



Takson Holdings Limited
第一德勝控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 918)

Interim Report
And
Unaudited Condensed Consolidated
Interim Financial Information

For the six months ended 30th September, 2015

* *For identification purpose only*

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MANAGEMENT COMMENTARY

The Board of Directors (the “Board”) of Takson Holdings Limited (the “Company”) presents the interim report and the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2015 (the “Review Period”), together with the comparatives. The condensed consolidated interim financial information has been reviewed by the Company’s audit committee, but has not been reviewed by the Company’s auditor.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results

The Group recorded a turnover of HK\$149.6 million in the Review Period, representing a decrease of 36.4% compared to the corresponding previous period. Gross profit margin increased from 17.7% in the corresponding previous period to 24.2% in the Review Period. Net profit attributable to the equity holders of the Company was approximately HK\$10.5 million, representing a decrease of approximately 38.4% from the corresponding previous period.

Business Overview

Export business

In the Review Period, the Group changed its focus to Original Design Manufacturer (“ODM”) business with higher value added to leverage the production capacity of its sub-contracting factories. Outerwear garments with more functionalities, special designs and innovation were offered to the market. Seasonal promotion programmes were phased out to spare the production lines for the upmarket collection. Total turnover in the Review Period decreased by 36.5% to HK\$148.2 million compared with the corresponding previous period. Gross profit margin increased from approximately 17.7% in the corresponding previous period to approximately 23.5% in the Review Period. Selling, distribution and marketing expenses decreased by 13.5% to HK\$8.5 million due to less spending in product development of lower end items. Administrative expenses increased by 24.3% mainly due to increase in payroll cost and bonus payment to retain staff of all grades. Finance cost decreased by 18.0% due to lower utilization of banking lines for its export business and lower interest rate negotiated with the Group’s main banks.

Property investment

The Group continued to lease its investment properties in Hong Kong and China and recorded rental income of HK\$1.33 million compared to HK\$1.59 million in the corresponding previous period. The decrease in rental income was due to the granting of rent free period to a new tenant of office units in Hong Kong during the review period. As at the end of the Review Period, all investment properties were fully let out.

Prospects

With the success of its ODM business, the Group will put more resources in expanding its ODM business which offers reasonable margins. Over the last few years, the Group has been trying to develop more product lines for selling in spring/summer season to reduce its reliance in fall/winter season. Such effort is not yet fruitful, hence orders for delivery in the second half year will be significantly less than the first half year. With the gradual recovery of the US economy, the Group will continue to solicit more orders from its existing and new customers. The Group's success in creating high customer satisfaction with quality goods and one-stop buying over the last few years would enable it to meet the challenges ahead and to further expand its business base and volume. The property investment business continues to provide a steady stream of income to the Group. The Board is optimistic of the future of the Group.

Liquidity and Financial Resources

The Group generally finances its operations with its own working capital, trade facilities and revolving bank loans provided by its principal bankers in Hong Kong. Total net cash inflow from operations amounted to approximately HK\$36.4 million for the Review Period (2014: HK\$23.3 million).

As at 30th September, 2015, the Group's net borrowings comprised bank loans and obligations under finance leases, the aggregate amount of which was approximately HK\$91.7 million (as at 31st March, 2015: HK\$92.5 million). Among the total outstanding amounts of bank loans and obligations under finance leases as at 30th September, 2015, 77 % (as at 31st March, 2015: 84%) are repayable within one year, 3% (as at 31st March, 2015: 3%) are repayable in the second year and the remaining balance are repayable in the third to fifth year. The Group's loans from a bank are subject to floating interest rates while obligations under finance leases are subject to fixed interest rates.

The ratio of current assets to current liabilities of the Group was 0.66 as at 30th September, 2015 compared to 0.55 as at 31st March, 2015. The Group's gearing ratio as at 30th September, 2015 was 0.58 (as at 31st March, 2015: 0.61) which is calculated based on the Group's total liabilities of HK\$ 104.0 million (as at 31st March, 2015: HK\$102.8 million) and the Group's total assets of HK\$179.7 million (as at 31st March, 2015: HK\$168.1 million). As at 30th September, 2015, the Group's total cash and bank balances amounted to HK\$42.1 million compared to HK\$8.4 million as at 31st March, 2015.

The monetary assets and liabilities and business transaction of the Group are mainly carried out and conducted in Hong Kong dollars, Renminbi, and United States dollars. The Group maintains a prudent strategy in its foreign exchange risk management, with the foreign exchange risks being minimized through balancing the monetary assets versus monetary liabilities, and foreign currency revenue versus foreign currency expenditure.

CHARGE OF ASSETS

As at 30th September, 2015, the investment properties and leasehold land and buildings in Hong Kong and the PRC held by the Group with an aggregate carrying value of approximately HK\$105.0 million (as at 31st March, 2015: HK\$105.4 million) and a fixed deposit of HK\$4.5 million (as at 31st March, 2015: HK\$4.5 million) were pledged as first legal charge for the Group's banking facilities.

CONTINGENT LIABILITIES AND LITIGATION

The Company has executed corporate guarantees with respect to banking facilities made available to its subsidiaries. As at 30th September, 2015, the facilities utilised amounted to HK\$91.7 million (as at 31st March, 2015: HK\$92.5 million).

The Group entered into two derivative foreign contracts. The first contract would result in losses if exchange rate of RMB fell below 6.282 against US\$1 on each of the 6 expiration dates commencing 26th October, 2015 whereas the second contract would result in losses if exchange rate of RMB fell below 6.60 against US\$1 on each of the 14 expiration dates commencing 26th April, 2016; the maximum exposure for the first contract is US\$2 million times the then USD/RMB spot rate on each expiration date less RMB12.56 million whereas the the maximum exposure for the second contract is US\$2.4 million times the then USD/RMB spot rate on each expiration date less RMB15.84 million.

Except for the foregoing, as at 30th September, 2015, the Group had no other significant contingent liabilities or pending litigation.

EMPLOYEES

As at 30th September, 2015, the Group had a total of 49 employees, as compared to 50 employees as at 31st March, 2015. Staff costs including directors' remuneration were approximately HK\$14.0 million and HK\$10.9 million for the Review Period and the six months ended 30th September, 2014 respectively.

The Group remunerates its employees (including Directors) primarily with reference to the industry practices, including contributory provident funds, insurance and medical benefits. The emoluments of the Directors are determined by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Group has also adopted a discretionary bonus scheme for the management and the staff with awards which are determined annually based upon the performance of the Group and individual employees.

The Company operates a share option scheme (the "Scheme") whereby the board of Directors may at their absolute discretion, grant options to employees and executive directors of the Company and any of its subsidiaries to subscribe for shares in the Company. The subscription price, exercisable period and the maximum number of options to be granted are determined in accordance with the prescribed terms of the Scheme.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED COMPANIES

As at 30th September, 2015, the interests and short positions of each 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 (“SFO”)), as recorded in the register required to be kept under Section 352 of Part XV 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”) were as follows:

Long positions

Name of directors	Number of ordinary shares in the Company beneficially held				Total interests	Percentage of holding
	Personal interests	Family interests	Corporate interests			
Mr. Wong Tek Sun, Takson	211,799,600	17,978,000	285,120,000	(Note)	514,897,600	66.40%
Ms. Pang Shu Yuk, Adeline Rita	17,978,000	211,799,600	285,120,000	(Note)	514,897,600	66.40%
Dr. Motwani, Manoj Kumar	500,000	0	1,394,000		1,894,000	0.24%

Note:

Such shares are held by Takson International Holdings Limited, the entire issued share capital of which is held by Wangkin Investments Inc. (“WII”) as trustee of the Wangkin Investments Unit Trust (the “Unit Trust”). All issued and outstanding units in the Unit Trust are beneficially held by Guardian Trustee Limited as trustee of the Wang & Kin Family Trust (the “Family Trust”). The discretionary beneficiaries of the Family Trust are, inter alia, Ms. Pang Shu Yuk, Adeline Rita and the child of Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita, namely, Mr. Wong Chi Wang, Calvin.

Mr. Wong Tek Sun, Takson, being an Executive Director of the Company, owns 50% of the issued share capital of WII and he, as one of the founders of the Family Trust, the husband of Ms. Pang Shu Yuk, Adeline Rita, is deemed to have interests in 285,120,000 shares held by Takson International Holdings Limited in the issued share capital of the Company under the SFO.

Ms. Pang Shu Yuk, Adeline Rita, being an Executive Director of the Company, owns 50% of the issued share capital of WII and she, as one of the discretionary beneficiaries of the Family Trust, is deemed to have interests in the 285,120,000 shares held by Takson International Holdings Limited in the issued share capital of the Company under the SFO.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED COMPANIES *(continued)*

Save as disclosed above, as at 30th September, 2015, none of the Directors and Chief Executives of the Company (including their spouse and children under 18 years of age) had any other interests or short positions in the shares or 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 required to be kept under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 30th September, 2015, the Company had been notified of the following substantial shareholders' interests and long positions, being 5% or more of the Company's issued share capital.

Name of substantial shareholders	Capacity	Number of ordinary shares beneficially held	Percentage of holding
Wong Tek Sun, Takson	Personal and family interest	229,777,600	29.63%
Pang Shu Yuk, Adeline Rita	Personal and family interest	229,777,600	29.63%
Wangkin Investments Inc. <i>(Note)</i>	Interest of a controlled corporation	285,120,000	36.77%
Takson International Holdings Limited <i>(Note)</i>	Beneficial owner	285,120,000	36.77%

Note: Takson International Holdings Limited is a wholly-owned subsidiary of Wangkin Investments Inc., which in turn is owned as to 50% by Mr. Wong Tek Sun, Takson, and as to 50% by Ms. Pang Shu Yuk, Adeline Rita, both of whom being the Executive Directors of the Company.

Save as disclosed above, as at 30th September, 2015, no other person was recorded in the register of substantial shareholders maintained under Section 336 of Part XV of the SFO as having an interest or short positions in 5% or more of the issued share capital of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED COMPANIES *(continued)*

Share Option Scheme

The share option scheme (the “Share Option Scheme”) which became effective on 4th October, 2006 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme may not in aggregate exceed 71,740,000, being 10% of the shares in issue of the Company as at 25th August, 2008, the date of the Annual General Meeting, on which the limit of the Share Option Scheme was refreshed. The offer of a grant may be accepted upon payment of a nominal consideration of HK\$1 per acceptance.

The exercise price of the share options granted under the Share Option Scheme is determined by the Board, but shall not be less than the highest of (i) the nominal value of the Company’s shares, (ii) the closing price of the Company’s shares on the Stock Exchange on the date of grant and (iii) the average closing price of the Company’s shares on the Stock Exchange for the five trading days immediately preceding the date of grant.

During the Review Period, no option under the above option scheme was granted, exercised nor forfeited and no option was outstanding as at 30th September 2015.

At no time during the Review Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and Chief Executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the Review Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the Review Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the Review Period, except for the deviations discussed below.

Code provision A.2.1

Code provision A.2.1 stipulates that the roles of the Chairman and Chief Executive Officer of the Company should be separated and should not be performed by the same individual.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES *(continued)*

Code provision A.2.1 *(continued)*

The Company has deviated from the Code provision A.2.1 and the roles of the Chairman and the Chief Executive Officer of the Company are now performed by the same person. Mr. Wong Tek Sun, Takson now assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Board intends to maintain this structure for the time being as it believes that this structure can provide the Group with strong and consistent leadership and allows more effective planning and execution of long-term business strategies.

Code provision A.4.1

Code provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term and are subject to re-election.

The Company has deviated from the Code provision A.4.1. The Non-executive Directors (including Independent Non-executive Directors) are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting pursuant to Bye-law 87 of the Company's Bye-laws.

The Board believes that, despite the absence of specified term of Non-executive Directors, the Directors are committed to represent the long-term interests of the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules, as the code of conduct regarding securities transactions of the Directors. Having made specific enquiry of all Directors, they all confirmed that they have complied with the Model Code during the Review Period.

AUDIT COMMITTEE

The Audit Committee comprises two Independent Non-executive Directors, Mr. Wong Kwok Tai and Dr. Motwani, Manoj Kumar and a Non-executive Director, Mr. Wong Tak Yuen.

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee provides an important link between the Directors and the Company's auditor in those matters coming within the scope of the audit of the Group. It also reviews the effectiveness of the external audit, the internal controls, risk evaluation and financial reporting matters including review of the interim report and the unaudited condensed consolidated interim financial information for the Review Period with the Directors.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September, 2015

		Unaudited	
		Six months ended	
		30th September,	
		2015	2014
	<i>Note</i>	HK\$'000	HK\$'000
Turnover	4	149,548	235,297
Cost of sales		(113,405)	(193,683)
Gross profit		36,143	41,614
Other income		708	294
Selling, distribution and marketing expenses		(8,466)	(9,794)
Administrative expenses		(16,335)	(13,147)
Operating profit		12,050	18,967
Finance costs	5	(1,515)	(1,848)
Profit before taxation	6	10,535	17,119
Income tax	8	—	—
Profit for the period		10,535	17,119
Total comprehensive income for the period		10,535	17,119
Profit for the period attributable to:			
Equity holders of the Company		10,535	17,119
Total comprehensive income attributable to:			
Equity holders of the Company		10,535	17,119
Earnings per share attributable to the equity holders of the Company during the period			
— basic (<i>HK cents</i>)	9	1.36	2.21
— diluted (<i>HK cents</i>)	9	1.36	2.21

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2015

		Unaudited 30th September, 2015 <i>HK\$'000</i>	Audited 31st March, 2015 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>11</i>	11,353	11,204
Leasehold land	<i>11</i>	15,714	15,959
Investment properties	<i>11</i>	82,326	82,326
Deferred tax assets		5,356	5,356
		<u>114,749</u>	<u>114,845</u>
		-----	-----
Current assets			
Inventories		2,936	6,339
Trade and bills receivables	<i>12</i>	5,585	3,268
Deposits, prepayments and other receivables		9,886	30,699
Bank deposit (pledged)		4,509	4,500
Cash and cash equivalents		42,080	8,413
		<u>64,996</u>	<u>53,219</u>
		-----	-----
Total assets		<u><u>179,745</u></u>	<u><u>168,064</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	<i>14</i>	77,540	77,540
Reserves		(1,793)	(12,328)
		<u>75,747</u>	<u>65,212</u>
Total equity		<u>75,747</u>	<u>65,212</u>
LIABILITIES			
Non-current liabilities			
Obligations under finance leases	<i>15</i>	382	659
Post employment benefits	<i>16</i>	263	263
Deferred tax liabilities		4,721	4,721
		<u>5,366</u>	<u>5,643</u>
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30th September, 2015

		Unaudited 30th September, 2015 <i>HK\$'000</i>	Audited 31st March, 2015 <i>HK\$'000</i>
	<i>Note</i>		
Current liabilities			
Trade payables	<i>13</i>	4,770	892
Other payables and accrued charges		2,551	4,500
Bank borrowings and obligations under finance leases	<i>15</i>	91,311	91,817
		<u>98,632</u>	<u>97,209</u>
Total liabilities		<u>103,998</u>	<u>102,852</u>
Total equity and liabilities		<u>179,745</u>	<u>168,064</u>
Net current liabilities		<u>(33,636)</u>	<u>(43,990)</u>
Total assets less current liabilities		<u>81,113</u>	<u>70,855</u>

The accompanying notes are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2015

	(Unaudited)							
	Share capital	Share premium	Revaluation reserve	Share option reserve	Consolidation reserve	Translation reserve	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st April, 2014	77,540	66,894	9,276	2,880	2,214	(988)	(95,000)	62,816
Total comprehensive income for the period	—	—	—	—	—	—	17,119	17,119
Balance at 30th September, 2014	77,540	66,894	9,276	2,880	2,214	(988)	(77,881)	79,935
Balance at 1st April, 2015	77,540	66,894	11,162	—	2,214	(988)	(91,610)	65,212
Total comprehensive income for the period	—	—	—	—	—	—	10,535	10,535
Balance at 30th September, 2015	77,540	66,894	11,162	—	2,214	(988)	(81,075)	75,747

The accompanying notes are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September, 2015

	Unaudited	
	Six months ended	
	30th September,	
	2015	2014
	HK\$'000	HK\$'000
Net cash inflow from operating activities	36,417	23,258
Net cash outflow from investing activities	(603)	(4,925)
Net cash outflow from financing activities	(2,147)	(82)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	33,667	18,251
Cash and cash equivalents at beginning of period	8,413	15,567
	<hr/>	<hr/>
Cash and cash equivalents at end of period	42,080	33,818
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	42,080	33,818
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Takson Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the sourcing, subcontracting, marketing and selling of outerwear garments and sportswear products, and property investment.

The Company is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Room 512-513, 5th Floor, South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong.

These condensed consolidated interim financial information has been approved for issue by the Board of Directors on 27th November, 2015.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

3. ACCOUNTING POLICIES

The accounting policies and method of the computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual report for the year ended 31st March, 2015. The Group has adopted new or revised standards, amendments to standards and interpretation of Hong Kong Financial Reporting Standards which are effective for accounting period commencing on or after 1st April, 2015. The adoption of such new or revised standards, amendments to standards and interpretation does not have material impact on the Interim Financial Statements and does not result in substantial changes to the Group’s accounting policies. The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new standards, amendments and interpretations will have no material impact on the unaudited condensed consolidated financial statements.

4. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the sourcing, subcontracting, marketing and selling of outerwear garments and sportswear products, and property investment. Revenue recognised during the period is as follows:

By business segments:

	Six months ended 30th September, 2015 <i>HK\$'000</i>		
	Export business	Property investment	Total
Turnover	<u>148,220</u>	<u>1,328</u>	<u>149,548</u>
Segment operating profit/(loss)	<u>21,280</u>	<u>(5,831)</u>	<u>15,449</u>
Unallocated corporate expenses			<u>(3,399)</u>
Operating profit			<u>12,050</u>
Finance costs	<u>(1,442)</u>	<u>(73)</u>	<u>(1,515)</u>
Profit before taxation			<u>10,535</u>
Income tax			<u>—</u>
Profit for the period			<u>10,535</u>

	Six months ended 30th September, 2014 <i>HK\$'000</i>		
	Export business	Property investment	Total
Turnover	<u>233,708</u>	<u>1,589</u>	<u>235,297</u>
Segment operating profit/(loss)	<u>24,311</u>	<u>(4,000)</u>	<u>20,311</u>
Unallocated corporate expenses			<u>(1,344)</u>
Operating profit			<u>18,967</u>
Finance costs	<u>(1,775)</u>	<u>(73)</u>	<u>(1,848)</u>
Profit before taxation			<u>17,119</u>
Income tax			<u>—</u>
Profit for the period			<u>17,119</u>

4. TURNOVER AND SEGMENT INFORMATION *(continued)*

By geographical segments:

	Turnover	
	Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
United States of America	143,701	227,894
Canada	4,519	5,814
Others	1,328	1,589
	<u>149,548</u>	<u>235,297</u>

5. FINANCE COSTS

	Export business		Property investment		Total	
	Six months ended 30th September,		Six months ended 30th September,		Six months ended 30th September,	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank loans	1,427	1,752	73	73	1,500	1,825
Interest element of finance lease obligations	15	23	—	—	15	23
	<u>1,442</u>	<u>1,775</u>	<u>73</u>	<u>73</u>	<u>1,515</u>	<u>1,848</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is stated after crediting and charging the following:

	Export business		Property investment		Total	
	Six months ended 30th September, 2015		Six months ended 30th September, 2015		Six months ended 30th September, 2015	
	2014	2015	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Crediting						
Interest income	152	294	—	—	152	294
Rental income	—	—	1,328	1,589	1,328	1,589
	<u>152</u>	<u>294</u>	<u>1,328</u>	<u>1,589</u>	<u>1,328</u>	<u>1,589</u>
Charging						
Cost of inventories sold	113,405	193,683	—	—	113,405	193,683
Amortisation of leasehold land	—	—	245	245	245	245
Depreciation						
Owned						
property, plant and equipment	166	184	124	132	290	316
Leased						
property, plant and equipment	155	182	—	—	155	182
Operating lease rentals in respect of land and buildings	1,165	1,035	—	—	1,165	1,035
Staff costs, including directors' emoluments (Note 7)	7,407	5,875	6,587	5,015	13,994	10,890
	<u>7,407</u>	<u>5,875</u>	<u>6,587</u>	<u>5,015</u>	<u>13,994</u>	<u>10,890</u>

7. STAFF COSTS

	Export business		Property investment		Total	
	Six months ended 30th September, 2015		Six months ended 30th September, 2014		Six months ended 30th September, 2015	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries, wages and other benefits (including directors' emoluments)	7,144	5,644	6,551	4,980	13,695	10,624
Retirement benefit costs	263	231	36	35	299	266
	<u>7,407</u>	<u>5,875</u>	<u>6,587</u>	<u>5,015</u>	<u>13,994</u>	<u>10,890</u>

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had available tax losses brought forward to offset the assessable profits generated during the period (2014: HK\$ Nil).

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th September, 2015		2014
Profit attributable to the equity holders of the Company (HK\$'000)	<u>10,535</u>	<u>17,119</u>	
Weighted average number of ordinary shares in issue (thousands)	<u>775,406</u>	<u>775,406</u>	
Basic earnings per share (HK cents)	<u>1.36</u>	<u>2.21</u>	
Diluted earnings per share (HK cents)	<u>1.36</u>	<u>2.21</u>	

10. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2015 (2014: HK\$ Nil).

11. CAPITAL EXPENDITURE

	Investment properties <i>HK\$'000</i>	Property, plant & equipment <i>HK\$'000</i>	Leasehold land <i>HK\$'000</i>	Total <i>HK\$'000</i>
Opening net book amount as at 1st April, 2014	80,422	9,436	16,452	106,310
Additions	—	425	—	425
Amortisation/depreciation	—	(498)	(245)	(743)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing net book amount as at 30th September, 2014	<u>80,422</u>	<u>9,363</u>	<u>16,207</u>	<u>105,992</u>
Opening net book amount as at 1st April, 2015	82,326	11,204	15,959	109,489
Additions	—	595	—	595
Disposals	—	(1)	—	(1)
Amortisation/depreciation	—	(445)	(245)	(690)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing net book amount as at 30th September, 2015	<u>82,326</u>	<u>11,353</u>	<u>15,714</u>	<u>109,393</u>

12. TRADE AND BILLS RECEIVABLES

At 30th September, 2015, the ageing analysis of trade and bills receivables is as follows:

	30th September, 2015 <i>HK\$'000</i>	31st March, 2015 <i>HK\$'000</i>
0 – 30 days	5,290	109
1 to 2 months	150	800
Over 3 months	145	2,359
	<u> </u>	<u> </u>
	<u>5,585</u>	<u>3,268</u>

12. TRADE AND BILLS RECEIVABLES *(continued)*

All trade and bills receivables are denominated in US dollars.

Majority of the Group's export sales are generally on open account of 30 days and letter of credit at sight. The Group considers that the trade and bills receivables as at 30th September, 2015 are fully recoverable and believes that no impairment allowance is necessary.

13. TRADE PAYABLES

At 30th September, 2015, the ageing analysis of trade payables is as follows:

	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
0 – 30 days	4,105	147
1 to 3 months	—	212
4 to 6 months	—	118
Over 6 months	665	415
	<hr/> 4,770 <hr/>	<hr/> 415 <hr/>

All trade payables are denominated in US dollars.

Payment terms with suppliers are generally on letters of credit and open account. Certain suppliers grant credit terms between 30 to 60 days.

14. SHARE CAPITAL

	Ordinary shares of HK\$0.1 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:		
At 31st March, 2015 and 30th September, 2015	3,000,000,000	300,000
	<hr/> 3,000,000,000 <hr/>	<hr/> 300,000 <hr/>
Issued and fully paid:		
At 31st March, 2015 and 30th September, 2015	775,406,000	77,540
	<hr/> 775,406,000 <hr/>	<hr/> 77,540 <hr/>

15. BANK BORROWINGS AND OBLIGATIONS UNDER FINANCE LEASES

- (a) At 30th September, 2015, the Group's bank loans and obligations under finance leases are repayable as follows:

	30th September, 2015 <i>HK\$'000</i>	31st March, 2015 <i>HK\$'000</i>
Obligations under finance lease	932	1,201
Bank loans — secured	90,761	91,275
	91,693	92,476
Obligations under finance leases repayable		
Within one year	550	542
Between one and two years	382	548
Between two and five years	—	111
	932	1,201
Secured bank loans that contain a repayable on demand clause		
— repayable within one year	78,162	77,496
— repayable after one year (shown under current liabilities)	12,599	13,779
	90,761	91,275
	91,693	92,476
Amount repayable within one year included under current liabilities	(91,311)	(91,817)
Amount repayable after one year	382	659

15. BANK BORROWINGS AND OBLIGATIONS UNDER FINANCE LEASES *(continued)*

- (b) The carrying amounts of the bank borrowings and obligations under finance leases are denominated in the following currencies:

	30th September, 2015 <i>HK\$'000</i>	31st March, 2015 <i>HK\$'000</i>
Hong Kong Dollars	4,502	37,201
United States Dollars	87,191	55,275
	<u>91,693</u>	<u>92,476</u>

- (c) The effective interest rates for the Group's bank loans at the balance sheet date were as follows:

	30th September, 2015	31st March, 2015
Hong Kong Dollars	2.3%	3.3%
United States Dollars	2.8%	3.2%

16. POST EMPLOYMENT BENEFITS

	30th September, 2015 <i>HK\$'000</i>	31st March, 2015 <i>HK\$'000</i>
Provision for long service payment	<u>263</u>	<u>263</u>

17. BANKING FACILITIES

As at 30th September, 2015, the Groups banking facilities amounting to approximately HK\$140.6 million (31st March, 2015: approximately HK\$139.3 million) were secured by the following:

- (a) first legal charge over the Group's investment properties and leasehold land and buildings in Hong Kong and the PRC held by the Group with an aggregate carrying value of approximately HK\$105.0 million (31st March, 2015: approximately HK\$105.4 million);
- (b) charge over bank deposit of HK\$4.5 million; and
- (c) corporate guarantees from the Company and certain of its subsidiaries.

18. CONTINGENT LIABILITIES

The Company has executed corporate guarantees with respect to banking facilities made available to its subsidiaries. As at 30th September, 2015, the facilities utilised amounted to HK\$91.7 million (as at 31st March, 2015: HK\$92.5 million).

The Group entered into two derivative foreign contracts. The first contract would result in losses if exchange rate of RMB fell below 6.282 against US\$1 on each of the 6 expiration dates commencing 26th October, 2015 whereas the second contract would result in losses if exchange rate of RMB fell below 6.60 against US\$1 on each of the 14 expiration dates commencing 26th April, 2016; the maximum exposure for the first contract is US\$2 million times the then USD/RMB spot rate on each expiration date less RMB12.56 million whereas the the maximum exposure for the second contract is US\$2.4 million times the then USD/RMB spot rate on each expiration date less RMB15.84 million.

Except for the foregoing, as at 30th September, 2015, the Group had no other significant contingent liabilities or pending litigation.

19. COMMITMENTS

(a) Capital commitments

The Group and the Company had no material capital commitments as at 30th September, 2015 and 31st March, 2015.

(b) Commitments under operating leases

- (i) At 30th September, 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30th September, 2015 <i>HK\$'000</i>	31st March, 2015 <i>HK\$'000</i>
Not later than one year	1,539	448
Later than one year and not later than five years	841	—
	<u>2,380</u>	<u>448</u>

- (ii) At 30th September, 2015, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of land and buildings as follows:

	30th September, 2015 <i>HK\$'000</i>	31st March, 2015 <i>HK\$'000</i>
Not later than one year	3,738	2,882
Later than one year and not later than five years	3,348	3,582
	<u>7,086</u>	<u>6,464</u>

20. RELATED-PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group or any member of its key management personnel or their close family members has the ability, directly or indirectly, to exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control or significant influence. Related parties may be individuals or entities.

Key management compensation

	Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	<u>5,874</u>	<u>4,326</u>

By Order of the Board
Wong Tek Sun, Takson
Chairman

Hong Kong, 27th November, 2015

As at the date of this report, the Board of Directors of the Company comprises two Executive Directors, namely Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita; three Independent Non-executive Directors, namely Mr. Cunningham, James Patrick, Mr. Wong Kwok Tai and Dr. Motwani, Manoj Kumar; and two Non-executive Directors, namely Mr. Wong Tak Yuen and Ms. Pang She Kwok, Szwina.