



**MOISELLE INTERNATIONAL HOLDINGS LIMITED**

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)  
STOCK CODE: 130

INTERIM REPORT **2015/2016**

# CONTENTS

Corporate Information	2
Consolidated Income Statement	3
Consolidated Statement of Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	6
Condensed Consolidated Cash Flow Statement	7
Notes to the Financial Statements	8
Management Discussion and Analysis	12
Other Information	16

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive

Mr. CHAN Yum Kit (*Chairman*)  
Ms. TSUI How Kiu, Shirley  
Mr. CHAN Sze Chun

#### Independent Non-Executive

Ms. YU Yuk Ying, Vivian  
Mr. CHU Chun Kit, Sidney  
Ms. WONG Shuk Ying, Helen

#### AUDIT COMMITTEE

Ms. YU Yuk Ying, Vivian  
Mr. CHU Chun Kit, Sidney  
Ms. WONG Shuk Ying, Helen

#### REMUNERATION COMMITTEE

Ms. YU Yuk Ying, Vivian  
Mr. CHU Chun Kit, Sidney  
Mr. CHAN Sze Chun

#### NOMINATION COMMITTEE

Ms. YU Yuk Ying, Vivian  
Ms. WONG Shuk Ying, Helen  
Ms. TSUI How Kiu, Shirley

#### COMPANY SECRETARY

Ms. PANG Lin

#### REGISTERED OFFICE

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

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 1-5, 11th Floor  
Kodak House 2  
39 Healthy Street East  
North Point  
Hong Kong

#### WEBSITE

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

### 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

Hong Kong Registrars Limited  
Shops 1712-1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

#### KEY DATES

Closure of Register of Members:  
6 January 2016 to 8 January 2016  
Interim Dividend Payment:  
15 January 2016

The board of directors (the "Board") of Moiseille International Holdings Limited (the "Company") announces that the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2015, together with the comparative figures for the corresponding period in 2014, are as follows:

## CONSOLIDATED INCOME STATEMENT

<i>(in HK\$'000)</i>	<i>Note</i>	<b>Unaudited Six months ended 30 September</b>	
		<b>2015</b>	2014
<b>Revenue</b>		<b>161,203</b>	205,099
Cost of sales		<b>(39,188)</b>	(37,129)
<b>Gross profit</b>		<b>122,015</b>	167,970
Other revenue		<b>4,608</b>	4,378
Other net loss		<b>(716)</b>	(210)
Selling and distribution costs		<b>(121,616)</b>	(121,915)
Administrative and other operating expenses		<b>(34,006)</b>	(38,565)
<b>(Loss)/profit from operations</b>		<b>(29,715)</b>	11,658
Finance costs		<b>(66)</b>	(1)
Share of loss of associate		<b>(117)</b>	(55)
Share of loss of joint venture		<b>(1,859)</b>	(82)
<b>(Loss)/profit before taxation</b>	4	<b>(31,757)</b>	11,520
Income tax	5	<b>(144)</b>	(2,814)
<b>(Loss)/profit for the period</b>		<b>(31,901)</b>	8,706
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(31,901)</b>	8,706
<b>(Loss)/earnings per share</b>	7		
Basic		<b>HK\$(0.11)</b>	HK\$0.03
Diluted		<b>HK\$(0.11)</b>	HK\$0.03

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>(in HK\$'000)</i>	<b>Unaudited Six months ended 30 September</b>	
	<b>2015</b>	2014
<b>(Loss)/profit for the period</b>	<b>(31,901)</b>	8,706
<b>Other comprehensive income for the period (after tax)</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	<b>644</b>	127
<b>Total comprehensive income for the period</b>	<b>(31,257)</b>	8,833
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(31,257)</b>	8,833

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(in HK\$'000)</i>	<i>Note</i>	<b>As at 30 September 2015 (Unaudited)</b>	<b>As at 31 March 2015 (Audited)</b>
<b>Non-current assets</b>			
Investment properties		<b>126,509</b>	126,509
Other property, plant and equipment		<b>388,652</b>	395,567
		<b>515,161</b>	522,076
Interest in an associate		<b>1,028</b>	965
Interest in a joint venture		–	–
Other assets		<b>20,377</b>	17,923
Deferred tax assets		<b>8,859</b>	8,375
		<b>545,425</b>	549,339
<b>Current assets</b>			
Inventories		<b>65,063</b>	70,479
Trade and other receivables	8	<b>43,898</b>	51,149
Tax recoverable		<b>4,230</b>	4,230
Cash and bank deposits		<b>160,077</b>	183,892
		<b>273,268</b>	309,750
<b>Current liabilities</b>			
Trade and other payables	9	<b>52,876</b>	59,387
Tax payable		<b>1,121</b>	758
Secured bank loan		<b>8,526</b>	–
		<b>62,523</b>	60,145
<b>Net current assets</b>		<b>210,745</b>	249,605
<b>Total assets less current liabilities</b>		<b>756,170</b>	798,944
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>69,867</b>	69,867
<b>NET ASSETS</b>		<b>686,303</b>	729,077
<b>Capital and reserves</b>			
Share capital		<b>2,880</b>	2,880
Reserves		<b>683,423</b>	726,197
<b>TOTAL EQUITY</b>		<b>686,303</b>	729,077

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Unaudited						Retained profits \$'000	Total Equity \$'000
	Share capital \$'000	Share premium \$'000	Other reserve \$'000	Exchange reserve \$'000	Statutory reserve funds \$'000	Land and buildings revaluation reserve \$'000		
<b>Balance at 1 April 2014</b>	2,880	65,327	121	45,852	9,336	279,560	325,712	728,788
<b>Changes in equity for the six months ended 30 September 2014:</b>								
Dividend approved in respect of the previous year	-	-	-	-	-	-	(23,035)	(23,035)
Total comprehensive income for the period	-	-	-	127	-	-	8,706	8,833
<b>Balance at 30 September 2014</b>	<u>2,880</u>	<u>65,327</u>	<u>121</u>	<u>45,979</u>	<u>9,336</u>	<u>279,560</u>	<u>311,383</u>	<u>714,586</u>
<b>Balance at 1 April 2015</b>	<b>2,880</b>	<b>65,327</b>	<b>121</b>	<b>44,457</b>	<b>9,336</b>	<b>304,465</b>	<b>302,491</b>	<b>729,077</b>
<b>Changes in equity for the six months ended 30 September 2015:</b>								
Dividend approved in respect of the previous year	-	-	-	-	-	-	(11,517)	(11,517)
Total comprehensive income for the period	-	-	-	644	-	-	(31,901)	(31,257)
<b>Balance at 30 September 2015</b>	<u>2,880</u>	<u>65,327</u>	<u>121</u>	<u>45,101</u>	<u>9,336</u>	<u>304,465</u>	<u>259,073</u>	<u>686,303</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Unaudited Six months ended 30 September</b>	
<i>(in HK\$'000)</i>	<b>2015</b>	2014
<b>Operating activities</b>		
Cash used in operations	<b>(16,318)</b>	(953)
Tax paid	<b>(215)</b>	(1,490)
<b>Net cash used in operating activities</b>	<b>(16,533)</b>	(2,443)
<b>Investing activities</b>		
Payment for the purchase of fixed assets	<b>(5,489)</b>	(12,811)
Other cash flows arising from investing activities	<b>1,263</b>	1,336
<b>Net cash used in investing activities</b>	<b>(4,226)</b>	(11,475)
<b>Financing activities</b>		
Dividend paid	<b>(11,517)</b>	(23,035)
Proceeds from secured bank loan	<b>8,720</b>	–
Other cash flows arising from financing activities	<b>(259)</b>	(1)
<b>Net cash used in financing activities</b>	<b>(3,056)</b>	(23,036)
<b>Net decrease in cash and cash equivalents</b>	<b>(23,815)</b>	(36,954)
<b>Cash and cash equivalents at beginning of the period</b>	<b>183,892</b>	247,438
<b>Cash and cash equivalents at end of the period</b>	<b>160,077</b>	210,484
<b>Analysis of balance of cash and cash equivalents</b>		
Deposits with banks		
– Within three months to maturity when placed	<b>49,209</b>	150,753
– With more than three months to maturity when placed	–	2,703
Cash at bank and in hand	<b>110,868</b>	59,731
<b>Cash and bank deposits in the consolidated balance sheet</b>	<b>160,077</b>	213,187
Less: Deposits with banks with more than three months to maturity when placed	–	(2,703)
<b>Cash and cash equivalents in the condensed consolidated cash flow statement</b>	<b>160,077</b>	210,484



Notes:

### **1. Basis of preparation**

These unaudited consolidated interim financial statements are prepared in accordance with the requirements of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited, including compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

### **2. Principal accounting policies**

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2015, except in relation to the new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations) which are effective for accounting periods beginning on or after 1 January 2015 and are adopted for the first time by the Group. The adoption of the new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's consolidated financial statements for the six months ended 30 September 2015.

### **3. Segment reporting**

The Group manages its businesses by geographical locations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- The Hong Kong operation represents the sales of house brands and imported brands in Hong Kong.
- The Outside Hong Kong operation represents the manufacture of house brands in Mainland China and sales of house brands and imported brands in Mainland China, Macau, Taiwan and Singapore.

<i>(in HK\$'000)</i>	Unaudited Six months ended 30 September					
	Hong Kong		Outside Hong Kong		Total	
	2015	2014	2015	2014	2015	2014
Revenue from external customers	<b>87,929</b>	108,754	<b>73,274</b>	96,345	<b>161,203</b>	205,099
Inter-segment revenue	<b>11,799</b>	24,737	<b>23,973</b>	27,120	<b>35,772</b>	51,857
Reportable segment revenue	<b>99,728</b>	133,491	<b>97,247</b>	123,465	<b>196,975</b>	256,956
Reportable segment (loss)/profit	<b>(15,581)</b>	10,533	<b>(18,026)</b>	(3,043)	<b>(33,607)</b>	7,490
Other revenue and net loss					<b>3,892</b>	4,168
Finance costs					<b>(66)</b>	(1)
Share of loss of associate					<b>(117)</b>	(55)
Share of loss of joint venture					<b>(1,859)</b>	(82)
(Loss)/profit before taxation					<b>(31,757)</b>	11,520

#### 4. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

<i>(in HK\$'000)</i>	Unaudited Six months ended 30 September	
	2015	2014
Depreciation	<b>10,205</b>	13,072
Impairment losses on fixed assets	<b>2,440</b>	1,272
Impairment losses on trade debtors	<b>214</b>	92
Interest on bank advances	<b>66</b>	1
Net loss on disposal of fixed assets	<b>-</b>	15

## 5. Income tax

<i>(in HK\$'000)</i>	<b>Unaudited Six months ended 30 September</b>	
	<b>2015</b>	2014
Current tax		
Hong Kong Profits Tax	<b>55</b>	1,956
Outside Hong Kong	<b>572</b>	812
	<b>627</b>	2,768
Deferred tax		
Origination and reversal of temporary differences	<b>(483)</b>	46
	<b>144</b>	2,814

The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the six months ended 30 September 2015. Taxation for the People's Republic of China ("PRC") and overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

## 6. Interim dividend

The directors have declared an interim dividend of HK1 cent (2014/2015: HK4 cents) per share for the year ending 31 March 2016 payable to the shareholders on the register of members of the Company at the close of business on 8 January 2016. The relevant dividend warrants will be despatched to the shareholders on 15 January 2016.

## 7. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately HK\$31,901,000 (2014: profit of HK\$8,706,000) and the weighted average number of 287,930,000 (2014: 287,930,000) ordinary shares in issue during the period.

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share both for the six months ended 30 September 2015 and for the comparative period as there were no dilutive potential ordinary shares in issue during the periods.

## 8. Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables and net of impairment losses on trade debtors), based on invoice date, is as follows:

<i>(in HK\$'000)</i>	<b>As at 30 September 2015 (Unaudited)</b>	As at 31 March 2015 (Audited)
Within 30 days	<b>8,953</b>	11,646
Between 31 to 90 days	<b>1,445</b>	1,521
Between 91 to 180 days	<b>219</b>	56
Between 181 to 365 days	<b>230</b>	14
	<b>10,847</b>	13,237

Customers of wholesale business are generally granted with credit terms of 30 to 90 days. Collection of sales receipts from customers of retail business is conducted on a cash basis.

## 9. Trade and other payables

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

<i>(in HK\$'000)</i>	<b>As at 30 September 2015 (Unaudited)</b>	As at 31 March 2015 (Audited)
Within 30 days	<b>1,235</b>	1,412
Between 31 to 90 days	<b>3,247</b>	3,843
Over 90 days	<b>201</b>	795
	<b>4,683</b>	6,050

## 10. Events after the reporting period

In October 2015, a subsidiary of the Company in Hong Kong (the "Hong Kong Subsidiary") received a notice that it is being sued by a fabric manufacturer under a writ of summons in the High Court of the Hong Kong Special Administrative Region Court of First Instance in respect of alleged infringement of copyright. The writ of summons was served on the Hong Kong Subsidiary but the Statement of Claim has not yet been served and the Hong Kong Subsidiary continues to deny any liability in respect of the above claim. Lawyers have been engaged to defend the said claim, which is still at an early stage and the directors will continue to seek advice from the Company's lawyers. No provision has therefore been made in respect of this claim as at 30 September 2015.

## MARKET OVERVIEW

For the first nine months of 2015, luxury retail in Mainland China, Hong Kong and Macau was affected as consumer sentiment was weakened by the country's decelerating economic growth and government measure to advocate frugality. In Hong Kong, which accounted for the majority of the revenue at Moiselle International Holdings Limited ("Moiselle" or the "Company", which together with its subsidiaries is referred to as the "Group"), retailing of deluxe goods was also impacted by the 5.5% year-on-year decline in the number of visitor arrivals from Mainland China who stayed overnight (although the total number of Mainland Chinese tourist arrivals increased by 0.3% year on year during the period) as well as a change in the demographics of them (higher proportion of tourists with lower spending power). The strong Hong Kong dollar against renminbi also made some Mainland Chinese prefer Europe, Japan and Korea to the city as a shopping destination. This development led to decreased value in the Company's sales to Mainland Chinese tourists in Hong Kong. Moreover, high rents and labour costs continued to exert severe pressure on the retail sector.

## RESULTS AND BUSINESS REVIEW

During the financial period of the first six months ended 30 September 2015 (the "Period"), the Company recorded a loss of HK\$31,901,000 because of a significant decrease in turnover amid a harsh operating environment. Turnover fell by 21% year on year to HK\$161,203,000 mainly because of the weak consumer sentiment and sluggish retail sales in Hong Kong as well as the Company's decreased sales to Mainland Chinese tourists in the city. Gross profit margin decreased to 76% during the Period compared with the 82% in the same period of last year.

To cope with the adverse market conditions, the Group prudently managed and rationalized the existing retail networks and made new attempts to generate income more efficiently, namely a more tailor-made sales model in Hong Kong which targeted the customers of its VIP club membership and alliances with several Mainland Chinese online shopping website operators. Meanwhile, it forged ahead with its diverse-product, multi-brand strategy of targeting different segments of the high-end and upper-middle markets for women's fashion apparel and accessories, and was diversifying into men's wear under its main brand *MOISELLE* and its another distinctive fashion brand *GERMAIN* with French design concepts.

To consolidate its foothold and expand business in the existing markets, the Group has been enhancing the image of its house brands, including the upmarket *MOISELLE* which features elegant daywear and glamorous evening dresses for special occasions and *mademoiselle* which embodies contemporary and chic fashion design. It was also fostering some European brands such as accessories label *SEQUOIA* for the latter's debut in the apparel market and another accessories brand *COCCINELLE* in those markets through exclusive distribution in an attempt to add impetus to its business development.

With these renowned domestic and international labels, the Group operated 92 retail stores and counters in Hong Kong, first- and second-tier cities of China, Macau, Taiwan and Singapore as at 30 September 2015, down from 95 as at 31 March 2015.

## REVIEW OF OPERATIONS BY LOCATION

### Operations in Hong Kong

Consumer sentiment weakened by China's economic slowdown, decline in the number of Mainland visitors who stayed overnight in Hong Kong, a strong Hong Kong dollar against renminbi, and a higher proportion of Mainland tourists with weaker spending power have impacted Hong Kong's retail market and thus affected the profitability of the Group's operations in the city. During the Period, the Group was prudent about retail network management and opened only one new store in the city. During the Period, the Group's business in Hong Kong recorded a year-on-year decrease of 19% in sales to approximately HK\$87,929,000, or approximately 55% of the Group's turnover. The sales revenue were contributed by the Group's 11 *MOISELLE*, 8 *mademoiselle*, 4 *COCCINELLE* and 3 *GERMAIN* retail stores (As at 31 March 2015: 11 *MOISELLE*, 7 *mademoiselle*, 4 *COCCINELLE* and 3 *GERMAIN* retail stores).

To cope with the harsh operating environment, the Group tried to negotiate for lower rents for shop spaces, and organized shopping visits by customers of its VIP club membership from Mainland China, Taiwan and Singapore to its product showrooms in Hong Kong as attempts to raise cost efficiency. Targeting the loyal customers with high spending power, the arrangement for VIP club members' visits to the showrooms began in May 2015 and started generating income in July.

### Operations in Mainland China

Mainland China's decelerating economic growth and the government measures to advocate frugality dampened consumers' appetite for luxury goods. To cope with the unfavourable market conditions, the Group tried to maintain the overall rental cost at a reasonable level and improve the stores' per-square meter sales performance in the country by rationalizing its sales network there. It closed down five *MOISELLE* stores during the Period. As at 30 September 2015, the Group operated 28 *MOISELLE*, 4 *mademoiselle* and 3 *GERMAIN* retail stores (As at 31 March 2015: 33 *MOISELLE*, 4 *mademoiselle* and 3 *GERMAIN* retail stores) in the country, including 15 stores which were operated as consignment counters in department stores and 2 stores which were operated by franchisees. The 35 retail stores generated a combined revenue of approximately HK\$33,777,000, down by approximately 27% year on year compared with that for the same period of last year.

In an attempt to mitigate the pressure of rising rents, raise cost efficiency and tap into the growing popularity with e-commerce, the Group formed alliances with several Mainland Chinese online shopping website operators during the Period. The initiative is aimed at enticing the browsers of the websites or social media to shop at the Group's offline stores. It believes that various forms of social media can be an effective means of enhancing sales and brand recognition.

### Operations in Macau

The effect of China's slowing economy and government measures to advocate frugality spilled over into Macau's retail market. During the Period, the Group operated 1 concept store, *M Concept*, 2 *MOISELLE*, 1 *mademoiselle* and 1 *COCCINELLE* retail stores in the city. The 5 retail stores generated a combined revenue of approximately HK\$19,446,000, which was down by approximately 21% year on year.

### Operations in Taiwan

The Group operated 13 *MOISELLE* and 6 *mademoiselle* stores and 3 outlets in Taiwan as at 30 September 2015 (As at 31 March 2015: 13 *MOISELLE* and 8 *mademoiselle* stores as at 31 March 2015). The retail stores in Taiwan generated a combined revenue of approximately HK\$14,770,000, accounting for approximately 9% of the Group's total revenue for the Period. In order to satisfy the demand for mid-range or out-of-season clothing, the Group opened 3 outlets there.

### Operations in Singapore

The Group's business in Singapore recorded a year-on-year 54% increase in sales to approximately HK\$5,282,000 during the Period. It was running 2 *MOISELLE* and 2 *GERMAIN* stores in the country.

## OUTLOOK

The Group is prudent about the prospects of the market for women's deluxe fashion apparel and accessories in the rest of the financial year, and does not expect Hong Kong's retail market to turn around any time soon. It is because China's economy has shifted to a lower gear and the growing trend towards a higher proportion of the Mainland Chinese visitors with weaker spending power in Hong Kong seems irreversible. Moreover, the Hong Kong dollar, which is pegged to the greenback, is poised to enter a phase of appreciation against many other currencies as the United States' Federal Reserve Bureau looks set to raise the benchmark interest rate in the foreseeable future. These developments are likely to weigh on both the shopping tourism and average purchase value in Hong Kong, where the Group derives most of its revenue.

To cope with the sluggish retail market, the Group has been trying to enhance cost efficiency by negotiating for lower rents, conducting VIP club members' visits to its showrooms, rationalizing its retail network, and developing an online-to-offline business model through alliances with several Mainland Chinese online shopping website operators. Meanwhile, it will continue with its diverse-product, multi-brand strategy by enhancing its house brands, introducing and fostering some European brands and diversifying into men's wear under its house brands to broaden revenue streams.

## FINANCIAL POSITION

During the period, the Group financed its operations with internally generated cash flows. The Group adopts a prudent financial policy such that it can meet the financial obligations when they fall due and maintain a sufficient operating fund for the development of the Group's business. At the end of the financial period, the Group's aggregate fixed deposits and cash balances amounted to approximately HK\$160 million (31 March 2015: HK\$184 million). As at 30 September 2015, the Group maintained aggregate composite banking facilities of approximately HK\$51 million (31 March 2015: HK\$41 million) with various banks, of which approximately HK\$2 million (31 March 2015: HK\$2 million) was utilised.

The Group continues to enjoy healthy financial position. As at 30 September 2015, the current ratio (current assets divided by current liabilities) was approximately 4.4 times (31 March 2015: 5.2 times) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was approximately 1.2% (31 March 2015: zero).



## Commitments

Capital commitments outstanding at 30 September 2015 which were contracted for but not provided for in the consolidated financial statements were HK\$0.5 million (31 March 2015: HK\$0.4 million).

## Charge on assets

As at 30 September 2015, leasehold land and buildings with a carrying value of approximately HK\$22 million (31 March 2015: HK\$Nil) were pledged to secure mortgaged loan granted to the Group.

## Contingent liabilities

At 30 September 2015, the Company and its subsidiaries had contingent liabilities in relation to guarantees given to banks against mortgaged loan and other banking facilities extended to certain wholly owned subsidiaries amounted to approximately HK\$10 million (31 March 2015: HK\$2 million).

## EMPLOYEE

As at 30 September 2015, the Group employed 715 (31 March 2015: 731) employees mainly in Hong Kong and Mainland China. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, statutory and medical insurance cover and training programmes.

## OTHER INFORMATION

### DIRECTORS

The directors during the period and up to the date of this report were:

#### Executive directors

Mr. Chan Yum Kit

Ms. Tsui How Kiu, Shirley

Mr. Chui Hing Yee

*(passed away on 29 September 2015)*

Mr. Chan Sze Chun

#### Independent non-executive directors

Ms. Yu Yuk Ying, Vivian

Mr. Chu Chun Kit, Sidney

Ms. Wong Shuk Ying, Helen

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

As at 30 September 2015, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

<b>Name of director</b>	<b>Beneficial interest in shares</b>	<b>Approximate percentage of interests</b>	<b>Nature of interest</b>
Mr. Chan Yum Kit	190,872,000 2,100,000 2,100,000	66.29% 0.73% 0.73%	Corporate/Family Family Personal <i>(Notes (1) and (2))</i>
Ms. Tsui How Kiu, Shirley	190,872,000 2,100,000 2,100,000	66.29% 0.73% 0.73%	Corporate/Family Family Personal <i>(Notes (1) and (2))</i>
Mr. Chan Sze Chun	900,000	0.31%	Personal
Ms. Wong Shuk Ying, Helen	30,000	0.01%	Personal

*Notes:*

- (1) 190,000,000 of these shares are held by Super Result Consultants Limited ("Super Result"). The share capital of Super Result is beneficially owned by Mr. Chan Yum Kit ("Mr. Chan") and Ms. Tsui How Kiu, Shirley ("Ms. Tsui") as to 46.7% and 46.7% respectively. Each of Mr. Chan and Ms. Tsui will therefore be deemed interested in the 190,000,000 shares held by Super Result as corporate interest.

872,000 of these shares are held by New First Investments Limited ("New First"). The share capital of New First is beneficially owned by Mr. Chan and Ms. Tsui as to 50% and 50% respectively. Each of Mr. Chan and Ms. Tsui will therefore be deemed interested in the 872,000 shares held by New First as corporate interest.

- (2) Since Mr. Chan and Ms. Tsui are married to each other, Mr. Chan will be deemed interested in the shares which Ms. Tsui is deemed interested in as family interest and vice versa.

In addition to the above, one director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group. Certain directors also have beneficial interests in non-voting deferred shares practically carrying no rights to dividends or to receive notice of or to attend or vote at any general meeting or to participate in any distribution or winding up in a subsidiary.

Apart from the foregoing, as at 30 September 2015, none of the directors or the chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Apart from the foregoing, at no time during the six months ended 30 September 2015 was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or the chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 September 2015, the interests or short positions of the following shareholder, other than the directors and the chief executive of the Company, in the shares or underlying shares of the Company which have been disclosed to the Company pursuant to Part XV of the SFO have been recorded in the register kept by the company under section 336 of the SFO:

Name of shareholder	Aggregate long position in shares	Approximate percentage of aggregate interests to total issued shares
Super Result	190,000,000	65.99% ( <i>Note</i> )

*Note:* The share capital of Super Result is beneficially owned by Mr. Chan and Ms. Tsui as to 46.7% and 46.7% respectively.

Apart from the foregoing, and other than the directors and the chief executive of the Company whose interests are set out in the section "Directors' and chief executive's interests in securities" above, no person was recorded in the register kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 30 September 2015.

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

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the period.

## CORPORATE GOVERNANCE CODE

Save for the deviations of the Code Provisions A.2.1 and A.6.7 as below, the Company has complied with the code provisions listed in the Corporate Governance Code (the "CG code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the period of six months ended 30 September 2015.

**Code Provision A.2.1**

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Currently, Mr. Chan Yum Kit is the chairman of the Board and also assumes the role of the chief executive officer. The Board considers that the current management structure ensures consistent leadership and optimal efficiency for the operation of the Company. The Company will however keep this matter under review.

**Code Provision A.6.7**

Code Provision A.6.7 of the CG Code provides that the independent non-executive directors should attend general meetings of the Company. Due to prior business engagements external to the Company, one independent non-executive director of the Company, Mr. Chu Chun Kit, Sidney was unable to attend the annual general meeting of the Company held on 8 September 2015.

**AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2015.

**CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 6 January 2016 to 8 January 2016, both days inclusive, during which period no transfer of shares will be effected. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates should be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 5 January 2016.

By Order of the Board  
**Chan Yum Kit**  
*Chairman*

Hong Kong, 27 November 2015