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ADDCHANCE HOLDINGS LIMITED
互益集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3344)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2014

HIGHLIGHTS

- **Revenue decreased by around 18.1% to approximately HK$418.3 million.**
- **Except for the effect of the fair value loss of those derivative financial instruments in the amount of HK$10.3 million, a net loss of approximately HK$32.6 million was incurred from the core business of the Group during the period under review.**

INTERIM RESULTS

On behalf of the board of directors (the "Board") of Addchance Holdings Limited, I am pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2014, together with unaudited comparative figures for the corresponding period in 2013. These interim financial statements have not been audited, but have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu, which conducted the 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 and the audit committee of the Company (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2014

		For the six months ended 30th June,	
		2014	2013
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**418,326**	510,983
Cost of sales		**(324,325)**	(342,461)
Gross profit		**94,001**	168,522
Other income		**5,517**	5,002
Other gains and losses		**(16,829)**	(5,250)
Selling and distribution costs		**(41,166)**	(46,754)
Administrative expenses		**(63,146)**	(68,738)
Finance costs	*4*	**(21,440)**	(20,422)
(Loss) profit before tax		**(43,063)**	32,360
Income tax credit	*5*	**191**	2,390
(Loss) profit for the period	*6*	**(42,872)**	34,750
Other comprehensive income that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**37,779**	8,030
Total comprehensive (expense) income for the period		**(5,093)**	42,780
(Loss) earnings per share, in HK cents			
Basic	*8*	**(9.72)**	7.87

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2014

	NOTES	30.6.2014 HK$'000 (unaudited)	31.12.2013 HK$'000 (audited)
NON-CURRENT ASSETS			
Investment properties		**1,754**	1,780
Property, plant and equipment		**845,298**	823,026
Prepaid lease payments		**65,962**	46,535
Deposit paid for acquisition of prepaid lease payments and property, plant and equipment		**14,305**	24,723
Club debenture		**1,070**	1,070
Other assets		**15,863**	15,899
Deferred tax assets		**37**	36
		944,289	913,069
CURRENT ASSETS			
Prepaid lease payments		**1,550**	2,509
Inventories		**1,181,604**	880,723
Trade receivables, bills receivables and other receivables, deposits and prepayments	*9*	**573,899**	654,138
Amounts due from related companies		**4,401**	3,543
Tax recoverable		**218**	218
Pledged bank deposits		**48,077**	46,296
Bank balances and cash		**68,002**	82,513
		1,877,751	1,669,940
Assets classified as held for sale		**108,963**	108,963
		1,986,714	1,778,903
CURRENT LIABILITIES			
Trade and other payables	*10*	**244,036**	175,682
Bills payable	*10*	**–**	13,072
Deposit received from transfer of the operation right of a subsidiary		**184,774**	184,774
Derivative financial instruments		**30,101**	19,845
Tax liabilities		**2,939**	3,007
Bank borrowings – due within one year		**1,334,813**	1,153,911
Bank overdrafts		**15,951**	17,564
Dividend payable		**8,823**	–
		1,821,437	1,567,855
NET CURRENT ASSETS		**165,277**	211,048
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,109,566**	1,124,117

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
	(unaudited)	(audited)
CAPITAL AND RESERVES		
Share capital	**4,413**	4,413
Reserves	**1,090,651**	1,104,567
	1,095,064	1,108,980
NON-CURRENT LIABILITY		
Deferred tax liabilities	**14,502**	15,137
	1,109,566	1,124,117

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have 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 and with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2014 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements:

- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities;
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets;
- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting; and
- IFRIC – Int 21 Levies.

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

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period:

Six months ended 30th June, 2014

	Production and sale of cotton yarn *HK$'000*	Production and sale of knitted sweaters *HK$'000*	Production and sale of dyed yarns *HK$'000*	Provision of dyeing services *HK$'000*	Trading of cotton and yarns *HK$'000*	Total for reportable segments *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
REVENUE								
External sales	34,047	164,877	194,844	16,295	8,263	418,326	–	418,326
Inter-segment sales	38,368	263,896	279,398	5,107	146,654	733,423	(733,423)	–
	72,415	428,773	474,242	21,402	154,917	1,151,749	(733,423)	418,326
SEGMENT (LOSS) PROFIT	(3,486)	27,287	(8,486)	(361)	(22,510)	(7,556)	–	(7,556)
Interest income								24
Rental income								882
Unallocated expenses								(4,807)
Other gains and losses								(10,166)
Finance costs								(21,440)
Group's loss before tax								(43,063)

Six months ended 30th June, 2013

	Production and sale of cotton yarn *HK$'000*	Production and sale of knitted sweaters *HK$'000*	Production and sale of dyed yarns *HK$'000*	Provision of dyeing services *HK$'000*	Trading of cotton and yarns *HK$'000*	Total for reportable segments *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
REVENUE								
External sales	61,096	196,100	227,354	21,353	5,080	510,983	–	510,983
Inter-segment sales	80,458	256,641	263,332	8,547	109,736	718,714	(718,714)	–
	141,554	452,741	490,686	29,900	114,816	1,229,697	(718,714)	510,983
SEGMENT (LOSS) PROFIT	(1,011)	33,103	39,015	1,124	613	72,844	–	72,844
Interest income								143
Rental income								596
Unallocated expenses								(10,986)
Other gains and losses								(9,815)
Finance costs								(20,422)
Group's profit before tax								32,360

Inter-segment sales were charged at cost plus margin basis.

4. FINANCE COSTS

	For the six months ended 30th June,	
	2014	2013
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**21,440**	20,422

5. INCOME TAX CREDIT

	For the six months ended 30th June,	
	2014	2013
	HK$'000	*HK$'000*
The credit comprises:		
Hong Kong Profits Tax		
– Current period	**241**	1,122
– Under(over)provision in prior years	**40**	(2,905)
PRC Enterprise Income Tax – current period	**163**	2,015
	444	232
Deferred taxation		
– Current period	**(635)**	(2,622)
	(191)	(2,390)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

Pursuant to the relevant laws and regulations in Cambodia, the profit generated from subsidiaries of the Company are entitled to exemption from Cambodian Income Tax until 2018.

6. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging (crediting) the following items:

	For the six months ended 30th June,	
	2014	2013
	HK$'000	*HK$'000*
Depreciation of investment properties	**26**	26
Depreciation of property, plant and equipment	**47,646**	45,428
Amortisation of prepaid lease payments	**730**	1,147
Interest income	**(24)**	(143)

7. DIVIDEND

	For the six months ended 30th June,	
	2014	2013
	HK$'000	*HK$'000*
Dividend recognised as distribution during the period		
– 2013 Final dividend of HK2.0 cents		
(2013: 2012 final dividend of HK2.0 cents) per share	**8,823**	8,823
– 2012 special dividend of HK3.0 cents per share	**–**	13,240
	8,823	22,063

During the current interim period, a final dividend of HK2.0 cents per share in respect of the year ended 31st December, 2013 (six months ended 30th June, 2013: final dividend of HK2.0 cents per share in respect of the year ended 31st December, 2012) was declared and subsequently paid to the owners of the Company in August 2014.

The directors of the Company have determined that no dividend will be paid for the six months ended 30th June, 2014 (six months ended 30th June, 2013: HK2.0 cents per share).

8. (LOSS) EARNINGS PER SHARE

The calculation of basic loss per share for the period is based on the loss for the period attributable to owners of the Company of HK$42,872,000 (profit for the six months ended 30th June, 2013: HK$34,750,000) and on the number of shares in issue of 441,250,000 (six months ended 30th June, 2013: 441,250,000).

No diluted earnings per share is presented as the Company had no potential ordinary shares outstanding during both periods.

9. TRADE RECEIVABLES, BILLS RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group generally allows credit periods ranged from 30 days to 120 days to its trade customers.

At 30th June, 2014, included in trade receivables, bills receivables and other receivables, deposits and prepayments are trade receivables of HK$453,664,000 and bills receivables of HK$50,256,000 (31st December, 2013: trade receivables of HK$522,108,000 and bills receivables of HK$71,507,000), respectively, and their aged analysis, net of allowance for doubtful debts presented based on the invoice date, which approximated the revenue recognition date, at the end of reporting period is as follows:

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
Aged:		
0 – 30 days	**307,816**	327,869
31 – 60 days	**74,159**	85,415
61 – 90 days	**24,631**	81,863
91 – 120 days	**16,058**	20,051
Over 120 days	**81,256**	78,417
	503,920	593,615
Others	**69,979**	60,523
	573,899	654,138

10. TRADE AND OTHER PAYABLES/BILLS PAYABLE

At 30th June, 2014, included in trade and other payables are trade payables of HK$116,573,000 (31st December, 2013: HK$70,356,000) and their aged analysis, presented based on the invoice date, at the end of reporting period is as follows:

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
Aged:		
0 – 60 days	**58,330**	35,957
61 – 90 days	**21,442**	13,195
Over 90 days	**36,801**	21,204
	116,573	70,356
Other payables and accruals	**127,463**	105,326
	244,036	175,682

There is no bills payable at 30th June, 2014 and the bills payable at 31st December, 2013 are aged within 0 to 120 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are pleased to report the unaudited results of the Group for the six months ended 30th June, 2014. The Group's consolidated revenue decreased by approximately 18.1% to HK$418.3 million. During the reporting period, the Group recorded a loss of approximately HK$32.6 million from its core business.

With the cancellation of the PRC government's national cotton temporary reserve policy and the absence of a detailed full scale of direct subsidies policy, the cotton textiles trading industry experienced a period of uncertainty and sluggish growth in the first half of 2014. The yarn textile industry is undergoing an overall downward trend in market price and decelerating overall production. Since the drop in the auction price of the national cotton reserve set by the PRC government in the first quarter of 2014, the average yarn selling prices in the PRC market further declined with the persimisstic and cautious approach adopted by those cotton and dyed yarns customers.

On the other hand, market demands from European customers increased as expected and the average selling price increased despite the competitive environment. Our production capacity increased with the expansion of our green factory in Cambodia and the corresponding production costs were generally averaged down. Overall baseline for sweater business segment was expected to be improved significantly for the full year of 2014.

Sweater business is still the most profitable business of the Group and we have been continuing to increase our production capacity to cope with the recovering export demand. Our first green factory in Cambodia has commenced operation since the first quarter of 2013 and our production capacity was increased as planned since then. According to China National Textile and Apparel Council, China has started working towards building a greener environment in the coming years to develop a sustainable growth strategy for the local textile industry. This, to a large extent, synchronizes with our development plan. Our green factory, which was inspired by our customer, Marks and Spencer, was established under the concept of reuse, reduce and recycle. By using environmental-friendly materials and implementing green production process, we aim to achieve better energy conservation and minimize daily disposals. We received the recognized environmental-related permits as planned. Full operation has commenced in 2013 and the production costs were averaged down. The establishment of the green factory not only increased our production capacity but also strengthened our competitive advantages towards those EU customers. We expect that we can launch new environmental products with higher average selling prices in order to maintain our market share in this competitive environment. As the pioneer in term of green textile manufacturing, we will use our best endeavour to optimize the overall production efficiency as well as making contributions to create a greener and more environmental-friendly industry in the future. In order to increase our output per person by upgrading the automation of machineries and enhancing the overall production efficiency, we will endeavour to optimize our value chain and operation efficiency.

On 29th June, 2012, the Group entered into an Operation Right Transfer Agreement with third parties to transfer the operating right of our subsidiary in the PRC, Luoding Addchance Limited, which is principally engaged in the business of property development. The consideration of this transfer was approximately HK$554.3 million and will be payable by six instalments within 5 years commencing from July 2012. As at 30th June, 2014, we have received 2 instalments of payment in the aggregate sum of approximately HK$184.8 million. This transfer further strengthens the cash flow position of the Group and will pose a positive impact to the Group's net profit upon completion date.

PROSPECTS

The cotton price in the PRC market is expected to be more market-oriented with the cancellation of the PRC government's national cotton temporary reserve policy which had been implemented for the past three years. Clearer pricing trend on the domestic cotton is expected in the second half of 2014 with the implementation of the detailed regulations on subsidies policy for domestic cotton by the PRC government. Cotton yarn prices are expected to be more stable in the next season.

The market condition for textile industry remained difficult in the first half of 2014. The profit of some enterprises declined and the inventories of franchisees remained heavy, mainly due to the rising raw material prices, reduced purchasing power of the end market as well as real estate control policies. Growth of major industry players was curbed and sentiment remained sluggish. The upsurge in the production costs in the PRC has become a trend in the coming years and this also brings opportunities to the Group. Our manufacturing plants which were established in Cambodia for a number of years can enjoy the cost benefits of the human resources in Cambodia and the import tariff concessions granted by EU and Japan. These factors strengthened our bargaining power of orders received from EU and Japan. Therefore, further development in Cambodia will be our focus in the coming years.

Looking ahead, the global economy will undoubtedly remain uncertain. However, with our focus on development in Cambodia, we can, not only hedge against the difficulties of continuously rising production costs in the PRC, but also strengthen our competitiveness on procuring orders from EU and Japan. The long established spinning arms in SuSong and Xinjiang also bode well for the Group on the upstream raw materials supply. Demand for middle and high-end textile products is expected to increase with the growing domestic consumption in the PRC. As guided by the 12th Five-year Plan of the PRC government, textile industry is believed to undergo significant reorganization and transformation. With the better industrial environment, we believe that China will continue to be one of the largest textile manufacturers and exporters in the world, bringing in huge business opportunities for the market players.

Being a member of Better Cotton Initiative ("BCI"), the Group aimed to diversify our product varieties by reducing the amount of water and chemicals used to grow cotton and improve social and economic benefits for cotton farmers. Working with this international social care organization, the Group not only can diversify our product varieties but can also take the responsibility for community care. Production of those BCI products has already been started in 2013 in our spinning production arms. We expect that we can continue to strengthen our production technology on value-added yarns in the coming years.

By combining our expertise in production and efficiencies in production capability through full vertical integration, we are capable of delivering an innovative portfolio of products and services with unsurpassed quality. Specializing in the manufacture of dyed yarns and knitted sweaters, we have been recognized by international accreditation organizations for our dedication and commitment to our customers. Further, by leveraging on our new cash flow stream derived from the Operation Right Transfer Agreement, we believe that we are in a much better position to grasp any market opportunities, mitigate the impacts of the market's current volatility and maintain our leading position in the global cotton textile industry.

FINANCIAL REVIEW

The Group is principally engaged in the production and sale of dyed yarn, knitted sweaters and cotton yarn, the provision of dyeing services and knitting services, and the trading of cotton and yarns. Its major products include dyed yarns made of over 200 different types of cotton, cashmere, ramie, rayon, acrylic, polyester, silk, wool, nylon, linen and a mixture of the above, and knitted sweaters including cardigans and pullovers as well as socks and hosiery products.

Total revenue for the six months ended 30th June, 2014 was approximately HK$418.3 million. Comparing with the corresponding period last year, the revenue dropped by around 18.1% for the period under review, decreased from approximately HK$511.0 million to approximately HK$418.3 million for the period under review. Production and sales of knitted sweaters and dyed yarn remained as the principal operation of the Group.

Similar to the seasonal trend in each interim period, turnover of the sweater business decreased by around 15.1%, from approximately HK$196.1 million to approximately HK$164.9 million during the period under review, representing approximately 39.4% of the Group's total turnover. The decrease in turnover was due to the lengthening of the production lead time from our EU customers. Most of the shipments were made after the end of the period under review and in turn sales will be recognized subsequent to the end of the period under review. Average selling price of the knitted sweaters can be raised by around 10% despite the stagnant market conditions while sales volume decreased by approximately 31.5%. Same as last year, the Group's sales contribution of sweater business was mainly driven by the increased orders from EU and Japan while the domestic sales from the PRC decreased as expected with continuing rising labour costs in the PRC. The Group strategically shifted the sales focus from the PRC to EU customers by utilizing the competitive advantages of the low labour cost of our factories in Cambodia . Such competitive advantages allowed the Group to grasp greater market shares. New customers were secured from Europe, Australia and Japan strategically. Our sweater business is being vertically benefited from our upstream spinning arms by utilizing the raw materials at a controllable and stable costs and in turn improving our profit margins. Our sweater products were still mainly exported to Europe and the Group continues to expand our customer base to reduce our reliance on some customers. With the expansion of our green factory in Cambodia, the Group will focus our products on those middle to high-end textile products with environmental-friendly features. Besides, textile products imported from Cambodia are entitled to tax exemption for those European customers and again strengthen the bargaining power of the Group.

Sales generated from the production and sales of dyed yarn decreased by approximately 14.3%, from approximately HK$227.4 million to approximately HK$194.8 million for the period under review, representing approximately 46.6% of the Group's total turnover. As mentioned above, the average yarn selling prices in the PRC market dropped significantly in the period under review with the persimisstic and cautious approach adopted by those cotton and dyed yarns customers. Therefore, less amount of yarn was ordered from third party suppliers with lower average selling prices and more self-made yarn was utilized. With our competitive advantage gained from our self-owned upstream manufacturing facilities, the Group can ensure stable supply on those yarn products for the production of dyed yarns and we continued to exercise tight cost controls and efficient order scheduling and production planning in order to streamline our existing operations and improve our profit margins in the future.

Production and sales of cotton yarns is another core business segment of the Group. Revenue generated from sales of cotton yarns decreased by approximately HK$27.1 million or 44.4% to approximately HK$34.0 million. Sales volume of cotton yarns decreased by around 14.4% whereas the average selling price recorded a decrease of approximately 3.3%. With the general weak cotton yarn prices in the industry and the changes in the procurement and inventory control strategies, less cotton yarns sales were made for the period under review in order to avoid the accumulation of inventories of the yarns products. As a result, the external utilization rate of the cotton yarn was kept at around 43.1%.

In line with the overall weak trend in the dyed yarn business, revenue generated from the provision of dyeing services decreased from HK$21.4 million to approximately HK$16.3 million for the period under review. Most of the Group's dyed yarn was sold to the PRC and Hong Kong manufacturers with production sites based in Guangdong, Jiangsu and Zhejiang. Sales proceeds from the PRC, Hong Kong and Macau accounted for over 95% of the Group's total sales proceeds from dyed yarn. The remainder of the sales proceeds was derived from exports to overseas countries and places including Thailand, Taiwan, and Indonesia.

The Group recorded gross profit of approximately HK$94.0 million for the period under review, with gross profit margin at approximately 22.5%. The overall gross profit margin decreased slightly comparing with the gross profit margin during the corresponding period last year. With the decrease in sales in the first half of 2014, those variable and fixed production costs were not able to be leveraged down so as the sales volumes were not optimized in the production cycles. However, with the recovery of the sales orders in the second half in 2014, the Group is able to leverage on the cost advantage of the production base in Cambodia and optimize the product mix and therefore improving the Group's performance. On the other hand, the Group was still able to pass part of the cost to end-customers by raising the average selling price of knitted sweaters products by focusing on those high-valued products during the period under review. The Group will continuously try to manage the gross profit margin by improving the operation efficiency as well as factory utilization rate.

Except for the effect of the fair value loss of those derivative financial instruments of approximately HK$10.3 million, a net loss of approximately HK$32.6 million was incurred from the core business of the Group during the period under review. With the overall weak trend on the cotton yarn industry, our dyeing and spinning business segments suffered a temporary loss, sweater business continued to remain as our profitable business segment. Cotton yarn prices are expected to be more stable in the next season and with the removal of the seasonal factors, we expect that the overall net profit margin will be improved in the second half of 2014. The Group will continuously overcome the challenges by sharpening its competitive edge.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th June, 2014, the Group's cash and cash equivalents amounted to approximately HK$52.1 million, which decreased from HK$64.9 million last year end. Total assets increased to approximately HK$2,931.0 million as at period end.

Net cash used in operating activities remained at a similar level as that during the corresponding period last year. Less cash was generated from investing activities due to the absence of the instalment payments received from the transfer of the operating right of Luoding Addchance Limited during the period under review. Although there was an increase in the net cash generated from financing activities, the net cash and cash equivalents held by the Group as at period end decreased to approximately HK$52.1 million.

The Group mainly met its funding requirements in its usual course of operation by cash flows generated from operations, as well as long-term and short-term borrowings. The Group will focus on reducing the net gearing ratio continuously by improving profitability, procuring the disposal of non-core properties as well as the implementation of tighter control over costs, working capital and capital expenditure. In 2012, the Group entered into an Operation Right Transfer Agreement with third parties to transfer the operating right of one of its PRC subsidiaries at a consideration of approximately HK$554.3 million in order to dispose of those non-core business of the Group. This disposal will strengthen the cash inflow position of the Group in the coming years.

The sales and purchases of the Group were evenly denominated in Hong Kong dollar, US dollar and Renminbi respectively. Part of the effect of the appreciation of the Renminbi against the US dollar was hedged through our PRC operations while another part of that effect was mitigated through appropriate hedging arrangements. Fluctuations in foreign currencies such as the US dollar and the Renminbi remained a concern of the Group. To mitigate foreign currency risk, the Group will enter into appropriate hedging arrangements from time to time.

DIVIDEND

The Directors have resolved that no dividend will be declared for the six months ended 30th June, 2014 (six months ended 30th June, 2013: HK2.0 cents per share).

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

The Company had not redeemed any of its listed shares during the six months ended 30th June, 2014. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares during the six months ended 30th June, 2014.

CORPORATE GOVERNANCE CODE

During the six months ended 30th June, 2014, none of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, in compliance with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save that Code Provision A.2.1 requires that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Sung Kim Wa is the chairman of the Company and there was no chief executive officer appointed by the Company and the day-to-day management of the Group was led by Mr. Sung Kim Wa. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with strong and consistent leadership in the Company's decision making process and operational efficiency.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code for the six months ended 30th June, 2014.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's interim results for the six months ended 30th June, 2014. The audit committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the interim results for the six months ended 30th June, 2014.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of the Stock Exchange and the Company (http://www.irasia.com/listco/hk/addchance/index.htm). An interim report for the six months ended 30th June, 2014 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises Mr. Sung Kim Wa, Mr. Sung Kim Ping, Mr. Wong Chiu Hong, Ms. Sung Kit Ching, Mr. Ip Siu Lam and Mr. Tsang Fai as executive Directors, and Mr. Chan Tsz Fu, Jacky, Mr. Zhuang Zhongxi and Ms. Huang Yunjie as independent non-executive Directors.

By Order of the Board
Mr. Wong Chiu Hong
Managing Director

Hong Kong, 29 August 2014