ELEGANCE OPTICAL INTERNATIONAL HOLDINGS LIMITED
高雅光學國際集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 907)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

INTERIM RESULTS

The board of directors (the "Board") of Elegance Optical International Holdings Limited (the "Company") would like to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2015 together with the comparative figures for the corresponding period in last year.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 September	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
			(Restated)
REVENUE	4	**111,632**	140,244
Cost of sales		**(112,429)**	(141,170)
Gross loss		**(797)**	(926)
Other income	4	**850**	342
Selling and distribution expenses		**(3,091)**	(2,326)
Administrative expenses		**(34,950)**	(30,367)
Other operating income/(expense), net	6	**757**	(9,505)
Finance costs	5	**(451)**	(13)
Share of profits and losses of a joint venture		**(82)**	64
LOSS BEFORE TAX	6	**(37,764)**	(42,731)
Income tax expense	7	**(11)**	(73)
LOSS FOR THE PERIOD		**(37,775)**	(42,804)

	Note	For the six months ended 30 September **2015** **(Unaudited)** ***HK$'000***	2014 (Unaudited) *HK$'000*
Attributable to:			
Owners of the Company		**(36,621)**	(41,775)
Non-controlling interests		**(1,154)**	(1,029)
		(37,775)	(42,804)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	9	**(11.32) HK cents**	(12.91) HK cents

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(37,775)**	(42,804)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Reclassification adjustment for impairment losses of an available-for-sale financial asset included in the statement of profit or loss	**–**	250
Share of exchange differences on translation of a joint venture	**(16)**	6
Exchange differences on translation of foreign operations	**2,625**	(391)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**2,609**	(135)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(35,166)**	(42,939)
Attributable to:		
Owners of the Company	**(34,023)**	(41,941)
Non-controlling interests	**(1,143)**	(998)
	(35,166)	(42,939)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2015 (Unaudited) HK$'000	31 March 2015 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**162,675**	173,429
Investment properties		**120,678**	120,678
Prepaid land lease payments		**12,470**	12,865
Investment in a joint venture		**4,177**	4,275
Investment in an associate		**–**	–
Available-for-sale financial asset		**320**	320
Total non-current assets		**300,320**	311,567
CURRENT ASSETS			
Inventories		**50,225**	49,076
Loan to a joint venture		**–**	219
Trade receivables	10	**49,493**	42,761
Prepayments, deposits and other receivables		**5,417**	4,747
Equity investments at fair value through profit or loss		**70**	83
Tax recoverable		**109**	80
Cash and cash equivalents		**26,123**	40,985
		131,437	137,951
Non-current asset held for sale		**2,705**	–
Total current assets		**134,142**	137,951

	Notes	**30 September 2015 (Unaudited) *HK$'000***	31 March 2015 (Audited) *HK$'000*
CURRENT LIABILITIES			
Trade payables	11	**26,267**	18,546
Other payables and accruals		**23,734**	21,257
Derivative financial instrument		**1,023**	1,866
Interest-bearing bank borrowings, secured	12	**46,654**	35,880
Tax payable		**1,692**	1,711
Total current liabilities		**99,370**	79,260
NET CURRENT ASSETS		**34,772**	58,691
TOTAL ASSETS LESS CURRENT LIABILITIES		**335,092**	370,258
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**8,462**	8,462
Net assets		**326,630**	361,796
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**32,365**	32,365
Reserves		**286,404**	320,427
		318,769	352,792
Non-controlling interests		**7,861**	9,004
Total equity		**326,630**	361,796

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATION INFORMATION

The unaudited interim condensed consolidated financial statements of Elegance Optical International Holdings Limited and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2015 were authorised for issue in accordance with a resolution of the directors on 25 November 2015.

Elegance Optical International Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

During the period, the Company was engaged in investment holding and the Group was engaged in the manufacture and trading of optical frames and sunglasses and property investment.

2.1 ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2015 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 and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2015, except for the adoption of certain revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations) for the first time in the current period as described in note 2.2 below.

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the unaudited interim condensed consolidated financial statements of the current period.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

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

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the manufacturing and trading segment engaged in manufacture and trading of optical frames and sunglasses; and

(b) the property investment segment engaged in leasing of properties for rental income.

In the previous period, the Group had one reportable segment which is the manufacturing and trading of optical frames and sunglasses. As a result of an increasing amount of rental income received by the Group during the year ended 31 March 2015, the Group has reassessed the operating performance which resulted in one new operating segment. Prior period comparative segment information were restated accordingly. The comparative segment information on segment assets and liabilities was restated to incorporate the changes in the presentation of operating segments disclosure in accordance with HKAS 1 *Presentation of Financial Statements*.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs, dividend income from an available-for-sale financial asset, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude tax recoverable, cash and cash equivalents, equity investments at fair value through profit or loss, available-for-sale financial asset, investments in/loan to a joint venture and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Manufacturing and trading	**Property investment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 September 2015 (unaudited)			
Segment revenue:			
Revenue from external customers	109,452	2,180	111,632
Segment results	(40,470)	2,115	(38,355)
Reconciliation:			
Bank interest income			210
Dividend income and unallocated gains			845
Corporate and other unallocated expenses			(13)
Finance costs			(451)
Loss before tax			(37,764)

	Manufacturing and trading	**Property investment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 30 September 2015 (unaudited)			
Segment assets	282,985	120,678	403,663
Reconciliation:			
Corporate and other unallocated assets			30,799
Total assets			434,462
Segment liabilities	49,686	315	50,001
Reconciliation:			
Corporate and other unallocated liabilities			57,831
Total liabilities			107,832

	Manufacturing and trading	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)
Six months ended 30 September 2014 (unaudited)			
Segment revenue:			
Revenue from external customers	139,757	487	140,244
Segment results	(43,588)	374	(43,214)
Reconciliation:			
Bank interest income			223
Dividend income and unallocated gains			273
Finance costs			(13)
Loss before tax			(42,731)
At 31 March 2015 (audited)			
Segment assets	282,878	120,678	403,556
Reconciliation:			
Corporate and other unallocated assets			45,962
Total assets			449,518
Segment liabilities	39,421	382	39,803
Reconciliation:			
Corporate and other unallocated liabilities			47,919
Total liabilities			87,722

Geographical information

(a) *Revenue from external customers*

	For the six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Europe	**57,582**	73,421
North America	**42,183**	51,455
The People's Republic of China (the "PRC") (including Hong Kong)	**7,297**	8,856
Other Asian countries	**3,218**	5,036
Oceania	**–**	46
Others	**1,352**	1,430
	111,632	140,244

The revenue information above is based on the locations of the customers. The PRC (including Hong Kong) segment mainly represents rental income from leasees located in the PRC (including Hong Kong) and the sales of eyewear products to agents located in Hong Kong, but also includes sales made to local retailers. The Directors believe that the agents in Hong Kong export most of the Group's products to Europe, North America and South America.

(b) *Non-current assets*

All significant operating assets of the Group are located in the PRC. Accordingly, no geographical information of segment assets is presented.

Information about major customers

Revenue of approximately HK$17,953,000 (six months ended 30 September 2014: HK$30,282,000) and HK$20,760,000 (six months ended 30 September 2014: HK$12,550,000) was derived from sales to two separate customers, including sales to groups of entities which are known to be under common control with those customers.

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and gross rental income.

An analysis of the Group's revenue and other income is as follows:

	For the six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Sales of goods	**109,452**	139,757
Rental income	**2,180**	487
	111,632	140,244
Other income		
Sales of scrap materials	**185**	57
Bank interest income	**210**	223
Dividend income from equity investments at fair value through profit or loss	**2**	2
Others	**453**	60
	850	342

As further explained in note 3, rental income of HK$487,000 for the six months ended 30 September 2014 was reclassified from other income to revenue as property investment was considered by management to be a principal activity of the Group during the year ended 31 March 2015.

5. FINANCE COSTS

	For the six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**451**	13

6. LOSS BEFORE TAX

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

	For the six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold*	**112,180**	140,125
Depreciation	**9,255**	12,603
Amortisation of prepaid land lease payments	**191**	210
Minimum lease payments under operating leases in respect of land and buildings	**1,329**	984
Employee benefits expense (including directors' remunerations):		
Wages and salaries	**62,259**	75,396
Pension scheme contributions**	**633**	662
	62,892	76,058
Gross rental income	**(2,180)**	(487)
Less: direct operating expenses (including repairs and maintenance arising from rental-earning investment properties	**65**	113
Net rental income	**(2,115)**	(374)
Provision for inventory obsolescence*	**249**	1,045
Foreign exchange differences, net	**5,987**	(1,287)
Other operating expenses/(income), net:		
Gain on disposal of items of property, plant and equipment	**–**	(49)
Impairment of trade receivables	**73**	9,575
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss – held for trading	**13**	(17)
Derivative financial instruments	**(843)**	(254)
Impairment of an available-for-sale financial asset	**–**	250
	(757)	9,505

* Included in "cost of sales" on the face of the unaudited interim condensed consolidated statement of profit or loss.

** At the end of the reporting period, the Group had no forfeited pension scheme contributions available to reduce its contributions to the pension schemes in future years (six months ended 30 September 2014: Nil).

7. INCOME TAX

	For the six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Elsewhere – Charge for the period	**11**	73

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 September 2014: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. INTERIM DIVIDEND

The board of directors (the "Board") does not recommend payment of any interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the period attributable to ordinary equity holders of the Company of HK$36,621,000 (six months ended 30 September 2014: HK$41,775,000) and 323,649,123 (six months ended 30 September 2014: 323,649,123) shares in issue during the period.

No adjustment has been made to the basic loss per share attributable to ordinary equity holders of the Company presented for the six months ended 30 September 2015 and 2014 in respect of a dilution as there were no dilutive potential ordinary shares in issue during those periods.

10. TRADE RECEIVABLES

	30 September	31 March
	2015	2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**49,675**	53,589
Impairment	**(182)**	(10,828)
	49,493	42,761

Credit is offered to customers following a financial assessment by the Group with regard to their established payment records. The Group usually allows average credit periods ranging from 45 to 120 days (31 March 2015: 45 to 120 days) to its customers and seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management and collections are followed up by accounting personnel. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

An aged analysis of trade receivables as at 30 September 2015 and 31 March 2015, based on the payment due date and net of impairment of trade receivables, is as follows:

	30 September 2015 (Unaudited) *HK$'000*	31 March 2015 (Audited) *HK$'000*
Current to 90 days	**48,265**	41,814
91 – 180 days	**381**	178
181 – 360 days	**847**	769
	49,493	42,761

11. TRADE PAYABLES

The following is an aged analysis of the trade payables as at 30 September 2015 and 31 March 2015:

	30 September 2015 (Unaudited) *HK$'000*	31 March 2015 (Audited) *HK$'000*
Current to 90 days	**25,269**	17,669
91 – 180 days	**655**	570
181 – 360 days	**192**	86
Over 360 days	**151**	221
Total	**26,267**	18,546

12. INTEREST-BEARING BANK BORROWINGS

	At 30 September 2015			At 31 March 2015		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – secured	**2.54-2.58**	**2015**	**46,020**	2.40 – 2.42	2015	35,880
Import loan – secured	**2.65**	**2015**	**634**	N/A	N/A	–
			46,654			35,880
Analysed into:						
Bank borrowings repayable within one year or on demand			**46,654**			35,880

The Group's banking facilities amounting to HK$67,018,000 (31 March 2015: HK$74,052,000), of which HK$46,654,000 (31 March 2015: HK$35,880,000) had been utilised as at the end of the reporting period, are secured by the pledge of certain of the Group's land and buildings located in Hong Kong with a net carrying amount of HK$18,456,000 (31 March 2015: 18,749,000) and a corporate guarantee given by the Company in favour of a bank. The Group's bank borrowings at 30 September 2015 and 31 March 2015 were denominated in United States dollars.

During the six months ended 30 September 2015, the Group raised new borrowings of HK$10,774,000 (six months ended 30 September 2014: HK$3,900,000).

13. COMPARATIVE AMOUNTS

As further explained in notes 3 and 4, rental income of HK$487,000 for the six months ended 30 September 2014 was reclassified from other income to revenue as property investment was considered by management to be a principal activity of the Group during the year ended 31 March 2015.

14. EVENT AFTER THE REPORTING PERIOD

On 15 October 2015, the property classified as non-current asset held for sale with a carrying amount of HK$2,705,000 as at 30 September 2015 was disposed of to an independent third party at a consideration of HK$10,800,000, and resulted in a gain on disposal of HK$8,095,000, which was not accounted for in the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2015, the Group recorded a loss after tax of HK$37.8 million as compared with a loss of HK$42.8 million for the same period last year. The Group's sales has decreased by 20.4% to approximately HK$111.6 million (30 September 2014 restated: 140.2 million) due to weaker buying sentiments of the market as well as our downsized scale of operations. By geographical distribution, compared to corresponding period in 2014, sales to European countries saw a drop of 21.6% which has been a subject of concern raised in our previous annual report. Sales to North America which is our second largest market after Europe also exhibited a 18.0% retreat.

Manufacturing operations in China remained tough and has not eased off. Labour cost was high but production efficiency was low which brought in a double blow to our business. The management has downsized the workforce further and juggled around to trim some expenses but they were not enough. The gross margin ratio (being the ratio of gross loss to revenue) of the operation is still negative (30 September 2015: -0.7% vs 30 September 2014 restated: -0.7%). Operating loss before other operating expenses in the period was also adversely affected by the increase in exchange loss. The short duration of depreciation of the Renminbi currency ("RMB") as seen in August 2015 did not help the Group much.

On 29 July 2015, the Company was notified by Safilo Far East Limited, a wholly owned subsidiary of Safilo Group S.p.A. (collectively "Safilo"), of the disposal of all its 74,599,123 shares held in the Company, representing approximately 23.05% of the total issued share capital of the Company, to two independent parties. After the disposal with effect from 22 September 2015, Safilo ceased to be a substantial shareholder of the Company. The long term shareholder relationship established with Safilo since 1997 was smooth and fruitful for many years and the termination was an amicable one. Although Safilo is no longer a shareholder of the Company, the Company will maintain a good business relationship with Safilo.

PROSPECT

The Group's market is not only plagued by the difficulties seen but is also blurred by the uncertainties looming. The European economy which significantly affects the market demand for our products has been weak and unstable. Growth stimulus is no where at sight. The uncertainties of when and how the USA will increase the interest rate and its impact on the worldwide economy have puzzled many and naturally leads in indecision and delays buying behaviour. Political unrest in the Middle East and its aftermath on Europe cannot be taken lightly. For these reasons, our forecast of the European market demand of our products for the near future is not positive.

Sharp rise in the labour costs in recent years in China where all our manufacturing activities are based has been hurting. Given the China's 13th five-year plan just announced has vowed to do more to tackle problems, amongst others, in people's quality of life and incomes, the Chinese labour cost is unlikely to drop. If there is any upward income adjustment, the ripple effect of the continuous cost increase in our PRC working environment cannot be underestimated.

Coupled with the factors mentioned above, future RMB movement will be of some concern. Given a significant part of our manufacturing expenses are RMB denominated and sales are concluded in U.S. Dollar ("USD"), we may benefit from a weaker RMB. But with the complexity of the currency subject, barring any unforeseen circumstances, we have no ground to be hopeful about its depreciation at a meaningful scale in the near future. On the other hand, the possible increase of the interest rate in the U.S.A. would keep a strong USD against many other popular currencies including Euro. This will have a negative impact on us as our European customers who sell mainly in Europe pay us in the USD would have a higher exchange cost. All these together could result in more difficult operating environment for the Company.

Our management will continue to improve the internal efficiency by streamlining the operation. We need a higher operating efficiency to offset the effect of increased costs and weak market demand. Our management will also explore means to make better use of our production resources and to increase the sales resources to get more orders. Our management will explore any business opportunities available as well.

To expand on the Company's revenue channel, we are putting in more effort and resources to promote the sales of our own branded products through the internet, though we know brand building will take time to achieve.

Given the details mentioned above, the management is not optimistic about the near future of the market prospect of the Company. The Company will however keep a positive attitude in overcoming the difficulties ahead and to actively prepare for the turnaround in the business environment.

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2015, the Group's banking facilities amounting to HK$67,018,000 (31 March 2015: HK$74,052,000), of which HK$46,654,000 (31 March 2015: HK$35,880,000) had been utilised as at the end of the reporting period, are secured by the pledge of certain of the Group's land and buildings located in Hong Kong with a net carrying amount of HK$18,456,000 (31 March 2015: HK$18,749,000) and a corporate guarantee given by the Company in favour of a bank. The Group's bank borrowings at 30 September 2015 and 31 March 2015 were denominated in United States dollars.

During the six months ended 30 September 2015, the Group raised new borrowings of HK$10,774,000 (six months ended 30 September 2014: HK$3,900,000). As at 30 September 2015, secured bank borrowings of HK$46.0 million (31 March 2015: 35.9 million) and import loan of HK$0.6 million (31 March 2015: Nil) denominated in USD were drawn at effective interest rates ranging from 2.54% to 2.58% and 2.65% per annum respectively.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a balance of cash and cash equivalents of HK$26.1 million (31 March 2015: HK$41.0 million). The debt-to-equity ratio (expressed as a percentage of total liabilities over equity of the Company) is approximately 33.0% as at 30 September 2015 (31 March 2015: 24.2%). The Group's equity attributable to owners of the Company as at 30 September 2015 amounted to HK$318.8 million (31 March 2015: HK$352.8 million).

FOREIGN CURRENCY RISK

The Group conducts its business transactions mainly in Hong Kong Dollar, RMB and USD. As the Hong Kong Dollar is pegged to the USD, the Group does not foresee any material exchange risk in this respect. However, the Group is subject to certain foreign exchange impacts caused by the exchange rate fluctuation of RMB. As such, a 2-year RMB Forward Contract against USD was entered into for hedging its currency risk in 2014 and it will expire in February 2016. The management will closely monitor foreign exchange exposure and will consider further hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 30 September 2014, the Group had capital commitments, which were contracted but not provided for, in respect of acquisition of property, plant and equipment of HK$5,000. The Group had no capital commitment at 30 September 2015. As at 30 September 2015, the Company had a contingent liability of HK$67 million (31 March 2015: HK$74.0 million) in respect of corporate guarantees given to a bank in connection with the general banking facilities granted to one of its subsidiaries.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2015, the Group employed approximately 1,775 (30 September 2014: 2,300) full time employees in China and Hong Kong. Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of each individual employee, and are subject to review from time to time. The employee benefits include insurance and medical coverage, training programmes as well as provident fund schemes.

CORPORATE GOVERNANCE

During the six months ended 30 September 2015, the Company has adopted and complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, except for the following deviation:

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have any officer with the title "chief executive" under the Board. Mr. Hui Leung Wah assumes the role of both Chairman and Managing Director of the Company and he is in charge of the overall management of the Company. The Company does not have a separate Chairman and Managing Director as Mr. Hui currently holds both positions. The Board believes that the assumption of the roles of Chairman and Managing Director can, as far as the Group is concerned, promote the efficient formulation and implementation of the strategies of the Company, which will enable the Group to capture business opportunities efficiently and promptly. The Board also believes that through the supervision of its Board and its Independent Non-Executive Directors, a balancing mechanism is in place and operating so that the interests of the shareholders are adequately and fairly represented.

REMUNERATION COMMITTEE

The Company has set up a remuneration committee in June 2005. The duties of the remuneration committee as set out in its terms of references include making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management of the Company. It is also mandated to make recommendations to the Board on the remuneration of the Independent Non-Executive Directors and on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee comprises three Independent Non-Executive Directors.

AUDIT COMMITTEE

The Audit Committee has been established since 1999 and currently consists of three Independent Non-Executive Directors, namely, Mr. Poon Kwok Fai, Ronald, Mr. Pang Sung Yuen and Mr. Kwong Ping Man. The main duties of the Audit Committee include the review of the relationship with external auditors of the Company, review of the Group's financial information, oversight of the Group's financial reporting system and internal control procedures and performance of the corporate governance functions delegated by the Board.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conducts ("Code of Conduct") regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company has received confirmations from all of them that they have complied with the required standard set out in the Model Code and the Company's Code of Conduct throughout the period under review.

REVIEW OF UNAUDITED INTERIM RESULTS

The unaudited interim condensed consolidated financial information for the six months ended 30 September 2015 has been reviewed by the Audit Committee of the Company. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group.

APPRECIATION

The Board would like to take this opportunity to express its deepest gratitude to all members of the staff of the Group for their contributions, support and dedication. The Board would also like to thank our customers, shareholders, bankers, suppliers and other business partners for their continuous support.

On behalf of the Board
Hui Leung Wah
Chairman

Hong Kong, 25 November 2015

As at the date of this announcement, the executive directors of the Company are Mr. Hui Leung Wah, Mr. Poon Sui Hong, and Mr. Hui Chun Yuen and the independent non-executive directors are Mr. Poon Kwok Fai, Ronald, Mr. Pang Sung Yuen and Mr. Kwong Ping Man.