RUNWAY GLOBAL HOLDINGS COMPANY LIMITED
時尚環球控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1520)

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

FINANCIAL HIGHLIGHT

- Revenue for the six months ended 30 June 2015 was approximately HK$88,916,000 (2014: HK$92,567,000), representing a decline of approximately 3.9% in comparison to the corresponding period in 2014.
- Gross profit for the six months ended 30 June 2015 was approximately HK$20,662,000 (2014: HK$18,191,000), representing an increase of approximately HK$2,471,000 or 13.6% as compared to the corresponding period in 2014. The gross profit margin for the six months ended 30 June 2015 was approximately 23.2% (2014: 19.7%).
- Loss attributable to owners of the Company for six months ended 30 June 2015 was approximately HK$7,492,000 (2014: HK$5,142,000), increased by HK$2,350,000 or 45.7%.
- Loss per share of the Company for the six months ended 30 June 2015 was approximately HK$1.25 cents (2014: HK$0.86 cents).
- The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (2014: nil).

SUMMARY

For the six months ended 30 June 2015:

- the Group's revenue decreased from approximately HK$92,567,000 for the six months ended 30 June 2014 to approximately HK$88,916,000 for the six months ended 30 June 2015, representing a decline of approximately 3.9% in comparison to the corresponding period in 2014. The decrease in revenue was mainly due to the timing of the Chinese New Year in 2015 (being in late February, which is about 3 weeks later than that in 2014), thereby leading to delays in shipments of products to some customers;

- gross profit for the six months ended 30 June 2015 was approximately HK$20,662,000 (2014: HK$18,191,000), representing an increase of approximately HK$2,471,000 or 13.6% as compared to the corresponding period in 2014. The gross profit margin for the six months ended 30 June 2015 was approximately 23.2% (2014: 19.7%). The Group's turnover is derived from the sales of private label products and own brand products, and the gross profit and gross profit margin of the Group were primarily affected by the mix of those of private label products and own brand products. The increase in the Group's gross profit of approximately 13.6% was primarily attributable to (i) an increase in gross profit of both private label products and own brand products in six months ended 30 June 2015 and (ii) a higher proportion of revenue from own brand products, accounted for approximately 13.6% of the total revenue of the Group for the six months ended 30 June 2015 (2014: 10.0%), which has higher gross profit margin;

- the loss for the period attributable to owners of the company was approximately HK$7,492,000 (2014: HK$5,142,000), increased by approximately 45.7% or approximately HK$2,350,000. The increase of gross profit of approximately HK$2,471,000 was mainly offset by an increase of selling and distribution expenses of approximately HK$2,381,000, and increase of administrative expenses of approximately HK$2,974,000, resulting in an increase in the loss for the period attributable to owners of the company for the reporting period by approximately HK$2,350,000;

- the Group's inventories increased by approximately 162.0%, from approximately HK$20,177,000 as at 31 December 2014 to approximately HK$52,871,000 as at 30 June 2015. The increase in inventories was primarily because (i) starting from second quarter each year, the Group's customers generally start placing orders with the Group for the peak seasons' winter clothing; (ii) for the production of such peak season orders, the Group generally needs to purchase more new raw materials, resulting in significant amount of raw materials inventory as at 30 June 2015 compared to 31 December 2014;

- the Board of Directors of the Company (the "Board") does not recommend the payment of any interim dividend (2014: nil).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June 2015 HK'000	2014 HK'000
Revenue	*4*	**88,916**	92,567
Cost of sales		**(68,254)**	(74,376)
Gross profit		**20,662**	18,191
Other income and gains	*5*	**309**	59
Change in fair value of derivative financial instruments		**–**	85
Selling and distribution expenses		**(11,058)**	(8,677)
Administrative expenses		**(18,716)**	(15,742)
Finance costs		**(39)**	(151)
Loss before income tax	*6*	**(8,842)**	(6,235)
Income tax credit	*7*	**1,350**	1,093
Loss for the period attributable to the owners of the Company		**(7,492)**	(5,142)
Other comprehensive income, net of tax attributable to the owners of the Company			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of financial statements of foreign operations		**335**	(300)
Total comprehensive income for the period attributable to the owners of the Company		**(7,157)**	(5,442)
Loss per share attributable to the owners of the Company			
Basic and diluted loss per share (HK cents)	*9*	**(1.25)**	(0.86)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	Unaudited As at 30 June 2015 HK$'000	Audited As at 31 December 2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**16,259**	16,473
Payments for leasehold land held for own use under operating leases		**2,053**	2,065
Deferred tax assets		**1,377**	–
		19,689	18,538
Current assets			
Inventories	*11*	**52,871**	20,177
Trade and bill receivables	*12*	**35,282**	63,181
Deposits, prepayments and other receivables		**46,413**	38,346
Derivative financial instruments		–	129
Pledged bank deposits		**7,187**	9,835
Cash and cash equivalents		**37,799**	59,828
		179,552	191,496
Current liabilities			
Trade and bill payables	*13*	**61,167**	67,791
Accruals, other payables and receipts in advance		**14,079**	15,083
Interest-bearing borrowings	*14*	**7,384**	2,252
Provision for taxation		**240**	1,260
		82,870	86,386
Net current assets		**96,682**	105,110
Total assets less current liabilities		**116,371**	123,648
Non-current liabilities			
Interest-bearing borrowings	*14*	**759**	879
Net assets		**115,612**	122,769
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*15*	**6,000**	6,000
Reserves		**109,612**	116,769
Total equity		**115,612**	122,769

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Statutory reserve *HK$'000*	Translation reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 January 2015	6,000	40,690	2,988	2,379	6,013	64,699	122,769
Loss for the period	–	–	–	–	–	(7,492)	(7,492)
Other comprehensive income							
– Exchange gain on translation of financial statements of foreign operations	–	–	–	–	335	–	335
Total comprehensive income for the period	–	–	–	–	335	(7,492)	(7,157)
At 30 June 2015	6,000	40,690	2,988	2,379	6,348	57,207	115,612
At 1 January 2014	6,000	40,690	2,988	1,719	6,188	39,680	97,265
Loss for the period	–	–	–	–	–	(5,142)	(5,142)
Other comprehensive income							
– Exchange loss on translation of financial statements of foreign operations	–	–	–	–	(300)	–	(300)
Total comprehensive income for the period	–	–	–	–	(300)	(5,142)	(5,442)
At 30 June 2014	6,000	40,690	2,988	1,719	5,888	34,538	91,823

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Net cash used in operating activities	**(29,444)**	(24,000)
Net cash generated from/(used in) investing activities	**2,195**	(408)
Net cash generated from/(used in) financing activities	**5,012**	(3,407)
Net increase in cash and cash equivalents	**(22,237)**	(27,815)
Cash and cash equivalents at beginning of the period	**59,828**	51,037
Effect of foreign exchange rates, net	**208**	(229)
Cash and cash equivalents at end of the period	**37,799**	22,993

NOTES

For the six months ended 30 June 2015

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 June 2013. The registered office of the Company is at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Group is principally engaged in designing, manufacturing and trading of apparels. There were no significant changes in the Group's business operation during the period.

Pursuant to a group reorganisation completed on 22 November 2013 (the "Reorganisation") to rationalise the group structure in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 27 November 2013 (the "Prospectus"). The Company's shares were listed on the GEM by way of placing on 3 December 2013 (the "Listing Date"). On 1 June 2015, the Company transferred the listing of its shares from GEM to the Main Board of the Stock Exchange.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective terms include all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinances and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2014 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning on 1 January 2015. The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position.

The financial statements are presented in Hong Kong dollar ("HK$") which is also the functional currencies of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

3. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. For the reporting period , the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, do not contain profit or loss information of each product line or geographical area and the executive directors reviewed the financial result of the Group as a whole reported under HKFRSs. Therefore, the executive directors have determined that the Group has only one single business component/ reportable segment as the Group is only engaged in designing, manufacturing and trading of apparels. The executive directors allocate resources and assess performance on an aggregated basis. Accordingly, no operating segment is presented.

The Company is an investment holding company and the principal places of the Group's operations are in the PRC and Hong Kong. Management determines the Group is domiciled in Hong Kong, which is the Group's principal operating location.

The Group's revenue from external customers is divided into the following geographical areas:

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
United States	**58,691**	46,742
Canada	**28,103**	45,259
Others	**2,122**	566
	88,916	92,567

Geographical location of external customers is based on the location at which the customers are domiciled. No revenue was attributable to Hong Kong, the place that the Group domiciled, during the six months ended 30 June 2015 (2014: nil).

The principal non-current assets held by the Group are located in the PRC. Insignificant portion of the non-current assets is located in Hong Kong, the place that the Group domiciled at the reporting date.

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenue. During the reporting period, revenue derived from these customers are as follows:

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Customer A	**28,101**	45,259
Customer B	**21,631**	11,430
Customer C	**14,383**	12,621
Customer D	**9,711**	13,012
Customer E	**9,345**	N/A

4. REVENUE

Revenue, which is also the Group's turnover, represents the sales of apparels, net of return, discounts, rebate and sales related taxes, during the period.

5. OTHER INCOME AND GAINS

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**34**	33
Interest income	**222**	25
Sundry income	**53**	1
	309	59

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Amortisation of payments for leasehold land held for own use under operating leases	**27**	27
Auditor's remuneration		
– audit service	**–**	–
– non-audit services	**200**	–
Cost of inventories recognised as expense	**68,254**	74,376
Depreciation of property, plant and equipment	**1,088**	1,110
Losses on exchange differences, net	**20**	172
Gain on disposals of property, plant and equipment	**(34)**	(33)
Operating lease charges in respect of land and buildings	**1,783**	1,739
Employee benefit expenses (including directors' emoluments)	**24,957**	22,643

7. INCOME TAX CREDIT

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Current income tax for charged the period:		
Hong Kong profits tax	**–**	–
The People's Republic of China (the "PRC") enterprise income tax ("EIT")	**(54)**	(237)
United States Federal corporate income tax	**80**	8
	26	(229)
Deferred tax credited for the period:	**(1,376)**	(864)
	(1,350)	(1,093)

(i) British Virgin Islands ("BVI") and the Cayman Islands income tax

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any taxation under these jurisdictions during the six months ended 30 June 2015 (2014: nil).

(ii) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the period for a subsidiary incorporated in Hong Kong.

(iii) PRC EIT

PRC EIT is provided at 25% (2014: 25%) on the estimated assessable profits for the period for a subsidiary in the PRC.

(iv) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law issued on 6 December 2007, a 10% withholding income tax is levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 are subject to this withholding income tax. The withholding income tax rate applicable to the Group is 5% (2014: 5%).

(v) United States Federal corporate income tax

United States Federal corporate income tax is calculated at 15% (2014: 15%) for the period on the estimated assessable profits for a subsidiary incorporated in the United Stated of America.

8. DIVIDENDS

No dividend was paid or proposed to the owners of the Company during the six months ended 30 June 2015 (2014: nil), nor has any dividend been proposed since the end of reporting period and up to the date of this announcement.

9. LOSS PER SHARE

The calculations of basic loss per share are based on the loss attributable to the owners of the Company for the six months ended 30 June 2015 of approximately HK$7,492,000 (2014: HK$5,142,000) and on the 600,000,000 ordinary shares issued throughout the six months ended 30 June 2015 (2014: 600,000,000 shares).

Diluted loss per share was same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2015 and six months 30 June 2014.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015 under review, the Group's capital expenditures of approximately HK$748,000 (2014: HK$1,510,000) represented acquisition of property, plant and equipment.

11. INVENTORIES

	Unaudited As at 30 June 2015 ***HK$'000***	Audited As at 31 December 2014 *HK$'000*
Raw materials and consumables	**26,262**	4,201
Work in progress	**1,903**	1,370
Finished goods	**24,706**	14,606
	52,871	20,177

12. TRADE AND BILL RECEIVABLES

	Unaudited As at 30 June 2015 ***HK$'000***	Audited As at 31 December 2014 *HK$'000*
Trade receivables	**24,372**	59,790
Bill receivables	**10,910**	3,391
	35,282	63,181

Trade receivables are recognised at their original invoice amounts which represented their fair values at initial recognition. The Group's trade receivables are attributable to a number of independent customers with credit terms. Bill receivables are received from independent customers under the ordinary course of business. The Group normally allows a credit period of 10 to 60 days (2014: 10 to 60 days) to its customers.

Trade and bill receivables are non-interest bearing. The directors of the Company consider that the fair values of trade and bill receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods at their inception.

Ageing analysis of trade receivables based on invoice date is as follows:

	Unaudited As at 30 June 2015	Audited As at 31 December 2014
	HK$'000	*HK$'000*
0 to 30 days	**11,923**	25,567
31 to 60 days	**4,361**	23,008
61 to 90 days	**945**	8,012
91 to 180 days	**3,627**	963
Over 180 days	**3,516**	2,240
	24,372	59,790

13. TRADE AND BILL PAYABLES

	Unaudited As at 30 June 2015	Audited As at 31 December 2014
	HK$'000	*HK$'000*
Trade payables	**54,348**	52,451
Bill payables	**6,819**	15,340
	61,167	67,791

Credit periods of trade payables normally granted by its suppliers were ranging from 15 to 120 days (2014: from 15 to 120 days).

Ageing analysis of trade payables based on invoice date is as follows:

	Unaudited As at 30 June 2015 *HK$'000*	Audited As at 31 December 2014 *HK$'000*
0 to 30 days	**37,485**	20,741
31 to 60 days	**12,043**	17,816
61 to 90 days	**1,503**	5,371
91 to 180 days	**2,075**	6,256
Over 180 days	**1,242**	2,267
	54,348	52,451

Bill payables are normally settled on 180 days (2014: 180 days) credit terms. Bill payables were secured by the Group's pledged bank deposits.

All amounts are short-term and hence the carrying amounts of trade and bill payables are considered to be a reasonable approximation of their fair values.

14. INTEREST-BEARING BORROWINGS

	Unaudited As at 30 June 2015 *HK$'000*	Audited As at 31 December 2014 *HK$'000*
Current portion:		
Bank loans	**7,148**	2,022
Obligations under finance leases	**236**	230
	7,384	2,252
Non-current portion:		
Obligations under finance leases	**759**	879
	8,143	3,131

Total current and non-current interest-bearing borrowings were scheduled to repay as follows:

	Unaudited As at 30 June 2015 *HK$'000*	Audited As at 31 December 2014 *HK$'000*
Within one year	**7,384**	823
More than one year, but not exceeding two years	**248**	860
More than two years, but not exceeding five years	**511**	1,448
	8,143	3,131

Note: The amounts due are based on the scheduled repayment dates in the banking facilities and ignore the effect of any repayment on demand clause.

15. SHARE CAPITAL

	As at 30 June 2015		As at 31 December 2014	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Authorised:				
Ordinary shares at HK$0.01 each	**10,000,000,000**	**100,000,000**	10,000,000,000	100,000,000
Issued and fully paid:				
Ordinary shares at HK$0.01 each	**600,000,000**	**6,000,000**	600,000,000	6,000,000

16. RELATED PARTY TRANSACTION

The Group entered into the following significant related party transactions during the period.

Key management personnel remuneration

	Unaudited For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Directors' emoluments	**1,646**	1,511

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in designing, manufacturing and selling apparel with a focus on women's fashion outerwear such as coats and jackets, dresses, activewear, pants and jeans.

The Group's turnover is principally derived from the sales of apparel products. The Group's products can be classified into two categories, namely, private label products and own brand products. Private label products are those designed and manufactured under the private labels owned or specified by the Group's customers, while own brand products are those designed and manufactured under the Group's proprietary labels.

REVENUE

The Group's revenue decreased from approximately HK$92,567,000 for the six months ended 30 June 2014 to approximately HK$88,916,000 for the six months ended 30 June 2015, representing a decline of approximately 3.9% in comparison to the corresponding period in 2014. The decrease in revenue was mainly due to the timing of the Chinese New Year in 2015 (being in late February, which is about 3 weeks later than that in 2014), thereby leading to delays in shipments of products to some customers.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit for the six months ended 30 June 2015 was approximately HK$20,662,000 (2014: HK$18,191,000), representing an increase of approximately HK$2,471,000 or 13.6% as compared to the corresponding period in 2014. The gross profit margin for the six months ended 30 June 2015 was approximately 23.2% (2014: 19.7%). The Group's turnover is derived from the sales of private label products and own brand products, and the gross profit and gross profit margin of the Group were primarily affected by the mix of those of private label products and own brand products. The increase in the Group's gross profit of approximately 13.6% was primarily attributable to (i) an increase in gross profit of both private label products and own brand products in six months ended 30 June 2015 and (ii) a higher proportion of revenue from own brand products, accounted for approximately 13.6% of the total revenue of the Group for the six months ended 30 June 2015 (2014: 10.0%), which has higher gross profit margin.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly consist of (i) import duty; (ii) transportation costs for delivery of the products; (iii) rental costs of our showroom and staff cost for our sales representative. The selling and distribution expenses incurred in the reporting period were approximately HK$11,058,000 (2014: HK$8,677,000), increased by approximately 27.4% of approximately HK$2,381,000. This was mainly attributable to increase in import duty, transportation costs and tradeshow expenses for our own brand operation. We spent more on import duty, transportation costs and tradeshow expenses during the period to cope with anticipated higher sales from own brand products.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) staff costs; (ii) professional fee (iii) rental expenses; and (iv) depreciation of property, plant and equipment. The administrative expenses for the six months ended 30 June 2015 were approximately HK$18,716,000 (2014: HK$15,742,000), increased by approximately 18.9% or approximately HK$2,974,000. The increase in administrative expenses was mainly attributable to the increase in staff costs and professional fee. The increase in staff costs was in line with economic growth of Hong Kong and China. On the other hand, during the six months ended 30 June 2015 we incurred approximately HK$1,253,000 one-off professional fees for the transfer of listing of shares from GEM to the Main Board of the Stock Exchange.

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the period attributable to owners of the company was approximately HK$7,492,000 (2014: HK$5,142,000), increased by approximately 45.7% or approximately HK$2,350,000. The increase of gross profit of approximately HK$2,471,000 was mainly offset by an increase of selling and distribution expenses of approximately HK$2,381,000, and increase of administrative expenses of approximately HK$2,974,000, resulting in increase in the loss for the period attributable to owners of the company for the reporting period by approximately HK$2,350,000.

LIQUIDITY AND FINANCIAL RESOURCES

During the reporting period, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 30 June 2015, pledged bank deposits and cash and cash equivalents amounted to approximately HK$44,986,000 (31 December 2014: HK$69,663,000). Total interest-bearing borrowings of the Group as at 30 June 2015 was approximately HK$8,143,000 (31 December 2014: HK$3,131,000), of which approximately HK$7,384,000 (31 December 2014: HK$823,000) would be repayable within one year and all the remaining interest-bearing borrowings of approximately HK$759,000 (31 December 2014: HK$2,308,000) would be repayable after one year. The current ratio of the Group was approximately 2.17 (31 December 2014: 2.22).

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any material contingent liability (31 December 2014: nil).

GEARING RATIO

The gearing ratio of the Group, calculated as total borrowings over total equity, was approximately 7.0 % as at 30 June 2015 (31 December 2014: 2.6%).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the reporting period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2015.

FOREIGN EXCHANGE EXPOSURE

The Group derives the majority of its revenue in US$ while substantial portion of our costs are denominated in Renminbi ("RMB"). Appreciation of RMB against US$ will therefore directly decrease the profit margin of the Group if the Group is unable to increase the selling prices of its products accordingly. If the Group increases the selling prices of its products as a result of the appreciation of RMB, it may in turn affect the Group's competitiveness against other competitors. To the extent that the Company needs to convert future financing into RMB for the Group's operations, appreciation of the RMB against the relevant foreign currencies would have an adverse effect on the purchasing power of the RMB amount that the Company would receive from the conversion.

As the appreciation of RMB against US$ has a negative impact on the Group's profit margin, the Group entered into certain foreign exchange structured forward contracts in previous financial years to hedge against such currency risk and 2 foreign exchange structured forwards contracts were brought forward from 2014. All the 2 foreign exchange structured forward contracts expired within the reporting period and their positions were closed on 7 January 2015 and 25 February 2015 respectively in accordance with the contract terms. During the reporting period the Group did not enter into any foreign exchange structured forward contracts. As at 30 June 2015, the Group did not have any outstanding foreign exchange structured forward contracts (31 December 2014: 2 contracts).

For the six month ended 30 June 2015, the Group did not have fair value gain of derivative financial instruments (2014: HK$59,000) arisen from foreign exchange structured forward contracts.

CAPITAL COMMITMENTS

As at 30 June 2015, the Group did not have any significant capital commitment (31 December 2014: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group had a total of 406 employees (2014: 424 employees). Total staff costs (including Directors' emoluments) were approximately HK$24,957,000, as compared to approximately HK$22,643,000 for the six months ended 30 June 2014. Remuneration is determined with reference to market norms as well as individual employees' performance, qualification and experience.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Company's Prospectus, the Group did not have other plans for material investments and capital assets.

INTERIM DIVIDEND

The Board of Directors did not recommend any payment of an interim dividend for the six month ended 30 June 2015 (2014: nil).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

	Business objectives for the six months ended 30 June 2015 as stated in the Prospectus	Actual business progress up to 30 June 2015
Further developing the own brand products operation	Continue to expand the marketing team with about 2 to 3 staff to visit, make presentations to, and develop relationship with existing and potential customers of the Group's own brand products in the North America market	During the reporting period, we recruited one experienced and high caliber sales and marketing staff, as well as contracted with three external experienced sales representatives to promote the our own brand products to existing and potential customers
	Continue to participate in more trade fairs and fashion shows to increase the exposure of the brands owned by the Group	During the reporting period, we participated in four trade fairs and fashion shows around the world, including North America and Asia, to promote our brands awareness
	Commence the development of online products demonstration and ordering platform to facilitate customers to get access to the updated Group's products and placing orders	We started our online sales platform in June 2015 and retail customers can get access to the updated Group's products and placing orders
	Recruit about 1 to 2 staff to continue the development of sales at smaller boutique stores in the North America and in particular explore Canada market	During the reporting period, we recruited one experienced and high caliber sales and marketing staff, as well as contracted with three external experienced sales representatives to develop sales at smaller boutique stores
	Increase own brand products inventories in preparation for increase in demand from new and existing customers	We continuously increase our own brand inventories to cope with anticipated increase in sales of own brands products

	Business objectives for the six months ended 30 June 2015 as stated in the Prospectus	Actual business progress up to 30 June 2015
Enhancing the Group's manufacturing facilities	Purchase new production equipment and machinery to replace existing manufacturing facilities that are currently aged more than 8 years (mainly including approximately 40 sets of new computerised sewing stations to replace old sewing machines as well as approximately 10 sets of other machineries including pressing and ironing equipment, over-lock machine, tacking machine and packing machine to replace old ones, with a total investment cost of approximately HK$2.0 million) and to enhance the production efficiency and capacity (mainly including approximately 10 sets of additional new machineries including computerised automated cutting machines, automated pocket hole machines, paper pattern printing and cutting equipment and buttonhole machines, as well as the installation of steam pipe system, at a total investment cost of approximately HK$3.0 million to HK$3.5 million and with a target to reduce production time by a further 5% and to increase production capacity by a further 15%)	The Group purchased 24 sets of production machines in the reporting period to enhance production efficiency
	Continue the renovation and refurbishment of the existing factory building and reset the factory layout for more new production facilities to operate effectively and efficiently	We are now in the progress of formulating renovation and refurbishment plans for the existing factory and factory layout

	Business objectives for the six months ended 30 June 2015 as stated in the Prospectus	Actual business progress up to 30 June 2015
Further strengthening the Group's design capability	Continue to expand and strengthen the design team by recruit additional 3 to 5 staff	We recruited an additional staff in design team during the reporting period to strengthen the design team
	Continue to develop and create more fashion apparel samples for presentation to existing and potential customers	The Group developed and created several apparel samples in the reporting period for presentation
	Launch the revamped proprietary online product development platform	We are in the progress of revamping the proprietary online product development platform
	Commence the development of a database with comprehensive and updated data and information of fabric, accessories, fashion samples, fashion design photos and other historical information related to fashion apparel	We have been developing a database system since 2014. The database includes the information of fabric, accessories, fashion samples, fashion design photos, which facilitates design team to enhance its capability and efficiency

USE OF PROCEEDS

During the period from the Latest Practicable Date as defined in the Prospectus to 30 June 2015, the net proceeds from Placing were applied as follows:

	Planned use of proceeds as stated in the Prospectus from the Latest Practicable Date to 30 June 2015 *HK$'000*	Actual use of proceeds from the Latest Practicable Date to 30 June 2015 *HK$'000*
Further developing the Group's own brand products operation	6,500	7,397
Enhancing the Group's manufacturing facilities	12,000	618
Further strengthening the Group's design capability	5,500	2,830

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2015, the interests and short positions of the directors and chief executives of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were as follows:

Long positions in Shares of the Company

Name	Capacity/nature of interest	Number of ordinary shares held	Percentage of interests
Mr. Hubert Tien	Interest in controlled corporation *(Note 1)*	225,000,000	37.5%
Mr. Farzad Gozashti	Interest in controlled corporation *(Note 2)*	225,000,000	37.5%

Notes:

1. These shares are held by All Divine Limited, which is wholly owned by Mr. Hubert Tien. By virtue of the SFO, Mr. Hubert Tien is deemed to be interested in the 225,000,000 shares under the SFO.

2. These shares are held by Fortune Zone Global Limited, which is wholly owned by Mr. Farzad Gozashti. By virtue of the SFO, Mr. Farzad Gozashti is deemed to be interested in the 225,000,000 shares under the SFO.

Save as disclosed above, as at 30 June 2015, none of the directors or chief executives of the Company have or are deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were notifiable to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or recorded in the register required to be maintained by the Company under Section 352 of Part XV of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2015, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the Shares and the underlying Shares as recorded in the register kept under section 336 of the SFO were as follows:

Long positions in Shares of the Company

Name	Capacity/nature of interest	Number of ordinary shares held	Percentage of interests
All Divine Limited	Beneficial owner	225,000,000	37.5%
Fortune Zone Global Limited	Beneficial owner	225,000,000	37.5%
Ms. Sallie Gozashti	Interest of spouse *(Note 1)*	225,000,000	37.5%

Notes:

1. As Fortune Zone Global Limited is wholly and beneficial owned by Mr. Farzad Gozashti, Ms. Sallie Gozashti, being the spouse of Mr. Farzad Gozashti, is deemed to be interested in the 225,000,000 shares held by Fortune Zone Global Limited under the SFO.

Save as disclosed above, as at 30 June 2015, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, its group members or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme enables the Company to grant options to any full-time or part-time employee of the Company or any member of the Group (the "Eligible Participant") as incentives or rewards for their contributions to the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 22 November 2013 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe for the shares of the Company to the Eligible Participant. The Scheme will be valid and effective for a period of ten years commencing from the Listing Date.

As at the date of this announcement, the total number of shares available for issue under the Scheme is 60,000,000 shares, representing 10% of the issued share capital of the Company.

Since the adoption of the Scheme and during the six months ended 30 June 2015, no share options were granted, exercised, lapsed or cancelled, and as at 30 June 2015, no share options under the Scheme were outstanding.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the six months ended 30 June 2015.

COMPLIANCE ADVISER'S INTERESTS

As at 30 June 2015, except for the compliance adviser's agreement entered into between the Company and Messis Capital Limited, the Company's compliance adviser, on 26 November 2013, neither the Company's compliance adviser nor its directors, employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as notified by the Company's compliance adviser.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value. The Company's corporate governance practices are based on the principles and code provision as set out in the Code on Corporate Governance Practices ("CG code") in Appendix 14 to the Listing Rules.

Throughout the reporting period, the Company has complied with the CG Code with the exception from the deviation from the code provisions A.1.8 as explained below:

Under the code provision A.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its directors. No insurance cover has been arranged for directors up to the date of this announcement since the directors take the view that the Company shall support directors arising from corporate activities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions (the "Required Standard of Dealings"). The Company has confirmed, having made specific enquiry of the Directors, all the Directors have complied with the Required Standard of Dealings throughout the six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have been reviewed by the audit committee members who have provided advice and comments thereon.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no significant investment as at 30 June 2015, nor was there material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2015.

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

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

By order of the Board
Runway Global Holdings Company Limited
Hubert Tien
Chairman

25 August 2015

As at the date of this announcement, the executive directors are Mr. Hubert Tien and Mr. Farzad Gozashti, and the independent non-executive directors are Mr. Lai Man Sing, Mr. Tang Shu Pui, Simon and Mr. Tang Tsz Kai, Kevin.