The number of stock turnover days is equivalent to inventory at the end of the period divided by the cost of sales for the period and then multiplied by 181 days.
2. The number of debtors' turnover days is equivalent to trade and bills receivables at the end of the period divided by the sales of the period and then multiplied by 181 days.
3. The number of creditors' turnover days is equivalent to trade and bills payable at the end of the period divided by the cost of sales for the period and then multiplied by 181 days.
4. The gearing ratio is equivalent to total bank borrowings at the end of the period divided by total assets at the end of the period.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

		For the six months ended 30th June,	
	NOTES	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	409,865	418,326
Cost of sales		<u>(394,654)</u>	<u>(324,325)</u>
Gross profit		15,211	94,001
Other income		10,409	5,517
Other gains and losses	4	17,307	(16,829)
Selling and distribution costs		(30,672)	(41,166)
Administrative expenses		(54,837)	(63,146)
Finance costs	5	<u>(16,907)</u>	<u>(21,440)</u>
Loss before tax		(59,489)	(43,063)
Income tax expense (credit)	6	<u>(2,109)</u>	<u>191</u>
Loss for the period	7	(61,598)	(42,872)
<b>Other comprehensive (expense) income that may be subsequently reclassified to profit or loss:</b>			
Exchange differences on translation of financial statements of foreign operations		<u>(42,761)</u>	<u>37,779</u>
Total comprehensive expense for the period		<u><u>(104,359)</u></u>	<u><u>(5,093)</u></u>
Loss per share, in HK cents			
Basic	9	<u><u>(11.02)</u></u>	<u><u>(9.72)</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2015

	NOTES	30.6.2015 HK\$'000 (unaudited)	31.12.2014 HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties		308	329
Property, plant and equipment	10	751,157	802,644
Prepaid lease payments		67,237	68,412
Deposit paid for acquisition of prepaid lease payments and property, plant and equipment		16,045	15,186
Available for sale investment	11	177,320	–
Club debenture		–	1,070
Other assets		16,579	16,095
		<u>1,028,646</u>	<u>903,736</u>
<b>CURRENT ASSETS</b>			
Prepaid lease payments		1,568	1,608
Inventories		1,066,214	1,030,633
Trade receivables, bills receivables and other receivables, deposits and prepayments	12	301,005	359,277
Amounts due from related companies		145	4,002
Derivative financial instruments		1,165	–
Tax recoverable		–	913
Pledged bank deposits		54,908	67,487
Bank balances and cash		73,361	145,676
		<u>1,498,366</u>	<u>1,609,596</u>
Assets classified as held for sale	13	<u>108,963</u>	<u>128,360</u>
		<u>1,607,329</u>	<u>1,737,956</u>



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2015

	NOTES	30.6.2015 HK\$'000 (unaudited)	31.12.2014 HK\$'000 (audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	184,734	258,405
Bills payable	14	25,562	19,026
Deposit received from transfer of the operation right of a subsidiary	13	236,056	236,056
Derivative financial instruments	19	–	20,042
Tax liabilities		8,502	5,393
Bank borrowings – due within one year	15	1,020,644	1,119,947
Bank overdrafts		41,170	19,310
Loan from a shareholder	16	50,968	–
		<u>1,567,636</u>	<u>1,678,179</u>
<b>NET CURRENT ASSETS</b>			
		<u>39,693</u>	<u>59,777</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>1,068,339</u>	<u>963,513</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	17	6,157	4,413
Reserves		<u>1,047,019</u>	<u>943,404</u>
		<u>1,053,176</u>	<u>947,817</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liabilities		<u>15,163</u>	<u>15,696</u>
		<u>1,068,339</u>	<u>963,513</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

	Share capital HK\$'000	Share premium HK\$'000	Attributable to owners of the Company				Retained profits HK\$'000	Total HK\$'000
			Contributed surplus HK\$'000 <i>(Note a)</i>	Special reserves HK\$'000 <i>(Note b)</i>	Statutory reserves HK\$'000 <i>(Note c)</i>	Translation reserve HK\$'000		
At 1st January, 2014 (audited)	4,413	134,054	78,270	24,673	13,827	181,148	672,595	1,108,980
Exchange differences arising on translation of foreign operations	-	-	-	-	-	37,779	-	37,779
Loss for the period	-	-	-	-	-	-	(42,872)	(42,872)
Total comprehensive income (expense) for the period	-	-	-	-	-	37,779	(42,872)	(5,093)
Transfer to statutory reserves	-	-	-	-	741	-	(741)	-
Dividend recognised as distribution <i>(note 8)</i>	-	-	(8,823)	-	-	-	-	(8,823)
At 30th June, 2014 (unaudited)	4,413	134,054	69,447	24,673	14,568	218,927	628,982	1,095,064
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(5,861)	-	(5,861)
Loss for the period	-	-	-	-	-	-	(141,386)	(141,386)
Total comprehensive expense for the period	-	-	-	-	-	(5,861)	(141,386)	(147,247)
Transfer to statutory reserves	-	-	-	-	(295)	-	295	-
At 31st December, 2014 (audited)	4,413	134,054	69,447	24,673	14,273	213,066	487,891	947,817
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(42,761)	-	(42,761)
Loss for the period	-	-	-	-	-	-	(61,598)	(61,598)
Total comprehensive expense for the period	-	-	-	-	-	(42,761)	(61,598)	(104,359)
Issue of new shares	880	91,520	-	-	-	-	-	92,400
Issue of consideration shares in an acquisition of interest in an available for sale investment	864	116,454	-	-	-	-	-	117,318
Transfer to statutory reserves	1,744	207,974	-	-	-	-	-	209,718
	-	-	-	-	628	-	(628)	-
At 30th June, 2015 (unaudited)	6,157	342,028	69,447	24,673	14,901	170,305	425,665	1,053,176

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

*Notes:*

- (a) The contributed surplus of the Group represent (i) the excess of the combined net assets of the subsidiaries acquired and the acquisition of amount due to a shareholder from Interlink Atlantic Limited (being the holding company of companies comprising the group before group reorganisation carried out in 2005), over the nominal value of the share capital of the Company issued in exchange thereof pursuant to the group reorganisation; and (ii) less dividend paid approved by shareholders pursuant to the memorandum and articles of association of the Company.
- (b) Special reserves of the Group represent (i) the difference between the nominal value of share capital issued by Interlink Atlantic Limited, the Company's subsidiary, and the nominal value of the share capital of subsidiaries acquired by Interlink Atlantic Limited on 23rd September, 2005; and (ii) the contribution from non-controlling interests of net assets value shared by them to Dr. Sung Chung Kwun, the shareholder of Interlink Atlantic Limited.
- (c) The Group's statutory reserves represent reserves required to be appropriated from profit after taxation of the Company's subsidiaries established in The People's Republic of China ("PRC") and Macau under PRC or Macau laws and regulations. In accordance with the relevant laws and regulations, the PRC and Macau companies are required to transfer 10% to 25% of their profit after taxation computed in their statutory financial statements presented under the relevant accounting principles and financial regulations applicable to the enterprises established in the PRC/Macau to the statutory surplus reserves until the reserve balance reaches 50% of their paid-in capital.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

	For the six months ended 30th June,	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Net cash from (used in) operating activities	4,848	(100,114)
Net cash used in investing activities:		
Acquisition of prepaid lease payments	–	(6,685)
Purchase of property, plant and equipment	(14,427)	(55,756)
Proceed on disposal of property, plant and equipment and prepaid lease payment	17,505	–
Proceed on disposal of assets classified as held for sale	20,000	–
Proceed on disposal of club debenture	4,000	–
Acquisition of interest in an available for sale investment	(60,000)	–
Deposit paid for acquisition of prepaid lease payments and property, plant and equipment	(859)	–
	<u>(33,781)</u>	<u>(62,441)</u>
Net cash (used in) from financing activities:		
New bank loans raised	586,390	920,541
Repayment of bank borrowings	(685,693)	(749,444)
Loan from a shareholder	50,968	–
Interest paid	(16,907)	(21,440)
	<u>(65,242)</u>	<u>149,657</u>
Net decrease in cash and cash equivalents	(94,175)	(12,898)
Cash and cash equivalents at 1st January	<u>126,366</u>	<u>64,949</u>
Cash and cash equivalents at 30th June	<u><u>32,191</u></u>	<u><u>52,051</u></u>
Cash and cash equivalents at 30th June, represented by		
Bank balances and cash	73,361	68,002
Bank overdrafts	(41,170)	(15,951)
	<u><u>32,191</u></u>	<u><u>52,051</u></u>

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”). The condensed consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

In preparing the condensed consolidated financial statements of the Company, the directors of the Company have given full consideration to the future liquidity of the Company and its subsidiaries (the “Group”) in light of the fact that certain bankers of the Company (“Banks”) have demanded in writing that the Group shall make immediate payment of the aggregate amount of HK\$528,310,000 then outstanding or they may consider commencing legal proceedings against the Group. The Group has been actively re-negotiating with the Banks for the terms of repayments and the demand notice for immediate repayment has subsequently been withdrawn. Up to the date these condensed consolidated financial statements were authorised for issuance, the restructuring of the loans from the Banks is still under negotiations.

In the view of the directors of the Company, the Group is able to continue as a going concern at least in the coming twelve months taking into consideration which include, but are not limited to the following:

- (a) the Banks have agreed to withdraw the repayment demand;
- (b) the Banks have agreed to provide a new banking facility in the principal sum of HK\$100 million to the Group to support the short-term cash flow requirements of the Group;
- (c) the Banks have agreed to continue their discussion with the Group on the restructuring of the loans advanced to the Group;

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 1. BASIS OF PREPARATION *(Continued)*

- (d) Addchance Dyeing Factory Limited (the “Addchance Dyeing”), a company which is owned as to 60% by Dr. Sung Chung Kwun, a substantial shareholder of the Company, and 40% by Mr. Sung Kim Ping, an executive director of the Company, has arranged the execution of second mortgage in respect of the Sung’s Tower, Nos. 15-19 Lam Tin Street, Kwai Chung, New Territories, Hong Kong in favour of the Banks to secure all the present and future debts owed by the Group to the Banks; and
- (e) the estimated operating cash inflows of the Group for the next twelve months from the end of the reporting period.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2015 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st December, 2014.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to International Financial Reporting Standards (“IFRSs”) issued by the IASB that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010 – 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011 – 2013 Cycle

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period:

Six months ended 30th June, 2015

	Production and sale of cotton yarn HK\$'000	Production and sale of knitted sweaters HK\$'000	Production and sale of dyed yarns HK\$'000	Provision of dyeing services HK\$'000	Trading of cotton and yarns HK\$'000	Total for reportable segments HK\$'000	Elimination HK\$'000	Total HK\$'000
REVENUE								
External sales	40,578	181,314	165,884	17,603	4,486	409,865	-	409,865
Inter-segment sales	14,564	141,558	181,452	2,971	88,012	428,557	(428,557)	-
	<u>55,142</u>	<u>322,872</u>	<u>347,336</u>	<u>20,574</u>	<u>92,498</u>	<u>838,422</u>	<u>(428,557)</u>	<u>409,865</u>
SEGMENT PROFIT (LOSS)	<u>(7,501)</u>	<u>2,409</u>	<u>(30,675)</u>	<u>822</u>	<u>(7,948)</u>	<u>(42,893)</u>	<u>-</u>	<u>(42,893)</u>
Interest income								24
Rental income								961
Unallocated expenses								(3,901)
Other gains and losses								3,227
Finance costs								<u>(16,907)</u>
Group's loss before tax								<u>(59,489)</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 3. SEGMENT INFORMATION (Continued)

Six months ended 30th June, 2014

	Production and sale of cotton yarn HK\$'000	Production and sale of knitted sweaters HK\$'000	Production and sale of dyed yarns HK\$'000	Provision of dyeing services HK\$'000	Trading of cotton and yarns HK\$'000	Total for reportable segments HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>REVENUE</b>								
External sales	34,047	164,877	194,844	16,295	8,263	418,326	-	418,326
Inter-segment sales	38,368	263,896	279,398	5,107	146,654	733,423	(733,423)	-
	<u>72,415</u>	<u>428,773</u>	<u>474,242</u>	<u>21,402</u>	<u>154,917</u>	<u>1,151,749</u>	<u>(733,423)</u>	<u>418,326</u>
<b>SEGMENT (LOSS) PROFIT</b>	<u>(3,486)</u>	<u>27,287</u>	<u>(8,486)</u>	<u>(361)</u>	<u>(22,510)</u>	<u>(7,556)</u>	<u>-</u>	<u>(7,556)</u>
Interest income								24
Rental income								882
Unallocated expenses								(4,807)
Other gains and losses								(10,166)
Finance costs								(21,440)
Group's loss before tax								<u>(43,063)</u>

Inter-segment sales were charged at cost plus margin basis.

Segment profit (loss) represents the profit (loss) before tax of each segment without allocation of central administrative costs, directors' salaries, change in fair value of derivative financial instruments, other income and other gains/losses not attributable to segment profit/loss and finance costs. This is the measure reported to the chief operating decision maker, the executive directors, for the purposes of reasonable allocation and performance assessment.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 3. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by reportable and operating segments:

	30.6.2015 HK\$'000	31.12.2014 HK\$'000
Production and sale of cotton yarn	347,569	378,580
Production and sale of knitted sweaters	1,396,565	1,414,376
Production and sale of dyed yarns	215,516	282,989
Provision of dyeing services	41,492	39,121
Trading of cotton and yarns	137,039	162,694
Assets classified as held or sale	108,963	128,360
Unallocated corporate assets	388,831	235,572
	<u>2,635,975</u>	<u>2,641,692</u>

## 4. OTHER GAINS AND LOSSES

	For the six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Gain on disposal of assets classified as held for sale	11,853	-
Gain on disposal of club debenture	2,930	-
Change in fair value of other assets	551	90
Change in fair value of derivative financial instruments	(254)	(10,256)
Net exchange gains (losses)	<u>2,227</u>	<u>(6,663)</u>
	<u>17,307</u>	<u>(16,829)</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 5. FINANCE COSTS

	For the six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Interest on bank borrowings wholly repayable within five years	<u>16,907</u>	<u>21,440</u>

## 6. INCOME TAX EXPENSE (CREDIT)

	For the six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
The income tax expense (credit) comprises:		
Hong Kong Profits Tax		
– Current period	366	241
– (Over)underprovision in prior years	(280)	40
PRC Enterprise Income Tax – current period	<u>2,556</u>	<u>163</u>
	<u>2,642</u>	<u>444</u>
Deferred taxation		
– Current period	<u>(533)</u>	<u>(635)</u>
	<u>2,109</u>	<u>(191)</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 6. INCOME TAX EXPENSE (CREDIT) (Continued)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

Pursuant to the relevant laws and regulations in Cambodia, the profit generated from subsidiaries of the Company are entitled to exemption from Cambodian Income Tax until 2018.

## 7. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting) the following items:

	For the six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Depreciation of investment properties	21	26
Depreciation of property, plant and equipment	36,769	47,646
Amortisation of prepaid lease payments	784	730
Interest income	(24)	(24)
	<u>          </u>	<u>          </u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 8. DIVIDEND

	For the six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Dividend recognised as distribution during the period ended 30th June, 2014: 2013 final dividend of HK2.0 cents per share (2015: nil)	—	8,823
	<u>          </u>	<u>          </u>

During the six months ended 30th June, 2014, a final dividend of HK2.0 cents per share in respect of the year ended 31st December, 2013 was declared and subsequently paid to the owners of the Company in August 2014.

The directors of the Company have determined that no interim dividend will be paid for the six months ended 30th June, 2015 (six months ended 30th June, 2014: nil).

## 9. LOSS PER SHARE

The calculation of basic loss per share for the period is based on the loss for the period attributable to owners of the Company of HK\$61,598,000 (six months ended 30th June, 2014: HK\$42,872,000) and on the weighted average number of shares in issue of 558,822,938 (six months ended 30th June, 2014: 441,250,000).

No diluted loss per share is presented as the Company had no potential ordinary shares outstanding during both periods.

## 10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred capital expenditure of HK\$15,286,000 (six months ended 30th June, 2014: HK\$56,737,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 11. AVAILABLE FOR SALE INVESTMENT

	30.6.2015 HK\$'000	31.12.2014 HK\$'000
Unlisted, equity security	<u>177,320</u>	<u>–</u>

On 13th March, 2015, an indirect wholly-owned subsidiary of the Company (the “Purchaser”) entered into an agreement, pursuant to which the Purchaser has conditionally agreed to acquire and Hong Jun Global Limited, an independent third party of the Group (the “Vendor”), has conditionally agreed to sell 130 shares in the ordinary share capital of Coulman International Limited (the “Target Company”, which is owned as to 54.5% by the Vendor), representing 13% of the equity interest in the Target Company. The Target Company is an investment holding company incorporated in the British Virgin Islands and its non wholly owned subsidiaries operate in natural gas business including construction of pipelines, selling and distribution of natural gas, operation of fueling stations as well as installation of natural gas equipment. The consideration of the acquisition is HK\$177,320,000 and has been settled by the combination of cash of HK\$60,000,000 and an aggregate of 86,480,909 new ordinary shares of HK\$0.01 each in the share capital of the Company issued. The acquisition was completed on 24th April, 2015 and the new ordinary shares were issued, allotted and fully paid. The above unlisted equity investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

## 12. TRADE RECEIVABLES, BILLS RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group generally allows credit periods ranged from 30 days to 120 days to its trade customers.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 12. TRADE RECEIVABLES, BILLS RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

At 30th June, 2015, included in trade receivables, bills receivables and other receivables, deposits and prepayments are trade receivables of HK\$220,459,000 and bills receivables of HK\$4,266,000 (31st December, 2014: trade receivables of HK\$178,711,000 and bills receivables of HK\$63,469,000), respectively, and their aged analysis, net of allowance for doubtful debts presented based on the invoice date, which approximated the revenue recognition date, at the end of reporting period is as follows:

	30.6.2015 HK\$'000	31.12.2014 HK\$'000
Aged:		
Within 30 days	141,367	104,704
31 – 60 days	37,744	43,395
61 – 90 days	19,667	36,751
91 – 120 days	6,614	16,797
Over 120 days	28,771	49,971
	<hr/>	<hr/>
	234,163	251,618
Less: Allowance for doubtful debts	(9,438)	(9,438)
	<hr/>	<hr/>
Others	224,725	242,180
	76,280	117,097
	<hr/>	<hr/>
	301,005	359,277
	<hr/> <hr/>	<hr/> <hr/>

## 13. ASSETS CLASSIFIED AS HELD FOR SALE AND DEPOSIT RECEIVED FROM TRANSFER OF THE OPERATION RIGHT OF A SUBSIDIARY

- (i) As disclosed in the announcement published by the Company dated 25th September, 2012 (the “Announcement”), the Group entered into an operation right transfer agreement (the “Agreement”) with an independent third party (the “Acquirer”), for the transfer of the operation rights of 100% interest in a subsidiary, Good Spread Industrial Limited (“Good Spread”), the immediate holding company of Luoding Addchance Limited for a cash consideration of HK\$554,321,000 which will be payable in six instalments within 5 years from 31st December, 2012, with the first two instalments of HK\$184,774,000 in total being received as at 31st December, 2013 and the remaining four instalments with an aggregate amount of HK\$369,547,000 will be received from 30th January, 2014 to 30th July, 2016.

Subject to fulfilment of the pre-requisite conditions precedent set out in the Agreement, the Acquirer can, within 60 days from the date when the Group has received the full amount of the first three instalments of the consideration which should originally take place on 30th January, 2014 in accordance with the Agreement, subscribe for 99.999% of the enlarged issued share capital of new shares of Good Spread with an exercise price of HK\$1 per share.

During the year ended 31st December, 2013, the Company borrowed a sum of HK\$184,774,000, which is equivalent to the third and the fourth instalments in total, from a bank and the Acquirer agreed to transfer fund to the Company to repay the loans when they fall due in December 2014. This arrangement of fund transfer will replace the third and the fourth instalments which should originally be payable from 30th January, 2014 and 30th November, 2014, respectively. Due to the above arrangement, the pre-requisite conditions precedent set out in the Agreement is considered not to be fulfilled on 30th January, 2014.

During the year ended 31st December, 2014, a sum of HK\$51,282,000 of the above bank loans was repaid while the remaining bank loans were extended to December 2015. The Acquirer can only subscribe for 99.999% of the enlarged issued share capital of new shares of Good Spread with an exercise price of HK\$1 per share within 60 days from the date when it has transferred fund to the Company to repay the remaining HK\$41,105,000 of the third instalment of HK\$92,387,000 included in the bank loans in December 2015.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 13. ASSETS CLASSIFIED AS HELD FOR SALE AND DEPOSIT RECEIVED FROM TRANSFER OF THE OPERATION RIGHT OF A SUBSIDIARY

(Continued)

(i) (Continued)

The directors of the Company expect that the disposal will take place within twelve months from the end of the current reporting period. Accordingly, the assets of Good Spread and Luoding Addchance Limited have been classified as assets held for sale as at 30th June, 2015 and are separately presented in the condensed consolidated statement of financial position. The consideration (i.e. deposit received from transfer of the operation rights of a subsidiary) of HK\$236,056,000 (31st December, 2014: HK\$236,056,000) in total received as at 30th June, 2015 has been classified as current liabilities.

(ii) During the year ended 31st December, 2014, the Group entered into a sale agreement to dispose of property, plant and equipment and prepaid lease payment held by a subsidiary, Wu Zhou Addchance Textile Factory Limited, with carrying amounts of HK\$16,899,000 and HK\$2,498,000 respectively. The sale was completed in June 2015 at a total consideration of HK\$31,250,000.

Assets related to disposal of the subsidiary as at the end of the reporting period are as follows:

	30.6.2015 HK\$'000	31.12.2014 HK\$'000
Prepaid lease payments	75,555	78,053
Property, plant and equipment	33,408	50,307
	<u>108,963</u>	<u>128,360</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 14. TRADE AND OTHER PAYABLES/BILLS PAYABLE

At 30th June, 2015, included in trade and other payables are trade payables of HK\$56,950,000 (31st December, 2014: HK\$65,896,000) and their aged analysis, presented based on the invoice date, at the end of reporting period is as follows:

	30.6.2015 HK\$'000	31.12.2014 HK\$'000
Aged:		
Within 60 days	17,085	25,939
61 – 90 days	5,125	5,601
Over 90 days	34,740	34,356
	<hr/>	<hr/>
Other payables and accruals	56,950	65,896
	127,784	192,509
	<hr/>	<hr/>
	184,734	258,405
	<hr/> <hr/>	<hr/> <hr/>

All bills payable at 30th June, 2015 and 31st December, 2014 are aged within 0 to 120 days.

## 15. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to HK\$586,390,000 (six months ended 30th June, 2014: HK\$920,541,000) as additional working capital and made repayment of HK\$685,693,000 (six months ended 30th June, 2014: HK\$749,444,000). Included in the new loans are amounts of HK\$151,000,000 bearing fixed interest at rates ranging from 6.00% to 7.80% per annum and the remaining amounts bearing variable interest at rates at a margin over Hong Kong Interbank Offered Rate which ranged from 2.50% to 9.90% per annum.

As at 30th June, 2015, bank loans of HK\$7,775,000 (31st December, 2014: HK\$25,625,000) that are repayable more than one year but not more than five years from the end of the reporting period based on the relevant repayment schedule, contain a repayment on demand clause and accordingly, are shown under current liabilities.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

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## 15. BANK BORROWINGS *(Continued)*

As set out in note 1, on 3rd June, 2015 and 4th June, 2015, the Banks have demanded in writing that the Group shall make immediate repayment of the amounts outstanding or they may consider commencing legal proceedings against the Group. On 8th June, 2015, upon discussion between the Group and the Banks, the Banks have agreed to withdraw the repayment demand and provide a new banking facility in the principal sum of HK\$100,000,000 to the Group in order to support the short-term cashflow requirements of the Group. Besides, the Banks have agreed to continue their discussion with the Group on the restructuring of the loans advanced to the Group.

## 16. LOAN FROM A SHAREHOLDER

Amount is unsecured, non-interest bearing and repayable on demand.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised share capital:		
At 1st January, 2014, 31st December, 2014 and 30th June, 2015	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1st January, 2014 and 31st December, 2014	441,250,000	4,413
Placement of new shares ( <i>note i</i> )	88,000,000	880
Issue of consideration shares in an acquisition ( <i>note ii</i> )	<u>86,480,909</u>	<u>864</u>
At 30th June, 2015	<u>615,730,909</u>	<u>6,157</u>

### Notes:

- (i) On 24th December, 2014, the Company entered into a placing agreement with the placing agent, KGI Asia Limited, pursuant to which the placing agent has agreed to place 88,000,000 shares of the Company held by Powerlink Industries Limited ("Powerlink Industries") to not fewer than six independent investors at the price of HK\$1.05 per share. On the same date, the Company and Powerlink Industries entered into a subscription agreement for the subscription of up to 88,000,000 new shares ("Subscription Shares") at the subscription price of HK\$1.05 per share.

On 29th December, 2014, the placing was completed and 88,000,000 shares represented approximately 19.94% of the existing issued share capital of the Company have been placed to not fewer than six independent investors. The gross proceeds from the placing was approximately HK\$92.4 million. The net proceeds from the placing, which amounted to approximately HK\$90.6 million, constituted a deposit (the "Deposit") payable by Powerlink Industries to the Company for the subscription of the Subscription Shares.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 17. SHARE CAPITAL (Continued)

Notes: (Continued)

(i) (Continued)

On 7th January, 2015, the Company allotted and issued 88,000,000 ordinary shares of HK\$0.01 each of the Company at the price of HK\$1.05 per share, to Powerlink Industries. The Deposit was applied as payment of the subscription price of the Subscription Shares and is used as general working capital of the Group. The number of 88,000,000 shares represented approximately 16.62% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

(ii) As set out in note 11, the Purchaser acquired the Target Company during the period and the consideration has been settled by the combination of cash of HK\$60,000,000 and an aggregate of 86,480,909 new ordinary shares of HK\$0.01 each in the share capital of the Company to be allotted and issued. The acquisition was completed on 24th April, 2015 and the new ordinary shares were issued, allotted and fully paid.

All the shares which were issued during the period ended 30th June, 2015 rank pari passu with the then existing shares in all respects.

## 18. COMMITMENTS

	30.6.2015 HK\$'000	31.12.2014 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	—	1,620
Capital expenditure in respect of acquisition of a business authorised but not contracted for in the consolidated financial statements	147,533	—

## 19. FAIR VALUE MEASUREMENTS OF DERIVATIVES

The Group has entered into some derivative contracts which are classified as derivative financial liabilities as at 30th June, 2015 and 31st December, 2014, and are measured at fair value at the end of each reporting period. The following summary gives information about how the fair values of these derivative liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 19. FAIR VALUE MEASUREMENTS OF DERIVATIVES (Continued)

Financial assets (liabilities)	Fair value as at		Fair value	Valuation technique and
	30.6.2015	31.12.2014	hierarchy	key input(s)
(1) Foreign currency forward contracts classified as derivative financial instruments in the condensed consolidated statement of financial position ( <i>Note</i> )	–	HK\$(1,000)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
(2) Interest rate swaps classified as derivative financial instruments in the condensed consolidated statement of financial position	HK\$1,165,000	HK\$(20,041,000)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

*Note:* As at 30th June, 2015, the Group has entered into some foreign currency forward contracts to buy USD in aggregate notional amount of USD2,000,000 and USD3,000,000 with forward exchange rates HKD/USD ranging from 7.74 to 7.78 and RMB/USD ranging from 6.10 to 6.35 respectively.

Due to the depreciation of Renminbi against USD in the current interim period, the Group recognised a fair value loss of derivative financial instruments amounting to HK\$254,000.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 20. PLEDGE OF ASSETS

At the end of reporting period, the Group pledged the following assets to banks for the credit facilities granted to the Group:

	30.6.2015 HK\$'000	31.12.2014 HK\$'000
Prepaid lease payments ( <i>Note</i> )	100,306	101,258
Property, plant and equipment	72,578	76,750
Other assets	16,579	16,095
Trade receivables	–	16,868
Pledged bank deposits	54,908	67,487
	<u>244,371</u>	<u>278,458</u>

*Note:* Land use rights of HK\$75,550,000 (31st December, 2014: HK\$75,550,000) included in assets classified as held for sale.

On 8th June, 2015, Addchance Dyeing has arranged the execution of second mortgage in respect of the Sung's Tower, Nos. 15-19 Lam Tin Street, Kwai Chung, New Territories, Hong Kong in favour of the Banks to secure all present and future debts owed by the Group to the Banks. There is no fixed term for the second mortgage and will be released upon the full repayment of all debts owed to the Banks and all facilities provided by the Banks having being terminated.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

## 21. RELATED PARTY DISCLOSURES

During the current interim period, the Group entered into the following transactions with related parties:

Related party	Nature of transactions	For the six months ended 30th June,	
		2015 HK\$'000	2014 HK\$'000
Dr. Sung Chung Kwun	Rental expense paid	445	445
Addchance Dyeing	Rental expense paid	<u>2,820</u>	<u>2,820</u>

In the opinion of the directors of the Company, the above transactions were undertaken in the ordinary course of business on terms mutually agreed between the Group and the related party.

Details of the loan from a shareholder is set out in note 16.

As set out in note 20, Addchance Dyeing has arranged the execution of second mortgage of Sung's Tower in favour of the Banks to secure all present and future debts owed by the Group to the Banks.

### Compensation of key management personnel

The remuneration of directors and key executives of the Company is determined by the remuneration committee, having regard to the performance of individuals and market trends, amounted to HK\$3,901,000 (six months ended 30th June, 2014: HK\$4,388,000).



## 22. EVENT AFTER THE REPORTING PERIOD

- (i) On 31st July, 2015, Dynamic Regal Limited, an indirect wholly-owned subsidiary of the Company (the "Investor"), entered into a non-legally binding memorandum with Anterra Energy Inc. (the "Investee"), in relation to a cash investment and share investment to be made by the Investor in the Investee as contemplated under the memorandum (the "Possible Investment"). The aggregate consideration for the Possible Investment is approximately CAD\$23,418,009 (equivalent to approximately HK\$147,533,457). The consideration for the cash investment, being CAD\$10,000,000 (equivalent to approximately HK\$63,000,000) shall be satisfied by the Company in cash. The consideration for the share investment, being CAD\$13,418,009 (equivalent to approximately HK\$84,533,457) shall be satisfied by the Company by way of allotment and issue of 45,693,761 offer shares, credited as fully paid, at the offer price of HK\$1.85 per offer share to the Investee. Upon completion, the Group will indirectly own 70% of the equity interest of the Investee. The directors of the Company are in the process of assessing the financial impact of the Possible Investment.

The Investee is a public Canadian company listed on the TSX Venture Exchange under the stock code AE.A-V and is principally engaged in the exploration, development and production on the use of advanced exploration technologies including 3D imaging, horizontal drilling and multi-stage completions to systematically develop its portfolio of conventional and non-conventional oil and gas projects.

- (ii) On 21st August, 2015, the Company entered into a placing agreement with KGI Asia Limited (the "Placing Agent"), pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six individuals, who will be independent third parties, to subscribe for up to 122,000,000 placing shares at the placing price of HK\$1.05 per placing share.

## BUSINESS REVIEW AND PROSPECTS

### Business Review

During the six months ended 30th June, 2015 (the “Reporting Period”), the global economic conditions continued to suffer from the aftermath of the global financial crisis. Although the US economy experienced a mild recovery, the rest of the world, especially Europe, was still struggling to stay away from the threat of an imminent recession. The socio-political-economic uncertainty in Europe coupled with a weakening Euro had also inflicted a distressing blow to the European importers. During the Reporting Period, the Group’s consolidated revenue decreased slightly by around 2.0% to approximately HK\$409.9 million, and the Group’s textile business recorded a loss of approximately HK\$61.6 million.

With China’s termination of the reserve cotton policy since 2014 and the absence of a comprehensive nationwide policy on full-scale direct subsidies, the cotton textile trade and industry continued to experience a highly uncertain and sluggish growth during the Reporting Period. As a result, the yarn textile industry was facing a downward trend in market price and the overall production was decelerating. Moreover, the existing cotton policy in China had also led to a continuous drop in the domestic cotton price, which in turn put a downward pressure on the average selling price of our textile products. Furthermore, the drop in the auction price of the national cotton reserve set by the PRC Government had also caused further decline in the average yarn selling price in the China market which was already clouded by the prevailing pessimistic sentiment of the cotton and dyed yarns customers.

During the Reporting Period, orders from Europe started to recover, but the size and volume still did not return to the optimum level in the past. Although the order book for the Group’s sweater business remained satisfactory, the Group was yet to effectively leverage down the production costs which adversely affected the baseline for our textile business in the first six months of 2015.

Sweater business is still the most profitable business of the Group and we have been continuing to increase our production capacity to cope with the recovering export demand. Subsequent to the commencement of the operation of our first green factory in Cambodia in 2013, the production capacity was increased as planned. According to China National Textile and Apparel Council, China has started working towards building a greener environment in the coming years to develop a sustainable growth strategy for the local textile industry. This pretty much synchronizes with our development plan. Our green factory, which was inspired by our customer, Marks and Spencer, was established under the concept of reuse, reduce and recycle. By using environmental friendly materials and implementing green production

process, we aim to achieve better energy conservation and minimize daily disposals. We have received the recognized environmental-related permits as planned. The establishment of the green factory not only increased our production capacity but also strengthened our competitive advantages towards those EU customers. We expect that we can launch new environmental-friendly products with higher average selling price in order to maintain our market share in this competitive environment. As the pioneer in term of green textile manufacturing, we will use our best endeavour to optimize the overall production efficiency as well as making contributions to create a greener and more environmental-friendly industry in the future and to increase the output per person by upgrading the automation of machineries and enhancing the overall production efficiency. We will endeavour to optimize our value chain and operation efficiency.

### PROSPECTS

The cotton price in the PRC market is expected to be more market-oriented with the cancellation of the government's national cotton temporary reserve policy which had been implemented during the past three years. More clear pricing trend on the domestic cotton is expected in the coming year with the upcoming introduction of the detailed regulations on subsidy policy for domestic cotton by the government. Cotton yarn prices are expected to be more stable in the next season.

The market condition for textile industry remained difficult in the first six months of 2015. The profit of some enterprises declined and the accumulation of inventories by franchisees remained heavy which was mainly due to the rising raw material prices, reduced purchasing power of the end market as well as real estate control policies. Growth of major industry players was curbed and sentiment remained sluggish. The upsurge in the production costs in the PRC has become a trend in the coming years and this also brings opportunities to the Group. Our manufacturing plants established in Cambodia can enjoy the cost benefits of the human resources in Cambodia and the import tariff concessions from EU and Japan. These factors strengthened our bargaining power of orders received from EU and Japan. Therefore, further development in Cambodia will be our focus in the coming years. However, in light of the current challenging market environment, the Group will continue to take a cautious approach in finance resources management and will concentrate its efforts on consolidating existing resources to strengthen its established positions in China and Cambodia.

Looking ahead, the global economy will undoubtedly remain uncertain. However, with our focus on the development in Cambodia, we can not only hedge against the difficulties of continuously rising production costs in the PRC, but also sharpen our competitiveness on procuring orders from EU and Japan. The long-established spinning arms in SuSong and Xinjiang also benefits the Group on the upstream raw materials supply. Demand for middle and high-end textile products is expected to grow with the growing China domestic consumption. As guided by the 12th Five-year Plan of the PRC government, textile industry is believed to undergo significant reorganization and transformation. With the better industry environment, we believe that China will continue to be one of the largest textile manufacturers and exporters in the world, bringing in huge business opportunities for the players.

By combining expertise in production and efficiencies in production capability through full vertical integration, we are capable of delivering an innovative portfolio of products and services with unsurpassed quality. Specializing in the manufacture of dyed yarns and knitted sweaters, we have been recognized by international accreditation organizations for our dedication and commitment to our customers. Further, by leveraging on our new cash flow stream from the Operation Right Transfer Agreement, we believe that we are in a better position to capture any market opportunities, to mitigate the impacts of the market's current volatility and to maintain our leading position in the global cotton textile industry.

Despite the difficulties and challenges, the Group will continue to look for the operation efficiency, business development and investment opportunities.

As announced on 21st August, 2015, the Company entered into a placing agreement with the placing agent, KGI Asia Limited, pursuant to which the placing agent agreed, on a best effort basis, to place 122,000,000 new shares of the Company at a price of HK\$1.05 per share, intending to raise a net proceeds of HK\$125.3 million as general working capital and/or for future investment of the Group.

## FINANCIAL REVIEW

### Textile Business

#### Turnover

During the Reporting Period, our textile business is principally engaged in the production and sale of dyed yarn, knitted sweaters and cotton yarn, the provision of dyeing services and knitting services, and the trading of cotton and yarns. Its major products include dyed yarns made of over 200 different types of cotton, cashmere, ramie, rayon, acrylic, polyester, silk, wool, nylon, linen and a mixture of the above, and knitted sweaters including cardigans and pullovers as well as socks and hosiery products.

Total revenue for the Reporting Period was approximately HK\$409.9 million. Comparing with the corresponding period last year, the revenue dropped slightly by around 2.0%, decreasing from HK\$418.3 million to approximately HK\$409.9 million for the Reporting Period. Production and sales of knitted sweaters and dyed yarn remained as the principal operation in the textile business of the Group.

Comparing with the same last corresponding period, the turnover of the sweater business increased by around 10.0% from approximately HK\$164.9 million to approximately HK\$181.3 million during the Reporting Period, representing about 44.2% of the total turnover of the Group. However, most of the shipments were delayed and sales will be recorded in the second half of the year 2015. Average selling price of the knitted sweaters can be slightly raised by around 2.9% despite the stagnant market conditions while the sales volume also increased by around 5.3%. Same as last year, the textile's sales contribution of sweater business was mainly driven by the increased orders from EU and Japan while the domestic sales from the PRC continuously dropped as expected with the rising labour costs in the PRC. The Group strategically shifted the sales focus from PRC customers to EU customers by utilizing the competitive advantages of the low labour cost in our Cambodia factories. Such competitive advantages allowed the Group to grasp greater market shares. Our sweater business is being vertically benefited from our upstream spinning arms by utilizing the raw material at a controllable and stable costs, which in turn improved our profit margins. Our sweater products were still mainly exported to Europe and the Group continues to expand our customer base to reduce its reliance on certain customers. With the expansion of our green factory in Cambodia, the Group will focus our products to those middle to high-end textile products with environmental-friendly features. Beside, textile products imported from Cambodia are entitled to tax exemption for those European customers and again strengthen the bargaining power of the Group.

Sales generated from the production and sales of dyed yarn continuously decreased by approximately 14.9%, from approximately HK\$194.8 million to approximately HK\$165.9 million during the Reporting Period, representing approximately 40.5% of the Group's total turnover. Similar to last year, the average yarn selling prices in the PRC market continuously dropped in the Reporting Period with the pessimistic and cautious approach adopted by those cotton and dyed yarns customers. Therefore, less amount of yarn was ordered from third party suppliers with lower average selling prices and more self-made yarn was utilized. With our competitive advantage gained from our self-owned upstream manufacturing facilities, the Group can provide stable supply of those yarn products for the production of dyed yarns and we continued to exercise tight cost controls and efficient order scheduling and production planning in order to streamline our existing operations and improve our profit margins in the future.

Production and sales of cotton yarns is another core business segment of the textile business and it represents approximately 9.9% of the Group's turnover. Revenue generated from sales of cotton yarns increased slightly by approximately 19.2% to approximately HK\$40.6 million. Sales volume of cotton yarns decreased by approximately 8.0% whereas the average selling price recorded a decrease of 12.8% with the general weak cotton yarn prices in the industry. The external utilization rate of the cotton yarn remained at around 73.6% for the Reporting Period.

Revenue generated from the provision of dyeing services slightly increased from HK\$16.3 million to approximately HK\$17.6 million during the Reporting Period. Most of the Group's dyed yarn was sold to the PRC and Hong Kong manufacturers with production sites based in Guangdong, Jiangsu and Zhejiang. Sales proceeds from the PRC, Hong Kong and Macau accounted for over 95% of the Group's total sales proceeds from dyed yarn. The remainder of the sales proceeds was derived from exports to overseas countries including Thailand, Taiwan, and Indonesia.

## Cost of Sales

With the slight decrease in sales of around 2.0%, the cost of sales adversely increased by approximately 21.7% for the period under review. Raw materials consumed for the production increased apparently comparing with the same last corresponding period and those fixed costs per unit was raised during the period under review. Despite the expansion of the production capacity in Cambodia and the resulted decrease in labour costs, the change in product mix, the strengthening of our yarns procurement strategies and improvement in the wastage percentage during the production cycles, the raw materials consumed per unit of products adversely increased. Direct labour costs, subcontracting charges and other factory overheads improved and kept decreasing at a controllable level.

## Gross profit and gross profit margin

The Group recorded gross profit of approximately HK\$15.2 million for the Reporting Period, with gross profit margin at approximately 3.7%. The overall gross margin decreased apparently comparing with the gross profit margin during the corresponding period last year.

Similar to last year, with the continuous decrease in sales, those variable and fixed production costs are not able to leverage down so as the sales volumes are not optimized in the production cycles. The downward expectations for cotton prices and the wait-and-see atmosphere in the downstream textile business further adversely affected the revenue and borderline of the textile business of the Group. However, if the sales orders can be recovered in the second half of 2015, the Group is able to leverage on the cost advantage of the production base in Cambodia and optimize the product mix and therefore improving the Group's performance. On the other hand, the Group was still able to pass part of the cost to the end-customers by raising the average selling price of knitted sweaters products by focusing on those high-valued products during the Reporting Period. The Group will continuously try to manage the gross profit margin by improving the operating efficiency as well as factory utilization rate.

## Net profit margin

A net loss of approximately HK\$61.6 million was derived from the textile business of the Group. With the overall weak trend of the cotton yarn industry, our dyeing and spinning segments continuously suffered a loss for the first six months of 2015, while sweater business continued to remain as our profitable segment. Cotton yarn prices are expected to be more stable in the second half of 2015 and with the recovery of those delayed orders from sweater business, we expected that the overall net profit margin will be improved. The Group will continuously overcome the challenges by sharpening its competitive edge.

## Other investment

The Company has completed the purchases of the 13% equity interest in a company, which in turn holds 89.99% effective interest in a natural gas distributor with operation in Shanxi Province, the PRC at a total consideration of approximately HK\$177 million.

## Other revenue

Other revenue of approximately HK\$10.4 million mainly comprised those income derived from the disposal of scrapped materials, exchange gains and interest income.

## Selling and distribution costs

Selling and distribution costs mainly included transportation cost, accessories and packing expenses. For the period under review, the Group's selling and distribution costs amounted to approximately HK\$30.7 million, representing approximately 7.5% of the Group's turnover.

## Administrative expenses

Administrative expenses of approximately HK\$54.8 million mainly consisted of staff cost, which covered employees' salary and welfare, directors' remuneration, bank charges and depreciation. It represented approximately 13.4% of the Group's turnover.

## Finance costs

Finance costs mainly comprised interests on bank borrowings and obligations under finance leases which decreased by around 21.1% from HK\$21.4 million during the last corresponding period to HK\$16.9 million during this period. It represented approximately 4.1% of the Group's turnover.

## Borrowings

As at 30th June, 2015, the Group had outstanding bank borrowings of approximately HK\$1,087.4 million which was classified as falling due within one year. Amount slightly decreased further by approximately HK\$70.9 million or 6.1% when comparing with the balance as at last year end. Amongst the total bank borrowings, approximately HK\$500.0 million was in term loan nature and about HK\$587.4 million was in trade nature. Trade loan amount was kept a similar level as last year end. Loan would be released upon the delivery of those goods sold. Term loan raised was mainly in relating to the additions of the knitting machineries in Cambodia and PRC production bases.

Net gearing ratio, which represents bank borrowings net of bank balances and cash divided by net assets, was increased slightly to 0.96 for the period under review.



## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th June, 2015, the Group's cash and cash equivalents decreased to approximately HK\$32.2 million from HK\$52.1 million as at last period end. Total assets was approximately HK\$2,636.0 million as at period end.

More net cash was generated from the operating activities for the Reporting Period with the net effect of the worsening operating result and the decrease in trade receivables for the Reporting Period. Besides, less cash used in investing activities this period and no material acquisition plan was noted for the Reporting Period. With the decrease in net cash generated from financing activities, the net cash and cash equivalents decreased to approximately HK\$32.2 million as at period end.

The Group met its funding requirements in its usual course of operation mainly by cash flows generated from operations, as well as long-term and short-term borrowings. The Group will focus on reducing the net gearing ratio continuously by improving profitability, procuring the disposal of non-core properties as well as the implementation of tighter control over costs, working capital and capital expenditure. Since the last year end, the Group transferred the operating right of one of its PRC subsidiaries at a consideration of approximately HK\$554.3 million in order to dispose of those non-core business. Such disposal will strengthen the cash inflow position of the Group in the coming years.

As disclosed in the announcement of the Company dated 10th June, 2015, the Company has conducted discussion with certain banks on the restructuring of the loans advanced to the Group. As at the date of this report, the loan restructuring was still under negotiations.

The sales and purchases of the Group were evenly denominated in Hong Kong dollars, US dollars and Renminbi. Part of the effect of the appreciation of the Renminbi against the US dollars was hedged through our PRC operations while another part of that effect was mitigated through appropriate hedging arrangements. Fluctuations in foreign currencies such as the US dollars and the Renminbi remained a concern of the Group. To mitigate foreign currency risk, the Group will enter into appropriate hedging arrangements from time to time.

## Stock turnover days

Stock turnover days of the Group for the period ended 30th June, 2015 was approximately 489 days, which was shortened by around 170 days as compared with 659 days for the corresponding last period. The Group will continuously monitor its inventory level to a secure level in the coming year end.

## Debtors' turnover days

The debtors' turnover days was improved apparently by 119 days from 218 days last period end to 99 days for this period. Credit control on debt collection and new customers selection procedures are still being made in a stringent manner continuously. Generally, the Group offers credit terms of 30 days to 120 days to its trade customers subject to the trading history and the individual creditability of the customers.

## Dividend Policy

The declaration of dividends is subject to the discretion of the directors of the Company and is expected to take into account various factors such as the Group's financial results, shareholders' interests, general business conditions and strategies, the Group's capital requirements, contractual restrictions on the payment of dividends by the Company to its shareholders or by the Group's subsidiaries to the Company, taxation considerations, possible effects on the Group's creditworthiness, statutory and regulatory restrictions and any other factors as the directors of the Company may deem relevant. Taking into account the cash required for the Group's operation in the second half of 2015, the board of directors of the Company does not recommend the payment of interim dividend for the six months ended 30th June, 2015.

## CONTINUING CONNECTED TRANSACTION

The related party transaction with Addchance Dyeing Factory Limited as disclosed in note 21 to the consolidated financial statements constituted a non-exempt continuing connected transaction under the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), details of which are set out below. The said transaction has complied with the requirements under Chapter 14A of the Listing Rules.

### 2013 Tenancy Agreement

On 13th December, 2013, Addchance Dyeing Factory Limited and Addchance Limited entered into a tenancy agreement (the “2013 Tenancy Agreement”) in respect of certain office premises at Sung’s Tower, Nos. 15-19 Lam Tin Street, Kwai Chung, New Territories, Hong Kong (the “Premises”).

Pursuant to the 2013 Tenancy Agreement, Addchance Dyeing Factory Limited, as landlord, agreed to lease to Addchance Limited, as tenant, the Premises for a term of 3 years commencing from 19th November, 2013 to 18th November, 2016 (both days inclusive).

The monthly rent payable under the 2013 Tenancy Agreement shall be HK\$470,000, exclusive of rates, management fees and air-conditioning charges. There was a rent free period from 19th November, 2013 to 31st December, 2013. During the term of the 2013 Tenancy Agreement, the parties may negotiate to review the rent for each of the years ending 18th November, 2015 and 18th November, 2016 with reference to the prevailing market rent at the material time. In the event that the parties wish to revise the rent, they shall jointly appoint an independent valuer to assess the prevailing market rent of the Premises at the material time, provided that the monthly rent for the years ending 18th November, 2015 and 18th November, 2016 shall not in any event be more than HK\$510,000 and HK\$560,000, respectively.

As Addchance Limited is an indirect wholly-owned subsidiary of the Company and Addchance Dyeing Factory Limited is a company owned as to 60% by Dr. Sung Chung Kwun, the former chairman, a former executive director and the substantial shareholder of the Company and as to 40% by Mr. Sung Kim Ping, an executive director of the Company and the son of Dr. Sung Chung Kwun, the 2013 Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

The terms of the 2013 Tenancy Agreement were arrived at based on arm’s length negotiations and on normal commercial terms and with reference to the valuation prepared by an independent valuer dated 13th December, 2013.

The Group are using the Premises for office purpose.

## OTHER INFORMATION

Details of the 2013 Tenancy Agreement have been disclosed in the announcement of the Company dated 13th December, 2013. During the six months ended 30th June, 2015, the total rental expenses paid by the Group was approximately HK\$2.8 million.

Each of the independent non-executive directors of the Company has confirmed that the above continuing connected transaction has been entered into by the Group in the ordinary and usual course of its business on normal commercial terms and in accordance with the terms of the 2013 Tenancy Agreement which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have confirmed that the above continuing connected transaction (i) has received the approval of the board of directors (the "Board") of the Company and (ii) has been entered into in accordance with the relevant agreement governing the transaction.

The other related party transaction with Dr. Sung Chung Kwun as disclosed in note 21 to the consolidated financial statements constituted an exempt continuing connected transaction.

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### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2015, the interests and short positions of the directors and chief executive of the Company in the share, underlying shares and debentures 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 ("SFO"), or as otherwise notified to the Company and to the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in the shares of HK\$0.01 each of the Company (the "Shares")

Name of director	Capacity	Number of Shares held	Percentage of shareholding
Mr. Sung Kim Wa	Beneficial owner	374,000	0.06%

Other than as disclosed above, none of the directors or the chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30th June, 2015.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON IN SHARES AND UNDERLYING SHARES

As at 30th June, 2015, the following substantial shareholders and other person (other than a director or chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

### Long positions in Shares

Name	Capacity	Number of Shares held	Percentage of shareholding
Powerlink Industries Limited ("Powerlink")	Beneficial owner	169,000,000	27.45%
Dr. Sung Chung Kwun	Interest in controlled corporation ( <i>Note 1</i> )	169,000,000	27.45%
Hong Jun Global Limited ("Hong Jun")	Beneficial owner	67,002,909	10.88%
Mr. Leung Chau Ping, Paul	Interest in controlled corporation ( <i>Note 2</i> )	67,002,909	10.88%
Mr. Poon Sum	(i) Beneficial owner	31,970,000	8.72%
	(ii) Founder of a discretionary trust ( <i>Note 3</i> )	21,750,000	

### Notes:

- These Shares are held by Powerlink, a company wholly and beneficially owned by Dr. Sung Chung Kwun.
- Hong Jun is wholly and beneficially owned by Mr. Leung Chau Ping, Paul.
- These Shares are held by Ever Source Enterprises Limited. The issued share capital of Ever Source Enterprises Limited is indirectly owned as to 50% by a discretionary trust of which Mr. Poon Sum is a founder of the discretionary trust.

## OTHER INFORMATION

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Save as disclosed above, as at 30th June, 2015, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### SHARE OPTION SCHEME

The Company has adopted a share option scheme on 29th August, 2005 (the “Scheme”) which enables the Company to grant options to eligible persons as incentive or rewards for their contributions to the Group. Pursuant to the Scheme, the Company may grant options to (a) any full time employee or director of any member of the Group; (b) any part time employee of any member of the Group who has spent not less than 10 hours per week in providing services to such member of the Group, determined by averaging out the total number of hours so spent in a period of four weeks immediately preceding the week in which a grant of the option is offered to such part time employee; or (c) any consultant or adviser of or to any member of the Group who has provided technical know-how and consultancy services to such member of the Group in accordance with the terms of a contractual relationship entered into between the consultant or adviser with such member of the Group.

The total number of the Shares which may be issued upon exercise of all options to be granted under the Scheme must not exceed 40,000,000 Shares, representing 10 per cent. of the Shares in issue as at the date of passing the resolutions approving the Scheme. The total number of the Shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12 month period must not exceed 1 per cent. of the Shares in issue from time to time unless approval from the shareholders of the Company in general meeting is obtained with such participant and his/her associates abstaining from voting.

The exercisable period of an option under the Scheme will be notified by the Board to each participant which shall not exceed 10 years from the date upon which the option is deemed to be granted and accepted. The Scheme does not require a minimum period for which an option must be held before an option can be exercised. Upon acceptance of the option, the eligible person shall pay HK\$1.00 to the Company by way of consideration for the grant. The subscription price for the Shares subject to options will be a price determined by the Board and will be at least the highest of (i) the closing price of the Shares on the Main Board as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing price of the Shares on the Main Board as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share. Subject to the termination provisions, the Scheme will remain valid for a period of 10 years commencing on 29th August, 2005.

As at the date of the 2014 annual report of the Company, a total of 40,000,000 Shares which represented 7.56% of the issued share capital of the Company shall be the total number of Shares available for issue under the Scheme at the date of the 2014 annual report of the Company.

No options were granted, exercised, cancelled or lapsed during the six months ended 30th June, 2015 nor outstanding as at 30th June, 2015.

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

The Company had not redeemed any of its listed shares during the Reporting Period. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares during the Reporting Period.

### **CORPORATE GOVERNANCE**

During the Reporting Period, the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, save for the following deviations:

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

Mr. Sung Kim Wa was the chairman of the Company during the Reporting Period and there was no chief executive officer appointed by the Company and the day-to-day management of the Group was led by Mr. Sung Kim Wa during the Reporting Period. There is no time schedule to change this structure, as the directors of the Company consider that this structure provides the Group with strong and consistent leadership in the Company's decision making process and operational efficiency. Mr. Sung Kim Wa subsequently resigned as the chairman of the Company on 9th July, 2015 and Mr. Sung Kim Ping has taken up the chairmanship.

## OTHER INFORMATION

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2. Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend the general meetings and develop a balanced understanding of the views of the shareholders.

Mr. Chan Tsz Fu, Jacky (“Mr. Chan”), Mr. Zhuang Zhongxi (“Mr. Zhuang”) and Ms. Huang Yunjie (all being the independent non-executive directors of the Company at the material time) were unable to attend the extraordinary general meeting of the Company held on 10th March, 2015 due to their other business engagements. Mr. Chan, Mr. Zhuang (both being the independent non-executive directors of the Company) and Mr. Chui Chi Yun, Robert (being the non-executive director of the Company) were unable to attend the annual general meeting of the Company held on 29th May, 2015 (“AGM”) due to other business commitments.

3. Under Code Provision E.1.2, the chairman of the Board should attend the AGM.

Mr. Sung Kim Wa, the chairman of the Board at the material time, did not attend the AGM due to his other prior business engagement. Three (out of five) executive directors of the Company and a member of each of the audit, remuneration and nomination committees attended the AGM. The Company considers that their presence is sufficient for addressing the queries from, and maintaining effective communication with, the shareholders attending the AGM.

4. Pursuant to Rules 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules and Code Provision A.5.1 of the Corporate Governance Code, (i) the Board is required to have at least three independent non-executive directors; (ii) at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise; (iii) the Board is required to have independent non-executive directors representing at least one-third of the Board; (iv) the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise; (v) the remuneration committee is required to be chaired by an independent non-executive director and (vi) the nomination committee is required to be chaired by the chairman of the Board or an independent non-executive director.



Mr. Chan has retired as an independent non-executive director of the Company and the chairman of each of the audit committee, remuneration committee and nomination committee upon the conclusion of the AGM. Since the Company was still in the course of identifying suitable candidate at the material time to take up the vacancy left by Mr. Chan, upon conclusion of the AGM, the Company temporarily did not satisfy the requirements prescribed under Rules 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules and Code Provision A.5.1 of the Corporate Governance Code.

On 15th June, 2015, Mr. Chan Shu Kin was appointed as an independent non-executive director of the Company as well as the chairman of the audit committee and a member of each of the remuneration committee and nomination committee. However, Mr. Zhuang has resigned as an independent non-executive director of the Company as well as a member of each of the audit committee, remuneration committee and nomination committee on the same date. Following the appointment of Mr. Chan Shu Kin, the Company satisfy the requirement prescribed under Rule 3.10(2) of the Listing Rules that an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

On 9th July, 2015, Dr. Tse Kwok Sang (“Dr. Tse”) was appointed as an independent non-executive director of the Company as well as the chairman of each of the remuneration committee and nomination committee and a member of audit committee. Following the appointment of Dr. Tse, the number of independent non-executive directors and audit committee members fulfills the minimum number as required under Rules 3.10(1), 3.10A and 3.21 of the Listing Rules, and the remuneration committee and the nomination committee of the Company was also chaired by an independent non-executive director as required under Rule 3.25 of the Listing Rules and Code Provision A.5.1 of the Corporate Governance Code.

## INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30th June, 2015 (six months ended 30th June, 2014: Nil) to the shareholders.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all directors of the Company, and the directors have confirmed that they have complied with all relevant requirements as set out in the Model Code for the six months ended 30th June, 2015.

### CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rules 13.51B(1) and 13.51B(3) of the Listing Rules, the changes in directors' information are set out as follows:

Mr. Chui Chi Yun, Robert, the non-executive director of the Company, has been appointed as an independent non-executive director of Aurum Pacific (China) Group Limited (stock code: 8148) and PPS International (Holdings) Limited (stock code: 8201) with effect from 7th May, 2015 and 16th June, 2015, respectively.

Other than those disclosed above, there is no information in respect of the directors of the Company required to be disclosed pursuant to Rules 13.51B(1) and 13.51B(3) of the Listing Rules.

### AUDIT COMMITTEE

- 48 The audit committee of the Company has reviewed the Group's interim results for the six months ended 30th June, 2015. The audit committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the interim results for the six months ended 30th June, 2015.

### ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all our Shareholders and Investors for their support and our customers for their patronage.

On behalf of the Board  
**Sung Kim Ping**  
*Chairman*

28th August, 2015