



# HANBO 恒寶

HANBO ENTERPRISES HOLDINGS LIMITED

恒寶企業控股有限公司


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

SEHK Stock Code: HK 1367

Your Supply. Our Responsibility.

INTERIM  
REPORT 2015

# Contents



<b>2</b>	Corporate Information
<b>4</b>	Management Discussion and Analysis
<b>8</b>	Other Information
<b>12</b>	Condensed Consolidated Statement of Profit or Loss
<b>13</b>	Condensed Consolidated Statement of Comprehensive Income
<b>14</b>	Condensed Consolidated Statement of Financial Position
<b>15</b>	Condensed Consolidated Statement of Changes in Equity
<b>16</b>	Condensed Consolidated Statement of Cash Flows
<b>17</b>	Notes to the Condensed Consolidated Interim Financial Statements

# Corporate Information

## Board of Directors

### Executive Directors

Mr. CHENG Lap Yin (*Chairman*)  
Mr. LIU Chung Tong (*Deputy chairman*)  
Mr. LIU Ying Yin, James (*Managing director*)  
Mr. KAO Lap Shing (*Financial controller*)  
Mr. YU Yuen Mau, Banny

### Independent Non-Executive Directors

Mr. CHUNG Kwok Pan  
Mr. LAI Kin Keung  
Mr. NG Ming Yuen, John

## Company Secretary

Mr. KAO Lap Shing

## Authorised Representatives

Mr. CHENG Lap Yin  
Mr. LIU Chung Tong

## Audit Committee

Mr. NG Ming Yuen, John (*Chairman*)  
Mr. CHUNG Kwok Pan  
Mr. LAI Kin Keung

## Remuneration Committee

Mr. LAI Kin Keung (*Chairman*)  
Mr. CHENG Lap Yin  
Mr. CHUNG Kwok Pan

## Nomination Committee

Mr. CHENG Lap Yin (*Chairman*)  
Mr. LIU Ying Yin, James  
Mr. CHUNG Kwok Pan  
Mr. LAI Kin Keung  
Mr. NG Ming Yuen, John

## Compliance Committee

Mr. LIU Chung Tong (*Chairman*)  
Mr. KAO Lap Shing  
Mr. CHUNG Kwok Pan  
Mr. LAI Kin Keung  
Mr. NG Ming Yuen, John

## Registered Office

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

## Headquarters and Principal Place of Business in Hong Kong

Flat A & B, 9/F., Tontex Industrial Building  
2-4 Sheung Hei Street  
San Po Kong, Kowloon  
Hong Kong

## Cayman Islands Principal Share Registrar and Transfer Office

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

## Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited  
A18/F., Asia Orient Tower  
Town Place  
33 Lockhart Road  
Wanchai  
Hong Kong

## Principal Bankers

China CITIC Bank International Limited  
232 Des Voeux Road Central  
Hong Kong

Standard Chartered Bank (Hong Kong) Limited  
15/F Standard Chartered  
4-4A Des Voeux Road Central  
Hong Kong

## Auditors

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

## Legal Advisers

*as to Hong Kong law*

Pinsent Masons  
50/F  
Central Plaza  
18 Harbour Road  
Hong Kong

*as to Cayman Islands law*

Conyers Dill & Pearman (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## Compliance Adviser

Quam Capital Limited  
18/F–19/F, China Building  
29 Queen's Road Central  
Hong Kong

## Website

[www.hanbo.com](http://www.hanbo.com)

## Stock Code

1367

# Management Discussion and Analysis

## Business Review

Hanbo Enterprises Holdings Limited (the “Company”) and its subsidiaries (the “Group”) provides apparel supply chain management services for woven wear (such as shirts, pants, jeans and jackets) and accessories. The apparel supply chain management services include sourcing of raw materials and third-party manufacturers, sample creation, product design and development, production management, merchandising, quality control, logistics management and social compliance monitoring services. The Group acts as a one-stop solution provider to its customers by providing them with a wide range of services to meet their needs along the apparel supply chain. The Group derives revenue primarily from the sale of apparel products it procures for its customers.

For the six months ended 30 June 2015 (the “Reporting Period”), the Group’s revenue was approximately HK\$235.7 million, representing an increase of approximately 15.1% when compared to the six months ended 30 June 2014 (the “Previous Reporting Period”) of approximately HK\$204.7 million. The increase in the Group’s revenue was mainly attributable to the growth of business from new customers. Nevertheless, gross margin dropped from approximately 18.0% in the Previous Reporting Period to approximately 16.4% in the Reporting Period. Hence, gross profit increased moderately from approximately HK\$36.9 million in the Previous Reporting Period to approximately HK\$38.5 million in the Reporting Period, representing an increase of approximately 4.5%. Net profit attributable to the owners of the Company for the Reporting Period was approximately HK\$3.6 million as compared to a loss of approximately HK\$1.9 million for the Previous Reporting Period. The improved net profit was mainly because of (i) the increase in gross profit of approximately HK\$1.7 million; and (ii) the non-recurring listing expenses of approximately HK\$9.6 million incurred in the Previous Reporting Period, while no listing expenses were incurred during the Reporting Period.

## Financial Review

### Revenue

The Group’s revenue for the Reporting Period was approximately HK\$235.7 million, which increased by approximately HK\$30.9 million when compared to the Previous Reporting Period. The increase in the Group’s revenue was mainly attributable to (i) the improvement in the general economic condition in the United States; and (ii) the sales orders received from the new customers in the Reporting Period.

### Cost of Sales

Cost of sales included raw materials, subcontracting fees, and other costs. Raw materials were fabrics and ancillary raw materials, including buttons, zippers and threads that the Group purchased and supplied to the third-party manufacturers for their production. Subcontracting fees represented fees paid to the third-party manufacturers for production of apparel products. Other costs included miscellaneous costs such as freight charges, inspection charges, declaration fees, depreciation and insurance.

Subcontracting fees continued to be the major component of the Group’s total cost of sales and accounted for approximately 97.1% of the total cost of sales for the Reporting Period (the Previous Reporting Period: approximately 97.0%).

### Gross Profit and Margin

The Group’s gross profit for the Reporting Period was approximately HK\$38.5 million, representing an increase of approximately 4.5% from approximately HK\$36.9 million for the Previous Reporting Period.

The Group's overall gross profit margin decreased to approximately 16.4% for the Reporting Period, from approximately 18.0% for the Previous Reporting Period, which was mainly attributable to (i) the decrease in the average selling price of the products by approximately 4% due to the sales mix of the products by the Group's major customers; and (ii) change in the buying strategies to low price as communicated by the Group's major customers to the Group.

### **Other Income and Gains, net**

Other income and gains, net for the Reporting Period was approximately HK\$401,000, representing a decrease of approximately 60.5% from the Previous Reporting Period. The decrease was mainly attributable to the decrease in the rework and compensation income and sales of scrap materials.

### **Selling and Distribution Expenses**

Selling and distribution expenses decreased by approximately 11.7% to approximately HK\$614,000 for the Reporting Period as compared to approximately HK\$695,000 in the Previous Reporting Period. The decrease was mainly attributable to the decrease in the transportation costs.

### **Administrative Expenses**

Administrative expenses mainly represented employee benefit expenses for the Group's management, finance and administrative personnel, entertainment expenses, rental expenses for the Group's office premises and travelling expenses. Administrative expenses increased by approximately 13.1% to approximately HK\$31.2 million during the Reporting Period mainly due to the increase in staff costs and the legal and professional fees.

### **Other Expenses, net**

Other expenses, net mainly represented the rework costs paid to customer and the provision for doubtful debts. Other expenses, net decreased during the Reporting Period because of the listing expenses incurred amounted to approximately HK\$9.6 million in the Previous Reporting Period, which was nil during the Reporting Period.

### **Finance Cost**

Finance cost mainly represented interest expense on trust receipt loans for the purchase of raw materials. It increased by approximately 179.5% to approximately HK\$232,000 for the Reporting Period as compared to approximately HK\$83,000 in the Previous Reporting Period primarily due to the increase in purchases of materials which was consistent with the increase in sales during the Reporting Period.

## **Liquidity and Financial Resources**

During the Reporting Period, the Group's working capital was financed by both internal resources and bank borrowings. As at 30 June 2015, cash and cash equivalents amounted to approximately HK\$99.4 million, which increased by approximately 54.9% as compared to approximately HK\$64.2 million as at 31 December 2014. The current ratio of the Group was approximately 5.4 (31 December 2014: 3.7).

## **Gearing Ratio**

The Group did not have debt not incurred in the ordinary course of business. The bank borrowings of the Group as at 30 June 2015 and 31 December 2014 were incurred for trade finance purposes. Thus, gearing ratio was nil to the Group.

## **Treasury Policies**

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the Reporting Period. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the board (the “Board”) of directors of the Company (the “Directors”) closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and other commitments can meet its funding requirements from time to time.

## **Foreign Exchange Exposure**

The Group’s foreign currency transactions are mainly denominated in Renminbi (“RMB”) and United States dollars (“US\$”). The Group has currency exposure as certain subcontracting fees incurred in the Mainland China and the operating expenses of China office were denominated in RMB. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in RMB. During the Reporting Period, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

## **Capital Expenditures**

During the Reporting Period, the Group’s capital expenditure consisted of additions to property, plant and equipment amounting to approximately HK\$200,000 (Previous Reporting Period: approximately HK\$1.2 million).

## **Capital Commitments**

As at 30 June 2015, the Group did not have any significant capital commitments (31 December 2014: Nil).

## **Employees and Remuneration Policies**

As at 30 June 2015, the Group had a total of 251 employees, including the Directors. Total staff costs (including Directors’ remuneration) were approximately HK\$18.9 million for the Reporting Period, as compared to approximately HK\$17.2 million for the Previous Reporting Period.

Remuneration is determined with reference to market norms and individual employees’ performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group’s performance as well as individual’s performance. Other major staff benefits included contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong and the provision of social insurances for employees employed by the Group pursuant to the applicable PRC rules and regulations.

The salaries and benefits of the Group’s employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group’s salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 20 June 2014 where options to subscribe for the shares of the Company (the “Shares”) may be granted to the Directors and employees of the Group. Details of the share option scheme of the Company are disclosed in the section headed “Share Option Scheme” below.

## **Significant Investment Held**

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company during the Reporting Period.

## Material Acquisition and Disposal of Subsidiaries

During the Reporting Period, there was no material acquisition and disposal of subsidiaries by the Company.

## Risk Management

### Contingent Liabilities

As disclosed in note 18 to the condensed consolidated interim financial statements and the announcement of the Company dated 22 July 2014, the Board considers that the results of the litigation will have no material adverse impact on the business, operations and financials of the Group.

### Charge on the Group's Assets

As at 30 June 2015, the Group's property with a net carrying value of approximately HK\$1.9 million (31 December 2014: approximately HK\$1.9 million) was pledged to banks to secure general banking facilities granted to the Group.

## Use of Proceeds from Initial Public Offering

On 11 July 2014, the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The initial public offering by way of international placing and Hong Kong public offering was welcomed by investors.

As stated in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 June 2014 (the "Prospectus"), the Group intends to use the proceeds for (i) enhancement of the Group's design and development capability; (ii) expansion of the Group's network of third-party manufacturers; (iii) product type expansion; (iv) enhancement of the information technology system and upgrading of the Group's enterprise resource planning system; and (v) working capital and other general corporate purposes. The Company intends to continue to apply the net proceeds in accordance with the proposed applications set out above.

The highlights of the use of proceeds during the Reporting Period is as follows:

- (i) Approximately HK\$859,000 was incurred in setting up and operating Vietnam and Indonesia offices.
- (ii) A marketing consultant was engaged to develop the European, South American and Russia markets. Total consulting fee paid during the Reporting Period was EUR12,000 (equivalent to approximately HK\$105,000).
- (iii) A handbag/accessories team was set up and first shipment of handbag/accessories began in July 2015. Total operating expenses incurred were approximately HK\$89,000 during the Reporting Period.

## Future Prospects

Despite the recovery of sales, the management of the Group expects the business environment for the apparel supply chain management services business in the second half of the year 2015 to remain challenging. In order to maintain its competitiveness, the Group aims to streamline its operation and establish closer strategic partnership with subcontractors to offer competitive prices and shorten delivery time of the sales orders to customers.

An agreement was reached with an information technology service provider to enhance the information technology infrastructures and to relocate the email servers and enterprise resource planning system to the cloud. The project have been commenced in July 2015 and shall be completed before December 2015. No payment was made during the Reporting Period. Besides, an Android mobile application, namely Hanbo Link, has been launched to improve the transparency of order status. The Group continues to employ information technology such as radio frequency identification tag and electronic data interchange solutions in the enterprise resource planning system to improve efficiency, transparency of order status and production planning.



## Other Information

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2015, the interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

#### Long positions in our Company

Name	Capacity/Nature of Interest	Number of Shares	Approximate Shareholding Percentage
Mr. Liu Ying Yin, James <sup>(1)</sup>	Interest of a controlled corporation	156,060,000	32.51%
Mr. Cheng Lap Yin <sup>(2)</sup>	Beneficial owner	165,600,000	34.50%
Mr. Liu Chung Tong <sup>(3)</sup>	Interest of a controlled corporation	18,360,000	3.82%
Mr. Kao Lap Shing	Beneficial owner	9,180,000	1.91%
Mr. Yu Yuen Mau, Banny	Beneficial owner	10,800,000	2.25%

Note:

1. Happy Zone Limited, which is solely and beneficially owned by Mr. Liu Ying Yin, James, is the beneficial owner of 156,060,000 Shares. By virtue of the SFO, Mr. Liu Ying Yin, James is deemed to be interested in all of the Shares held by Happy Zone Limited.
2. Mr. Cheng Lap Yin is the chairman of the Company.
3. Capital Oasis Holdings Limited, which is solely and beneficially owned by Mr. Liu Chung Tong, is the beneficial owner of 18,360,000 Shares. By virtue of the SFO, Mr. Liu Chung Tong is deemed to be interested in all of the Shares held by Capital Oasis Holdings Limited.

Save as disclosed above, as at the date of this report, none of the Directors or chief executives of the Company or their respective associates had registered an interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under provision of the SFO) or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' Interests in Shares and Underlying Shares and Debentures of the Company

As at 30 June 2015, so far as is known to the Directors or chief executives of the Company, the following persons (other than Directors or chief executive of the Company), who had interests or short positions in the Shares, the underlying Shares or debentures of the Company and its associated corporation within the meaning of Part XV of the SFO which were required to be disclosed pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

### Long positions in the Company

Name	Capacity/Nature of Interest	Number of Shares	Approximate Shareholding Percentage
Happy Zone Limited <sup>(1)</sup>	Beneficial owner	156,060,000	32.51%

Note:

- Happy Zone Limited which is solely and beneficially owned by Mr. Liu Ying Yin, James, is the beneficial owner of 156,060,000 Shares. By virtue of the SFO, Mr. Liu Ying Yin, James is deemed to be interested in all of the Shares held by Happy Zone Limited.

Save as disclosed above, as at the date of this report, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") which became effective on 11 July 2014. The purpose of the Share Option Scheme is to motivate certain eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationship with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contribution. Eligible participants of the Share Option Scheme, amongst others, include any executives, any employee (including proposed, full-time or part-time employee), a director or proposed director (including an independent non-executive director), a direct or indirect shareholder of any member of the Group and an associate of any of the aforementioned persons.

The maximum number of the Shares which may be issued under the Share Option Scheme and any other schemes of the Company must not exceed 48,000,000 Shares, representing 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange.

## Other Information

The maximum number of Shares issued and to be issued upon exercise of the options granted to any one eligible participant (including exercised and outstanding options) under the Share Option Scheme in any 12-month period must not exceed 1% of the issued Shares unless approved in advance by the shareholders of the Company in general meeting with such eligible person and his close associates (as defined in the Listing Rules) (if such eligible person is a connected person) abstaining from voting.

Any offer of an option under the Share Option Scheme proposed to be made to a director, chief executive or substantial shareholder of the Company or to any of their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who or whose associate is the grantee of the option). In addition, where any grant of option to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director or to any of their respective associates which will result in the relevant class of securities in issue and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such a person in the 12-month period up to and including the date of such grant in excess of 0.1% of the relevant class of securities in issue or with an aggregate value (based on the closing price of the securities at the date of grant) in excess of HK\$5,000,000, such further grant of options is subject to approval by the shareholders of the Company in general meeting, with such person, his associates and the core connected persons (as defined in the Listing Rules) of the Company abstaining from voting.

The offer of a grant of options under the Share Option Scheme may be accepted within 30 days from the date of the offer and by payment of HK\$1.00 as consideration for the grant of an option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as to be determined and notified by the Directors to each grantee, but shall end in any event not later than 10 years from the date on which the option is deemed to be granted and accepted in accordance to the Share Option Scheme.

The Share Option Scheme will be valid and effective for a period of ten years from 20 June 2014.

The exercise price is determined by the Directors and shall be at least the highest of: (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheet for the five business days (as defined in the Listing Rules) immediately preceding the offer date.

As at 30 June 2015, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme and there were no outstanding share options under the Share Option Scheme as at 30 June 2015.

## Corporate Governance

The Company is committed to achieving and maintaining high standards of corporate governance consistent with the needs and requirements of its business and the shareholders of the Company. The Company has adopted the code provisions (the "Code Provisions") as set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The corporate governance principles of the Company emphasise a quality board, sound internal controls, and transparency and accountability to all the shareholders of the Company.

During the Reporting Period, the Company has complied with the Code Provisions. The Directors will review the Company's corporate governance policies and compliance with the Code Provisions from time to time.

## Model Code of Securities Transactions by Directors

The Company has adopted the Model Code as set forth in Appendix 10 to the Listing Rules as its code for securities transactions by the Directors. The Company has made specific enquires with each of the Directors and all the Directors have confirmed that they complied with the Model Code throughout the Reporting Period.

## Audit Committee

The Company established an audit committee (the "Audit Committee") on 20 June 2014 with written terms of reference which deal clearly with its authority and duties. Amongst the committee's principal duties is to review and supervise the Company's reporting process and internal controls. The Audit Committee has reviewed, with the management, the accounting principles and policies adopted by the Group, and discussed the financial information of the Group and the interim results announcement of the Company for the six months ended 30 June 2015.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. NG Ming Yuen, John, Mr. CHUNG Kwok Pan and Mr. LAI Kin Keung. Mr. NG Ming Yuen, John is the chairman of the Audit Committee.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## Non-Competition Undertakings

As disclosed in the Prospectus, Happy Zone Limited and Mr. Cheng Lap Yin, the controlling shareholders of the Company, have undertaken to avoid being engaged in or taking part in the business which may compete with the principal business of the Company.

The Company's independent non-executive Directors have reviewed the compliance of the controlling shareholders with the deed of non-competition dated 20 June 2014.

Each of Happy Zone Limited and Mr. Cheng Lap Yin has complied with the above undertakings since the listing of the Company and up to 30 June 2015.

## Interim Dividend

The Board does not recommend the distribution of any interim dividend for the six months ended 30 June 2015.

By Order of the Board  
**Hanbo Enterprises Holdings Limited**  
**Cheng Lap Yin**  
*Chairman*

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Revenue</b>	5	235,682	204,748
Cost of sales		(197,140)	(167,883)
<b>Gross profit</b>		38,542	36,865
Other income and gains, net	5	401	1,014
Selling and distribution expenses		(614)	(695)
Administrative expenses		(31,204)	(27,584)
Fair value loss on financial investment at fair value through profit or loss		(59)	—
Other expenses, net		(2,221)	(10,469)
Finance cost	6	(232)	(83)
<b>Profit/(loss) before tax</b>	7	4,613	(952)
Income tax expense	8	(1,020)	(934)
<b>Profit/(loss) for the period and attributable to owners of the Company</b>		3,593	(1,886)
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	9	HK0.75 cents	HK(0.52) cents

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Profit/(loss) for the period</b>	3,593	(1,886)
<b>Other comprehensive income</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserve:		
– Translation of foreign operations	6	51
Other comprehensive income for the period	6	51
Total comprehensive income/(loss) for the period and attributable to owners of the Company	3,599	(1,835)

# Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	5,546	6,038
Other receivable		2,857	—
<b>Total non-current assets</b>		<b>8,403</b>	<b>6,038</b>
<b>Current assets</b>			
Inventories		2,717	2,179
Trade and bills receivables	11	47,299	40,548
Prepayment, deposits and other receivables		18,786	60,347
Financial investment at fair value through profit or loss		—	18,797
Cash and cash equivalents		99,357	64,160
Tax recoverable		946	1,042
<b>Total current assets</b>		<b>169,105</b>	<b>187,073</b>
<b>Current liabilities</b>			
Trade and bills payables	12	17,150	30,997
Other payables and accruals		7,044	12,029
Interest-bearing bank borrowings		—	1,316
Tax payable		6,852	6,087
<b>Total current liabilities</b>		<b>31,046</b>	<b>50,429</b>
<b>Net current assets</b>		<b>138,059</b>	<b>136,644</b>
<b>Total assets less current liabilities</b>		<b>146,462</b>	<b>142,682</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		203	44
Other payables and accruals		559	537
<b>Total non-current liabilities</b>		<b>762</b>	<b>581</b>
<b>Net assets</b>		<b>145,700</b>	<b>142,101</b>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	13	4,800	4,800
Reserves		140,900	137,301
<b>Total equity</b>		<b>145,700</b>	<b>142,101</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company							
	Issued capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Legal reserve HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2014	—	—	7,512	(65)	49	8,417	88,829	104,742
Loss for the period	—	—	—	—	—	—	(1,886)	(1,886)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	51	—	—	—	51
Total comprehensive income/ (loss) for the period	—	—	—	51	—	—	(1,886)	(1,835)
Capital contribution from the Controlling Shareholders	—	—	2,559	—	—	—	—	2,559
Interim dividends to the then shareholders	—	—	—	—	—	—	(1,076)	(1,076)
At 30 June 2014 (unaudited)	—	—	10,071*	(14)*	49*	8,417*	85,867*	104,390
At 1 January 2015	4,800	48,873	10,071	(23)	49	8,417	69,914	142,101
Profit for the period	—	—	—	—	—	—	3,593	3,593
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	6	—	—	—	6
Total comprehensive income for the period	—	—	—	6	—	—	3,593	3,599
At 30 June 2015 (unaudited)	4,800	48,873*	10,071*	(17)*	49*	8,417*	73,507*	145,700

\* These reserve accounts comprise the combined reserves of HK\$140,900,000 (30 June 2014: HK\$104,390,000) in the condensed consolidated statement of financial position as at 30 June 2015.



## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	21,303	23,323
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(200)	(1,241)
Repayment of loans to third-party manufacturers	—	1,664
Advance of loan to a third-party manufacturer	(3,100)	—
Proceeds from disposal of financial investments at fair value through profit or loss	18,738	—
Increase in time deposits	(10,670)	—
NET CASH FLOWS FROM INVESTING ACTIVITIES	4,768	423
CASH FLOWS FROM FINANCING ACTIVITIES		
New trust receipt loans	72,258	86,069
Repayment of trust receipt loans	(73,574)	(98,944)
Movements in net balances with directors	—	7
Interest paid	(232)	(83)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(1,548)	(12,951)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,523	10,795
Cash and cash equivalents at the beginning of the period	45,364	42,384
Effect of foreign exchange rate changes, net	4	(87)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	69,891	53,092
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	67,533	48,359
Non-pledged time deposits	31,824	4,733
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	99,357	53,092
Less: Non-pledged time deposits with original maturity of more than three months when acquired	(29,466)	—
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	69,891	53,092

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

## 1. Corporate Information

The Company was incorporated in the Cayman Islands on 30 September 2013 as an exempted company with limited liability under the laws of the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is located at Flat A & B, 9/F., Tontex Industrial Building, 2-4 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong. The Company is an investment holding company and its subsidiaries are primarily engaged in trading of apparel products and provision of apparel supply chain management services during the six months ended 30 June 2015. The shares of the Company (the "Share(s)") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 July 2014 (the "Listing Date") (the "Listing").

## 2. Reorganisation and Basis of Presentation

Pursuant to a reorganisation of the Company in connection with the Listing (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 17 June 2014. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 30 June 2014 (the "Prospectus").

The unaudited condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2014 have been prepared as if the current group structure had been in existence throughout the six months ended 30 June 2014, or since the dates of establishment of the companies now comprising the Group, where this is a shorter period. No adjustments are made to reflect fair values, or recognised any new assets or liabilities as a result of Reorganisation.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2015 are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK\$'000") except when otherwise indicated.

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

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

### 3. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA for the first time for the current period's unaudited condensed consolidated interim financial statements of the Group.

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on the unaudited condensed consolidated interim financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective in the unaudited condensed consolidated interim financial statements.

HKFRS 9	<i>Financial Instruments</i> <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>1</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>1</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>4</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
Amendments to HKAS 1	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> <sup>1</sup>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> <sup>1</sup>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>4</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of the operations and financial position.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

### 4. Operating Segment Information

The Group focuses primarily on trading of apparel products and provision of apparel supply chain management services. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

#### Geographical information

The Company is domiciled in the Cayman Islands while approximately 91.6% (six months ended 30 June 2014: 88.7%) of the Group's revenue from external customers, based on the locations of the products shipped to, were attributed to the United States of America during the six months ended 30 June 2015. At the end of the reporting period, the non-current assets of the Group were located in:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Hong Kong	3,292	3,512
Mainland China	323	303
Other countries	4,788	2,223
	8,403	6,038

#### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the six months ended 30 June 2015 and 2014 is set out below:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Customer A	60,436	61,204
Customer B	35,241	50,613
Customer C	40,124	28,933
Customer D	23,904	N/A*

\* Less than 10% of revenue

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

### 5. Revenue, Other Income and Gains, Net

Revenue represents the aggregate of the net invoiced value of apparel products sold, after allowances for returns and trade discounts.

An analysis of the Group's other income and gains, net is as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Other income</b>		
Bank interest income	146	70
Sale of scrap materials	125	239
Rework and compensation income	15	617
Sundry income	75	88
	361	1,014
<b>Gains, net</b>		
Exchange gains, net	40	—
	401	1,014

### 6. Finance Cost

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interest on bank loans	232	83

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

### 7. Profit/(Loss) Before Tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Cost of inventories sold	197,140	167,883
Depreciation	692	709
Minimum lease payments under operating leases in respect of land and buildings	1,268	1,024
Foreign exchange differences, net	(40)	225
Impairment of trade receivables	534	—
Impairment of other receivable	939	—
Loss from non-interest-bearing financial arrangement	243	—

### 8. Income Tax

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Group:		
Current		
— Hong Kong	470	584
— Elsewhere	391	350
Deferred	159	—
Total tax charge for the period	1,020	934

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2015 and 2014. The subsidiary of the Company established in Mainland China is subject to the corporate income tax at a standard rate of 25% for the six months ended 30 June 2015 and 2014. No provision for Macao complementary tax has been made as the Company's subsidiary established in Macao is exempted from complementary tax pursuant to Macao's relevant tax legislations. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

### 9. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of basic earnings/(loss) per share for the six months ended 30 June 2015 is based on the profit attributable to owners of the Company of HK\$3,593,000 (six months ended 30 June 2014: loss attributable to owners of the Company of HK\$1,886,000), and the weighted average number of ordinary shares of 480,000,000 (six months ended 30 June 2014: 360,000,000) in issue and issuable during the period.

The weighted average number of ordinary shares used to calculate the basic loss per share for the six months ended 30 June 2014 included 1 Share issued on 30 September 2013, 99 Shares issued on 11 June 2014, and 359,999,900 Shares issued pursuant to the capitalisation issue, as if the respective Shares were outstanding throughout the period ended 30 June 2014.

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share as there was no dilutive potential share outstanding for the six months ended 30 June 2015 and 2014.

### 10. Property, Plant and Equipment

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment at costs of HK\$200,000 (six months ended 30 June 2014: HK\$1,241,000).

As at 30 June 2015, the Group's property with a net carrying amount of HK\$1,880,000 (31 December 2014: HK\$1,913,000) was pledged to secure general banking facilities granted to the Group.

### 11. Trade and Bills Receivables

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Trade receivables	46,185	38,273
Bills receivable	1,876	2,503
	48,061	40,776
Impairment	(762)	(228)
	47,299	40,548

The Group's trading terms with its customers are mainly on credit. The credit period generally ranges from 30 to 75 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a designated personnel to oversee credit control in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivables balances. Trade and bills receivables are non-interest-bearing.

## 11. Trade and Bills Receivables (Continued)

An aged analysis of the trade and bills receivables as at the end of each reporting periods, based on the invoice date, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within 1 month	30,452	34,462
1 to 2 months	9,527	5,103
2 to 3 months	7,307	873
Over 3 months	13	110
	47,299	40,548

An aged analysis of the trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Neither past due nor impaired	36,621	35,461
Less than 1 month past due	10,254	4,967
1 to 2 months past due	411	10
Over 3 months past due	13	110
	47,299	40,548

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.



## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

### 12. Trade and Bills Payables

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within 1 month	14,522	25,681
1 to 2 months	1,357	3,587
2 to 3 months	781	661
Over 3 months	490	1,068
	<b>17,150</b>	<b>30,997</b>

The trade and bills payables are non-interest-bearing and are normally settled on an average term of 30 days.

### 13. Share Capital

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Authorised: 1,000,000,000 ordinary shares of HK\$0.01 each	10,000	10,000
Issued and fully paid: 480,000,000 ordinary shares of HK\$0.01 each	4,800	4,800

### 14. Note to the Consolidated Statement of Cash Flow

#### Major non-cash transaction

During the six months ended 30 June 2014, dividends of HK\$1,076,000 were settled through the current accounts between the directors (who were also the Controlling Shareholders of the Company) and the Company.

## 15. Operating Lease Arrangements

### As lessee

The Group leases certain of its office premises and staff quarter under operating lease arrangements. The leases are negotiated for terms ranging from one to ten years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follow:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within 1 year	1,151	1,274
In the second to fifth years, inclusive	1,337	1,792
	<b>2,488</b>	<b>3,066</b>

## 16. Related Party Transactions

(a) During the period, the Group entered into transactions with related parties as follows:

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Rental expenses paid to Action Win Industries Limited ("Action Win")	(i)	162	162
Rental expense paid to Liu and Cheng (Cambodia) Limited	(ii)	116	58
Dividends to the Controlling Shareholders	(iii)	—	1,076

Notes:

- (i) Rental expense was paid to Action Win Industries Limited, which is controlled by Mr. Liu Ying Yin, James, for a lease of an office premises located in Hong Kong and was charged at a monthly rental of HK\$27,000 (2014: HK\$27,000).
- (ii) Rental expense was paid to Liu and Cheng (Cambodia) Limited, which is controlled by Mr. Liu Ying Yin, James and Mr. Cheng Lap Yin, for a lease of office located in Cambodia and was charged at a monthly rental of US\$2,500 (approximately HK\$19,000) (2014: US\$2,500 (approximately HK\$19,000)).
- (iii) Dividends were declared and paid to the then shareholders through the current accounts with the directors, whose were also the then shareholders of the Company.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

### 16. Related Party Transactions (Continued)

#### (b) Commitment with a related party

The Group entered into an operating lease arrangement as a lessee with a company controlled by Mr. Liu Ying Yin, James, for a lease term of ten years, subject to a one-month termination notice. The total amount of rental expense for the six months ended 30 June 2015 and 2014 are disclosed in note 16(a)(i) to the financial statements.

The total future lease payment of this operating lease arrangement till the end of the lease term is HK\$162,000 (31 December 2014: HK\$324,000).

#### (c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Short term employee benefits	1,698	1,765
Post-employment benefits	36	31
<b>Total compensation paid to key management personnel</b>	<b>1,734</b>	<b>1,796</b>

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

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

#### Group

	Carrying amounts		Fair values	
	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
<b>Financial assets</b>				
Other receivable, non-current portion	2,857	—	2,857	—
Financial investment at fair value through profit or loss	—	18,797	—	18,797

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, trade and bills payables, the current portion of financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

## 17. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

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

The fair values of the non-current portion of other receivables have been estimated using a discounted cash flow valuation model by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The model incorporates various unobservable inputs including the credit quality of counterparties.

During the year ended 31 December 2014, the Company entered into a structured deposit with a creditworthy bank with no recent history of default. The fair value of the structured deposit was measured using valuation techniques similar to option models, using present value calculations. The models incorporate various market observable inputs including credit quality of counterparties, foreign exchange spot rates and interest rate curves. The carrying amount of the structured deposit is the same as its fair value.

### Fair value hierarchy

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

Asset measured at fair value:

#### Group

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Fair value measurement using significant observable inputs (Level 2)		
— Financial investment at fair value through profit or loss	—	18,797

The Group did not have any financial liabilities measured at fair value as at 30 June 2015 and 31 December 2014.

During the six months ended 30 June 2015 and the year ended 31 December 2014, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

### 17. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Asset for which fair value is disclosed:

#### Group

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Fair value measurement using significant unobservable inputs (Level 3)		
— Other receivable, non-current portion	2,857	—

### 18. Contingent Liabilities

As disclosed in the Prospectus, a wholly-owned subsidiary of the Company, Hanbo Enterprises Limited (the "Defendant"), was a defendant in a breach of contract claim by a fabric supplier (the "Plaintiff"), an independent third party (the "Litigation").

Pursuant to the judgment of the High Court of the Hong Kong Special Administrative Region (the "Court") dated 21 July 2014, the Court gave judgment to the Plaintiff in the sum of US\$477 with interest at judgment rate from the date of writ 27 April 2012 to the date of payment. The Court also made an order nisi that the Defendant should have the costs of the Litigation.

Pursuant to a notice of appeal dated 18 August 2014, the Plaintiff lodged with the Court of Appeal of the Hong Kong Special Administrative Region its appeal against the aforesaid judgment. The directors of the Company based on the advice from the Group's legal adviser, believe that the Defendant has a valid defence against the allegation and, accordingly, have not made any provision in the financial statements of the Group in respect of its liabilities, if any, arising therefrom.

During the six months ended 30 June 2015 and up to the date of this interim results announcement, the plaintiff has not taken any further action.

In addition, pursuant to the deed of indemnity dated 20 June 2014, each of the Controlling Shareholders has agreed to indemnify the Group on a joint and several basis, against any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by the Group as a result of any litigation, arbitration and/or legal proceedings against any member of the Group which was issued and/or accrued and/or arising from any act, non-performance, omission or otherwise of any member of the Group prior to the Listing Date.

### 19. Approval of the Interim Financial Report

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 28 August 2015.