

HIGHLIGHT CHINA IOT INTERNATIONAL LIMITED

高銳中國物聯網國際有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號 :1682

2016/17

Interim Report

中期報告





Contents

2	Corporate Information
3	Management Discussion and Analysis
6	Other Disclosures
10	Report on Review of Condensed Consolidated Financial Statements
12	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
13	Condensed Consolidated Statement of Financial Position
14	Condensed Consolidated Statement of Changes in Equity
15	Condensed Consolidated Statement of Cash Flows
16	Notes to the Condensed Consolidated Financial Statements
23	Glossary

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Zhiyin (*Chairman*)
Mr. Gao Zhiping (*Chief Executive Officer*)
Mr. Shi Jiguo

Independent Non-Executive Directors

Mr. Lau Chi Kit
Mr. Lam Kai Yeung
Mr. Ma Ming

Non-Executive Director

Mr. Shum Ngok Wa (*appointed on 12 July 2016*)

AUDIT COMMITTEE

Mr. Lam Kai Yeung (*chairman*)
Mr. Lau Chi Kit
Mr. Ma Ming

REMUNERATION COMMITTEE

Mr. Lam Kai Yeung (*chairman*)
Mr. Gao Zhiyin
Mr. Lau Chi Kit

NOMINATION COMMITTEE

Mr. Gao Zhiyin (*chairman*)
Mr. Lau Chi Kit
Mr. Lam Kai Yeung

COMPANY SECRETARY

Ms. Sze Suet Ling *ACIS ACS*

AUTHORISED REPRESENTATIVES

Mr. Gao Zhiyin
Ms. Sze Suet Ling *ACIS ACS*

LEGAL ADVISERS AS TO HONG KONG LAW

Paul Hastings

AUDITOR*

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
OCBC Wing Hang Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 4114-4119, 41st Floor
Sun Hung Kai Centre
No. 30 Harbour Road
Wanchai, Hong Kong

STOCK CODE

1682

COMPANY WEBSITE

www.highlightiot.com

* Messrs. Deloitte Touche Tohmatsu acted as auditor of the Company until its retirement on 28 August 2014 (the date of annual general meeting in 2014). Messrs. Grant Thornton Hong Kong Limited was appointed as auditor of the Company on the same date (i.e. 28 August 2014) and resigned on 18 May 2015. Messrs. Deloitte Touche Tohmatsu was appointed as auditor of the Company on 5 June 2015.

Management Discussion and Analysis

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 September 2016 (the "Period").

BUSINESS REVIEW

During the Period, the garment industry had operated in an environment full of challenges. The Group's customised out-sourcing capabilities continued to support the Group to cope with the global macro-economic pressure and the associated unfavourable consumer spending environment. The sluggish economies of Canada and Eurozone have weighed on consumer confidence and has led to persistently low sales, while the United States of America ("US"), the Group's major export destination, also showed weak demand.

According to the Major Shippers Report released by the US Department of Commerce, imports of apparel dropped by approximately 5.0% to approximately US\$61.6 billion during September 2015 to September 2016, as compared to the corresponding period last year. Although the US recorded soft rebound, retailers have become increasingly price cautious in order to remain resilient.

Garment Sourcing Business

It was full of challenges during the Period. As mentioned, for the six months ended 30 September 2016, the Group's revenue decreased by approximately 46.6% on a year-on-year basis to approximately HK\$53.2 million (2015: approximately HK\$99.6 million). The decrease was mainly attributable to the modest economy recovery of the US that continued to weigh on buyers' confidence and made retailers particularly cautious in placing orders.

Gross profit decreased by approximately 45.1% to approximately HK\$4.9 million (2015: approximately HK\$8.9 million) with gross profit margin improved from approximately 8.9% to approximately 9.2%.

Loss attributable to owners of the Company was approximately HK\$3.9 million (2015: approximately HK\$8.0 million).

Loss and total comprehensive expenses attributable to owners of the Company for the Period, being the same as loss attributable to owners of the Company as there was no other comprehensive income or expense in the periods, amounted to approximately HK\$3.9 million (2015: approximately HK\$8.0 million), representing a decrease of approximately 51.0%. The decrease was primarily due to the decrease in selling and distribution costs and administrative expenses resulted from the reduction in headcounts and sample making, that compensated the decrease in gross profit.

PROSPECTS

The Group, with its healthy financial position, will continue to serve as a garment sourcing management supplier by providing value-added services such as material sourcing, product design and development, sampling and logistic arrangement.

Management Discussion and Analysis (Continued)

The Group will evaluate a variety of new investment projects and formulate feasible business strategies with a view to developing a sustainable corporate strategy to broaden the Group's income stream, which may include rebalancing the resources of the Group should appropriate opportunities arise.

The Board is also keeping eyes open for new business opportunities which can enhance the financial position of the Group. We will do our best to deliver better return to the Shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained a healthy financial position for the Period with cash and cash equivalents amounting to approximately HK\$4.4 million as at 30 September 2016 (as at 31 March 2016: approximately HK\$11.8 million).

As at 30 September 2016, the Group's gearing ratio, being net debt (represented by bank borrowings net of cash and cash equivalents) divided by shareholders' equity, was zero (31 March 2016: zero), as the Group did not have any bank borrowings as at 30 September 2016. The Group's current ratio, being total current assets divided by total current liabilities, was approximately 1.3 (31 March 2016: 1.4).

For the six months ended 30 September 2016 and as at 30 September 2016 and the corresponding period in 2015, the Group had no bank borrowings.

Foreign Exchange and Risk Management

The Group's working capital is mainly financed through internal generated cash flows. The management of the Group regularly monitors the funding requirements of the Group to support its operations and its development plans. Most of the Group's cash balances were deposits in US\$ and HK\$ with major global financial institutions and most of the Group's monetary assets, revenues, monetary liabilities and payments were held in US\$ and HK\$.

Foreign exchange risks arising from sales and purchases transacted in different currencies may be managed by the Group through the use of foreign exchange forward contracts. Pursuant to the Group's policy in place, foreign exchange forward contracts or any other financial derivatives contracts may be entered into by the Group for hedging purpose. The Group had not entered into any financial derivative contract in the Period and had no outstanding financial derivative contracts as at 30 September 2016.

Capital Expenditure and Commitments

During the Period, the Group did not have any material investment in property, plant and equipment.

Management Discussion and Analysis (Continued)

As at 30 September 2016, the Group had no commitment (as at 31 March 2016: Nil) in respect of acquisition of new machineries and no significant capital commitments.

As at the date of this report, the Group had no plan for any material investment or capital assets.

Charges on Assets

As at 30 September 2016, the Group had no pledged assets.

Contingent Liabilities

The Group did not have contingent liabilities as at 30 September 2016.

Important events affecting the Group after the reporting period

No important events affecting the Group have taken place since 30 September 2016 and up to the date of this report.

Significant investments, material acquisitions and disposals

For the six months ended 30 September 2016, there was no material investments, material acquisition and disposal of subsidiaries, associates and joint ventures by the Group.

Employee Information

As at 30 September 2016, the Group employed approximately 10 employees (excluding Directors). The Group offers its employees competitive remuneration schemes which are generally structured with reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. In addition, bonuses are normally paid to those eligible based on the Group's and individual's performance. The Group incurred staff costs (excluding Directors' remuneration) of approximately HK\$1.77 million for the six months ended 30 September 2016. The Group encourages its staffs to attend training courses which can achieve self-improvement and enhance their skill and knowledge.

The Company maintains the Share Option Scheme, pursuant to which share options may be granted to selected eligible participants including employees of the Group, with a view to providing those eligible participants with appropriate incentive to contribute to the success of the Group.

Throughout the six months ended 30 September 2016 and as at 30 September 2016, there was no outstanding share option.

Other Disclosures

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2016 (for the six months ended 30 September 2015: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, the interests and short positions of the Directors or chief executive of the Company in the Shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Name of Group member	Capacity	Number of shares held and class of securities (note 1)	Approximate percentage of shareholding
Mr. Gao Zhiyin	Highlight China IoT International Limited	Interest of controlled corporation	322,326,500 Shares (L) (note 2)	62.01%*
Mr. Gao Zhiping	Highlight China IoT International Limited	Interest of controlled corporation	322,326,500 Shares (L) (note 2)	62.01%*

* The percentage has been calculated based on 519,777,000 Shares as at 30 September 2016.

notes:

1. The letter "L" denotes the Directors' long position in the Shares.
2. These Shares were held by Unitech Enterprises Group Limited which was owned as to 60% by Mr. Gao Zhiyin and was owned as to 40% by Mr. Gao Zhiping.

Save as disclosed above in this report, as at 30 September 2016, none of the Directors nor the chief executive of the Company had any interests or short positions in the Shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Other Disclosures (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than Directors and chief executive of the Company) had interests or short positions in the Shares and/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:

Name of Shareholder	Capacity	Number of shares held and class of securities (note 1)	Approximate percentage of shareholding
Unitech Enterprises Group Limited	Beneficial owner	322,326,500 Shares (L) (note 2)	62.01%*
Mr. Ng Tsze Lun	Beneficial owner	50,173,000 Shares (L)	9.65%*
Ms. Yau Yuk Chun Carole (note 3)	Interest of spouse	50,173,000 Shares (L)	9.65%*

* The percentage has been calculated based on 519,777,000 Shares as at 30 September 2016.

notes:

1. The letter "L" denotes the individual's or the corporation's long position in the Shares.
2. Unitech Enterprises Group Limited was owned as to 60% by Mr. Gao Zhiyin and was owned as to 40% by Mr. Gao Zhiping, both of them are Directors.
3. Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun.

Save as disclosed above, as at 30 September 2016, there was no other person who was recorded in the register of the Company as having 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 who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all the circumstances at general meetings of members of the Group other than the Company, or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

Other Disclosures (Continued)

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 2 June 2010 which became effective upon the listing of the Company's shares on 5 October 2010. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants, including eligible Directors, eligible employees and any other eligible persons, for their contributions to the Group.

The Share Option Scheme will remain in force for a period of ten years from the date of its adoption (i.e. 2 June 2010).

There was no outstanding share option throughout the Period and as at 30 September 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE CODE

The Company had complied with all the code provisions ("Code Provisions") under the Corporate Governance Code throughout the Period except for the deviation below:

Code Provision E.1.2 requires that the chairman of the board of the company should attend the annual general meeting.

The chairman of the Board, Mr. Gao Zhiyin ("Mr. Gao"), was unable to attend 2016 AGM due to his other business engagements. In view of his absence, Mr. Gao had arranged Mr. Shi Jiguo, an executive Director, to act as the chairman of 2016 AGM in accordance with the Bye-Laws and communicate with the Shareholders. The chairperson of the Audit Committee and Remuneration Committee, and the external auditor of the Company attended 2016 AGM to be available to answer any question to ensure effective communication with the Shareholders.

Other Disclosures (Continued)

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Lam Kai Yeung (chairman), Mr. Lau Chi Kit and Mr. Ma Ming. The Audit Committee's duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions.

The Audit Committee has reviewed, with the Company's external auditor, the unaudited interim financial statements of the Group for the six months ended 30 September 2016 including the accounting principles and practices adopted by the Group and this interim report.

In addition, the external auditor of the Company has reviewed the unaudited interim results for the six months ended 30 September 2016 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has established a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries with the Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the Period.

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the last published annual report of the Company for the year ended 31 March 2016.

On behalf of the Board
Highlight China IoT International Limited

Gao Zhiyin
Chairman
Hong Kong
29 November 2016

Report on Review of Condensed Consolidated Financial Statements

TO THE MEMBERS OF HIGHLIGHT CHINA IOT INTERNATIONAL LIMITED

高銳中國物聯網國際有限公司

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Highlight China IoT International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 12 to 22, which comprise the condensed consolidated statement of financial position as of 30 September 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

Report on Review of Condensed Consolidated Financial Statements (Continued)

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 November 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2016

	NOTES	For the six months ended 30 September	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	3	53,184	99,623
Cost of sales		(48,296)	(90,716)
Gross profit		4,888	8,907
Other income		114	54
Other gains and losses	4	(28)	(817)
Selling and distribution costs		(1,111)	(7,151)
Administrative expenses		(7,761)	(8,956)
Loss before taxation		(3,898)	(7,963)
Income tax expense	5	–	–
Loss and total comprehensive expense for the period attributable to owners of the Company	6	(3,898)	(7,963)
Loss per share	8		
Basic (<i>HK cents</i>)		(0.75)	(1.53)

Condensed Consolidated Statement of Financial Position

At 30 September 2016

	NOTES	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Non-current asset			
Property, plant and equipment	9	–	–
Current assets			
Inventories		3,764	4,140
Trade receivables	10	12,396	19,840
Deposits, prepayments and other receivables		30,751	30,244
Tax recoverable		880	–
Bank balances and cash		4,353	11,798
		52,144	66,022
Current liabilities			
Trade payables	11	7,350	24,302
Other payables and accruals		9,707	7,738
Amount due to the immediate holding company		20,462	10,000
Amount due to a former subsidiary		–	4,869
Tax payable		1,200	1,790
		38,719	48,699
Net current assets		13,425	17,323
Total assets less current liabilities		13,425	17,323
Capital and reserves			
Share capital	12	5,198	5,198
Reserves		8,227	12,125
Total equity		13,425	17,323

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

	Attributable to owners of the Company				
	Share capital	Special reserve	Foreign currency translation reserve	Accumulated profits (losses)	Total
	HK\$'000	HK\$'000 (note i)	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (audited)	5,198	18,787	(3)	18,098	42,080
Loss and total comprehensive expense for the period	-	-	-	(7,963)	(7,963)
At 30 September 2015 (unaudited)	5,198	18,787	(3)	10,135	34,117
At 1 April 2016 (audited)	5,198	18,787	(3)	(6,659)	17,323
Loss and total comprehensive expense for the period	-	-	-	(3,898)	(3,898)
At 30 September 2016 (unaudited)	5,198	18,787	(3)	(10,557)	13,425

note (i): The special reserve represents (a) the reserve arising from a previous group reorganisation; and (b) cancellation of share premium, less special dividend of HK\$374,239,000.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2016

	For the six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Net cash used in operating activities	(13,152)	(5,057)
Net cash from (used in) investing activities:		
Interest received	114	–
Purchase of property, plant and equipment	–	(58)
	114	(58)
Net cash from financing activities:		
Advance from the immediate holding company	10,462	4,000
Repayment to a former subsidiary	(4,869)	–
	5,593	4,000
Net decrease in cash and cash equivalents	(7,445)	(1,115)
Cash and cash equivalents at beginning of the period	11,798	8,913
Cash and cash equivalents at end of the period, represented by bank balances and cash	4,353	7,798

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been 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") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange goods.

Except described below, the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in current period:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

3. SEGMENT INFORMATION

Management determines the operating segment based on the information reported to the Group's chief operating decision maker ("CODM"), being the executive directors of the Company. During the six months ended 30 September 2016 and 2015, the CODM assesses the operating performance and allocates the resources of the Group as a whole as the Group is primarily engaged in the garment sourcing. Accordingly, there is only one operating and reportable segment.

4. OTHER GAINS AND LOSSES

	For the six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Net foreign exchange (loss) gain	(28)	264
Impairment loss on property, plant and equipment	–	(1,081)
	(28)	(817)

5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is made for both periods since there was no assessable profit for both periods.

There is no significant unprovided deferred taxation for the reporting periods or at the end of the reporting periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

6. LOSS FOR THE PERIOD

	For the six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Loss for the period has been arrived at after charging (crediting):		
Directors' remuneration	1,915	1,813
Other staff costs	1,767	3,512
Total staff costs	3,682	5,325
Cost of inventories sold	48,296	90,716
Depreciation of property, plant and equipment	–	230
Bank interest income (included in other income)	(114)	–

7. DISTRIBUTIONS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	(3,898)	(7,963)

	For the six months ended 30 September	
	2016	2015
Number of shares		
Number of ordinary shares for the purposes of basic loss per share	519,777,000	519,777,000

No presentation of diluted loss per share for the six months ended 30 September 2016 and 2015 as there were no potential dilutive ordinary shares outstanding during both reporting periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group recognised an impairment loss of approximately HK\$1,081,000 in relation to property, plant and equipment due to the continuous losses incurred by the Group. Management determined that there was no resale value for the assets (mainly comprise furniture, fixtures and equipment and leasehold improvements). Accordingly, the entire outstanding amounts of the property, plant and equipment had been impaired.

10. TRADE RECEIVABLES

The Group allows its trade customers a credit period of 30 to 150 days.

The following is an aged analysis of trade receivables, presented based on the invoice date at the end of each reporting period:

	30 September	31 March
	2016	2016
	HK\$'000	HK\$'000
0 – 30 days	5,264	7,591
31 – 60 days	7,003	5,793
61 – 90 days	42	5,518
91 – 120 days	–	393
Over 120 days	87	545
	12,396	19,840

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

11. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	30 September	31 March
	2016	2016
	HK\$'000	HK\$'000
0 – 60 days	5,771	13,005
61 – 90 days	1,576	6,077
Over 90 days	3	5,220
	7,350	24,302

12. SHARE CAPITAL

	Number of	Amount
	shares	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2015, 31 March 2016 and 30 September 2016	900,000,000	9,000
Issued and fully paid:		
At 1 April 2015, 31 March 2016 and 30 September 2016	519,777,000	5,198

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

13. RELATED PARTY DISCLOSURES

(I) Transactions

There were no significant related party transactions during the six months ended 30 September 2016 and 2015.

(II) Compensation of key management personnel

The remuneration of the directors and other members of key management during both periods was as follows:

	For the six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Directors fees	1,915	1,813
Salaries and other benefits	–	–
Contribution to retirement benefits scheme	–	–
	1,915	1,813

Glossary

Abbreviation	Definition
2016 AGM	annual general meeting of the Company held on 23 September 2016
Audit Committee	audit committee of the Company established by the Board on 8 September 2010 with written terms of reference, as amended from time to time
Board	the board of Directors
Bye-Law(s)	the bye-laws of the Company, as amended from time to time
Company	Highlight China IoT International Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
Corporate Governance Code	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
Director(s)	the director(s) of the Company
Group	the Company and its subsidiaries from time to time
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Nomination Committee	nomination committee of the Company established by the Board on 19 March 2012 with written terms of reference, as amended from time to time
Remuneration Committee	remuneration committee of the Company established by the Board on 8 September 2010 with written terms of reference, as amended from time to time

Glossary (Continued)

Abbreviation	Definition
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Share(s)	ordinary share(s) of HK\$0.01 each in the share capital of the Company
Share Option Scheme	share option scheme conditionally adopted by the Company on 2 June 2010 which became effective upon the Shares were listed on the Stock Exchange on 5 October 2010
Shareholder(s)	holder(s) of the Share(s) in issue
Stock Exchange	The Stock Exchange of Hong Kong Limited
US\$	United States dollars, the lawful currency of the United States of America
%	per cent.

The background is a vibrant blue gradient with several bright, white, curved light streaks that create a sense of motion and depth. The streaks originate from the top right and curve downwards and outwards towards the bottom left.

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