GROUP SENSE (INTERNATIONAL) LIMITED
權智（國際）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 601)

ANNOUNCEMENT OF RESULTS FOR THE PERIOD FROM 1 APRIL 2015 TO 31 DECEMBER 2015

RESULTS

The board of directors (the "Board") of Group Sense (International) Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the period from 1 April 2015 to 31 December 2015, together with the comparative figures for the year ended 31 March 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Period from 1 April 2015 to 31 December 2015** ***HK$'000***	Year ended 31 March 2015 *HK$'000*
REVENUE	*4*	**139,537**	223,933
Cost of sales		**(104,215)**	(180,176)
Gross profit		**35,322**	43,757
Other income and gains, net	*4*	**18,714**	11,896
Selling and distribution expenses		**(17,811)**	(34,378)
Administrative expenses		**(41,021)**	(71,203)
Research and development expenses		**(16,141)**	(30,567)
Other operating expenses, net		**(180)**	(30,040)
Finance costs	*5*	**(934)**	(998)
Share of profits and losses of:			
Joint ventures		**1,136**	1,029
Associate		**(4)**	—
LOSS BEFORE TAX	*6*	**(20,919)**	(110,504)
Income tax expense	*7*	**—**	(13)
LOSS FOR THE PERIOD/YEAR		**(20,919)**	(110,517)

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(cont'd)*

	Notes	Period from 1 April 2015 to 31 December 2015 *HK$'000*	Year ended 31 March 2015 *HK$'000*
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(7,971)**	(1,228)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		**(28,890)**	(111,745)
Loss for the period/year attributable to:			
Equity holders of the Company		**(20,916)**	(107,460)
Non-controlling interests		**(3)**	(3,057)
		(20,919)	(110,517)
Total comprehensive loss for the period/year attributable to:			
Equity holders of the Company		**(29,198)**	(108,688)
Non-controlling interests		**308**	(3,057)
		(28,890)	(111,745)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			(Restated)
Basic	*9*	**(HK1.03 cents)**	(HK6.75 cents)
Diluted	*9*	**(HK1.03 cents)**	(HK6.75 cents)

Details of the dividends are disclosed in note 8 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2015 HK$'000**	31 March 2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**313,508**	128,465
Prepaid land lease payments		**45,668**	16,176
Deferred development costs		**756**	1,135
Investments in joint ventures		**4,290**	3,363
Investment in an associate		**18**	22
Available-for-sale investments		**7,300**	7,300
Long term deposits		**10,688**	55
Total non-current assets		**382,228**	156,516
CURRENT ASSETS			
Inventories		**58,590**	35,531
Trade receivables	*10*	**20,300**	21,121
Prepayments, deposits and other receivables		**14,264**	12,063
Amounts due from a joint venture		**885**	1,201
Tax recoverable		**1,826**	—
Pledged deposits		**488**	1,012
Cash and cash equivalents		**375,161**	112,052
Total current assets		**471,514**	182,980
CURRENT LIABILITIES			
Trade payables	*11*	**54,431**	18,053
Other payables and accruals		**153,998**	38,124
Interest-bearing bank borrowings		**68,927**	27,781
Provision		**945**	1,667
Due to a non-controlling shareholder of a subsidiary		**—**	2,002
Tax payable		**123**	129
Total current liabilities		**278,424**	87,756
NET CURRENT ASSETS		**193,090**	95,224
Total assets less current liabilities		**575,318**	251,740
NON-CURRENT LIABILITIES			
Loan from a shareholder		**110,000**	42,000
Net assets		**465,318**	209,740
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**287,439**	143,719
Reserves		**184,142**	72,592
		471,581	216,311
Non-controlling interests		**(6,263)**	(6,571)
Total equity		**465,318**	209,740

NOTES

1. BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The Group's financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial year end date of the Group has been changed from 31 March to 31 December to conform to that of its immediate holding company, Ming Xin Development Limited. The financial statements presented cover a period of nine months from 1 April 2015 to 31 December 2015. Consequently, the comparative amounts for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and related notes are not directly comparable with those of the current period.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current period's financial statements.

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

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The Annual Improvements to HKFRSs 2010-2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- *HKFRS 8 Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- *HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets:* Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- *HKAS 24 Related Party Disclosures:* Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The Annual Improvements to HKFRSs 2011-2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current period are as follows:

- *HKFRS 3 Business Combinations:* Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- *HKFRS 13 Fair Value Measurement:* Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- *HKAS 40 Investment Property:* Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group does not have investment properties during the period.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial period. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. OPERATING SEGMENT INFORMATION

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

(a) the magnesium products segment manufactures and sales of magnesium-related products;

(b) the personal communication products segment designs, manufactures and sells a range of communication products;

(c) the strategic products segment designs, manufactures and sells original design manufacturing ("ODM") products and electronic dictionary products and provides electronic manufacturing services; and

(d) the corporate and others segment comprises corporate income, expenses, asset and liability items related to the Group's investment activities.

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

Segment assets exclude investments in joint ventures, available-for-sale investments, amounts due from an associate and a joint venture, pledged deposits, cash and cash equivalents, tax recoverable and other unallocated head office assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, an amount due to a non-controlling shareholder of a subsidiary, a loan from a shareholder, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

Period from 1 April 2015 to 31 December 2015	Magnesium products *HK$'000*	Personal communication products *HK$'000*	Strategic products *HK$'000*	Corporate and others *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	**—**	**33,345**	**106,192**	**—**	**139,537**
Segment results	**(1,565)**	**(8,996)**	**(12,282)**	**(5,520)**	**(28,363)**
Reconciliation:					
Interest income					**65**
Gain on disposal of subsidiaries					**179**
Provisional gain on bargain purchase					**7,182**
Finance costs					**(934)**
Impairment of investment in a joint venture					**(180)**
Share of profits and losses of joint ventures					**1,136**
Share of profits and losses of an associate					**(4)**
Loss before tax					**(20,919)**
Segment assets	**258,397**	**37,482**	**164,614**	**3,281**	**463,774**
Reconciliation:					
Unallocated assets					**389,968**
Total assets					**853,742**
Segment liabilities	**149,191**	**13,598**	**45,123**	**1,462**	**209,374**
Reconciliation:					
Unallocated liabilities					**179,050**
Total liabilities					**388,424**
Other segment information:					
Depreciation and amortisation	**793**	**1,560**	**5,240**	**945**	**8,538**
Impairment of deferred development cost	**—**	**—**	**237**	**—**	**237**
Capital expenditure	**232,173**	**450**	**895**	**—**	**233,518***
Gain on disposal of items of property, plant and equipment, net	**—**	**(1)**	**(4)**	**—**	**(5)**
Provision of slow moving inventories	**—**	**9**	**1,977**	**—**	**1,986**
Product warranty provision	**—**	**152**	**49**	**—**	**201**
Reversal of unutilised product warranty provision	**—**	**(500)**	**—**	**—**	**(500)**
Reversal of impairment of trade receivables	**—**	**—**	**(229)**	**—**	**(229)**
Impairment of trade receivables	**—**	**—**	**206**	**—**	**206**

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments and deferred development costs, including assets from the acquisition of a subsidiary.

Year ended 31 March 2015	Magnesium products *HK$'000*	Personal communication products *HK$'000*	Strategic products *HK$'000*	Corporate and others *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	—	67,914	156,019	—	223,933
Segment results	—	(29,677)	(48,261)	(2,926)	(80,864)
Reconciliation:					
Interest income					89
Gain on disposal of subsidiaries					280
Finance costs					(998)
Impairment of investment in a joint venture					(6,500)
Impairment of investment in an available-for-sale investment					(14,755)
Loss on disposal of an available-for-sale investment					(6)
Impairment of amount due from an associate					(7,225)
Impairment of other receivables, net					(1,554)
Share of profits and losses of joint ventures					1,029
Loss before tax					(110,504)
Segment assets	—	51,322	160,145	3,079	214,546
Reconciliation:					
Unallocated assets					124,950
Total assets					339,496
Segment liabilities	—	16,296	39,516	2,032	57,844
Reconciliation:					
Unallocated liabilities					71,912
Total liabilities					129,756
Other segment information:					
Depreciation and amortisation	—	1,267	9,597	1,108	11,972
Impairment of deferred development cost	—	—	362	—	362
Capital expenditure	—	2,368	2,361	3,167	7,896*
Loss/(gain) on disposal of items of property, plant and equipment, net	—	2	(4)	—	(2)
Provision of slow moving inventories	—	2,101	11,578	—	13,679
Product warranty provision	—	322	133	—	455
Impairment of trade receivables	—	5	4,059	—	4,064
Impairment of other receivables	—	2,839	2,150	—	4,989

* Capital expenditure consists of additions to property, plant and equipment and deferred development costs.

Geographical information

(a) Revenue from external customers

	Period from 1 April 2015 to 31 December 2015	Year ended 31 March 2015
	HK$'000	*HK$'000*
Japan	**69,725**	123,347
Hong Kong	**30,890**	46,826
Middle East	**2,218**	5,007
Taiwan	**880**	7,376
Europe	**11,945**	15,967
Vietnam	**—**	16
Mainland China (other than Hong Kong)	**21,393**	16,944
North America	**201**	2,411
Others	**2,285**	6,039
	139,537	223,933

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	31 December 2015	31 March 2015
	HK$'000	*HK$'000*
Mainland China (other than Hong Kong)	**365,503**	138,856
Hong Kong	**9,385**	10,300
Others	**40**	60
	374,928	149,216

The non-current assets information above is based on the locations of assets and excludes available-for-sale investments.

Information about major customers

Revenue from each of the major customers, which individually amounted to 10% or more of the Group's revenue, is set out below:

	Period from 1 April 2015 to 31 December 2015		
	Personal communication products	**Strategic products**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Customer A	—	14,981	14,981

	Year ended 31 March 2015		
	Personal communication products	Strategic products	Total
	HK$'000	*HK$'000*	*HK$'000*
Customer B	—	22,559	22,559

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period/year.

An analysis of revenue, other income and gains, net is as follows:

	Period from 1 April 2015 to 31 December 2015	Year ended 31 March 2015
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**139,537**	223,933
Other income		
Bank interest income	**65**	89
Service fee income	**3,260**	2,228
Others	**8,023**	9,297
	11,348	11,614
Other gains, net		
Provisional gain on bargain purchase	**7,182**	—
Gain on disposal of items of property, plant and equipment	**5**	2
Gain on disposals of subsidiaries	**179**	280
	7,366	282
	18,714	11,896

5. FINANCE COSTS

	Period from 1 April 2015 to 31 December 2015	Year ended 31 March 2015
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**934**	998

6. LOSS BEFORE TAX

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

	Period from 1 April 2015 to 31 December 2015	Year ended 31 March 2015
	HK$'000	*HK$'000*
Cost of inventories sold	**102,229**	166,497
Depreciation	**7,717**	10,908
Recognition of prepaid land lease payments	**393**	493
Deferred development cost amortised	**428**	571
Impairment of deferred development costs	**237**	362
Auditors' remuneration	**1,530**	1,140
Loss on disposal of available-for-sale investments*	**—**	6
Impairment of investment in a joint venture*	**180**	6,500
Impairment of an amount due from an associate*	**—**	7,225
Impairment of available-for-sale investments*	**—**	14,755
Reversal of impairment of trade receivables**	**(229)**	—
Impairment of trade receivables**	**206**	4,064
Impairment of other receivables, net***	**—**	6,543
Provisional gain on bargain purchase^	**(7,182)**	—

* Included in "Other operating expenses, net" in the consolidated statement of profit or loss and other comprehensive income.

** Included in "Selling and distribution expenses" in the consolidated statement of profit or loss and other comprehensive income.

*** In prior year, amount of HK$1,554,000 and HK$4,989,000 were included in "Other operating expenses, net" and "Administrative expense" in the consolidated statement of profit or loss and other comprehensive income, respectively.

^ Included in "Other income and gains" in the consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries did not generate any assessable profits arising in Hong Kong during the period (year ended 31 March 2015: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Period from 1 April 2015 to 31 December 2015	Year ended 31 March 2015
	HK$'000	*HK$'000*
Current — Elsewhere		
Charge for the period/year	—	13

8. DIVIDEND

The Board of directors does not recommend the payment of any dividend for the period from 1 April 2015 to 31 December 2015 and year ended 31 March 2015.

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company of HK$20,916,000 (year ended 31 March 2015: loss of HK$107,460,000) and the weighted average number of ordinary shares in issue of 2,038,203,859 (31 March 2015 (restated): 1,591,272,520) during the period, as adjusted to reflect the open offers during the period.

The Group had no potentially dilutive ordinary shares in issue during the period from 1 April 2015 to 31 December 2015 and year ended 31 March 2015.

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are interest-free.

An aged analysis of the trade receivables as at the end of the reporting period, based on the payment due dates and net of provisions, is as follows:

	31 December 2015	31 March 2015
	HK$'000	*HK$'000*
Within 60 days	**19,101**	20,406
61 to 90 days	**127**	134
Over 90 days	**1,072**	581
	20,300	21,121

11. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the payment due dates, is as follows:

	31 December 2015	31 March 2015
	HK$'000	*HK$'000*
Within 60 days	**51,350**	14,062
61 to 90 days	**45**	62
Over 90 days	**3,036**	3,929
	54,431	18,053

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

FINAL DIVIDEND

The Board does not recommend any payment of final dividend to the shareholders of the Company for the period from 1 April 2015 to 31 December 2015.

CLOSURE OF REGISTER OF MEMBERS

The Board hereby announces that the register of members of the Company will be closed from Friday, 13 May 2016 to Tuesday, 17 May 2016 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the attendance of the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 12 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Against the backdrop of the continuing sluggish global economy, a decline in total sales revenue was driven by the drop in sales of existing electronic business of the Group for the nine months ended 31 December 2015. Nevertheless, thanks to effective cost control, the operation loss has been significantly reduced. The Group will continue to stringently control costs and optimize processes to improve operational efficiency. In the third quarter of 2015, the Group has officially expanded into the magnesium and related businesses, as to explore a new source of income for the future.

The Magnesium Business

In August 2015, the Group announced the acquisition of Xinjiang Tengxiang Magnesium Products Company Limited ("Target Company"), a magnesium product manufacturer in Xinjiang for the development of the Group's magnesium product and related businesses. The Target Company principally engages in the production and distribution of magnesium ingots and semi-coke. Its scales of production approved by China's supervisory authorities are annual production capacities of 1.2 million tonnes of semi-coke, 60 thousand tonnes of magnesium ingots, and 100 thousand tonnes of iron alloys. The annual production capacities of the current magnesium ingots and semi-coke production lines are 15 thousand and 600 thousand tons respectively, production has been commenced in the first quarter of 2016.

Manufacturing Business Unit

The operating loss of manufacturing business unit has been narrowed down attributable to the abovementioned structural consolidation and effective cost control. The unit will strive to enhance production efficiency in order to maintain competitiveness. The Management is confident on continual improvement in this segment.

Strategic Products Strategic Business Unit ("SP")

Despite the fall of sales revenue from the Japanese market amid economic downturn in Japan, the business unit has significantly reduced its costs and narrowed its loss, through strengthened cooperation with the design workshops and various efficiency enhancement measures. The business unit will implement business transformation and organizational streamlining to improve overall business efficiency, stimulate growth and create new values.

Personal Communication Products Strategic Business Unit

The sales revenue of this section decreased driven by the significant fall in demand of terminals for mobile point of sale information system (POS), as a result of the adverse global economy and market condition. The sales revenue from Personal Communication Products Strategic Business Unit reduced significantly.

Apart from continuing to develop the POS terminals and to explore new markets, the business unit will also focus on mobile payment related products, as well as the provision of Customer Relations Management (CRM) systems for hotel and retail industries.

Outlook

The awareness of greener and lighter materials is increasing worldwide, which motivates the research and development of light structural materials and its application. Magnesium alloys, as a kind of new materials, its market demand is expected to grow significantly. The Group is optimistic on the development in its new magnesium business. The Board will strive to develop the magnesium business with the arising opportunities, and the development trend of lightweight materials and energy saving. We believe our new business will serve as a new growth driver of the Group.

Operational efficiency of the various existing businesses is continually improving, losses are narrowing and will soon turn into profit. The Group will continue to strive for market development, streamline the organization structure, and capitalize on the "internet+" business opportunity to expand sales network, in order to further enhance operational efficiency.

FINANCIAL REVIEW

Sales revenue of the Group for the nine months ended 31 December 2015 was approximately HK$139,537,000 (For the twelve months ended 31 March 2015: HK$223,933,000). During the period under review, PCP and SP business units recorded a sales revenue of HK$33,345,000 and HK$106,192,000 respectively.

Operating Loss of the Group during the period under review was approximately HK$19,805,000 (For the twelve months ended 31 March 2015: approximately HK$79,466,000). After deducting finance costs of approximately HK$934,000 (For the twelve months ended 31 March 2015: approximately HK$998,000) and other operating expenses of approximately HK$180,000 (For the twelve months ended 31 March 2015: approximately HK$30,040,000), loss before tax was approximately HK$20,919,000 (For the twelve months ended 31 March 2015: approximately HK$110,504,000). After taking into account of taxation, loss for the year was approximately HK$20,919,000 (2014: approximately HK$110,517,000)

Regarding the statement of financial position, inventories increased by HK$23,059,000 to approximately HK$58,590,000 and trade receivables decreased by HK$821,000 to approximately HK$20,300,000.

LIQUIDITY AND FINANCIAL RESOURCES

On 31 December 2015, the bank balances and cash of the Group were approximately HK$375,649,000 (31 March 2015: HK$113,064,000) of which HK$488,000 was pledged (31 March 2015: HK$1,012,000). The Group's bank borrowings as at 31 December 2015 were HK$68,927,000 (31 December 2015: HK$27,781,000). The Group's bank borrowings were denominated in Hong Kong dollars with floating interest rate and short term in nature.

On 17 November 2015, the Company issued 1,437,195,029 offer shares of the Company at HK$0.20 per offer share on the basis of one offer share for every one share in issue on 23 October 2015. Details are stated in the Company's prospectus issued on 26 October 2015.

As at 31 December 2015, the gearing ratio of the Group, defined as total bank borrowings divided by shareholders' equities, was approximately 15%. The interest expenses was approximately HK$934,000 during the period.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group has no contingent liabilities (31 March 2015: approximately HK$4,895,000)

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, Japanese Yen, United States dollars or Renminbi. The usual treasury policy of the Group is to manage significant currency exposure and minimize currency risk whenever it may have material impact to the Group. During the last twelve months period, the Group did not engage in any interest rate or currencies speculations.

EMPLOYEES RELATIONS

As at 31 December 2015, the Group has 73 employees (31 March 2015: 86 employees) in Hong Kong, 5 employees (31 March 2015: 6 employees) in Japan and 907 employees (31 March 2015: 809 employees) in China, representing a decrease of approximately 15% and 17% and an increase of 12%, respectively, the Group also provides other fringe benefits such as annual leave, medical insurance and provident fund, etc. for its staff.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the nine months ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee currently comprises two Independent Non-executive Directors, namely Mr. Kwong Ping Man (chairman of the Audit Committee) and Mr. Cheung Sound Poon. During the year under review, the Audit Committee has held three meetings to review the accounting principles and practices adopted by the Group and discuss internal control and financial reporting matters. The Audit Committee has reviewed the annual results of the Group for the nine months ended 31 December 2015. The Audit Committee has made positive contribution to enhancing the Company's corporate governance.

CORPORATE GOVERNANCE PRACTICES

During the nine months ended 31 December 2015, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviations as follows:

(a) Under Rule A.1.7, if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

    On 20 August 2015, Ming Xing Developments Limited, a whole-owned subsidiary of Century Sunshine Group Holdings Limited ("Century Sunshine") (which held 51.88% of the shareholding interests in the Company as at 20 August 2015) and Earnmill Holdings Limited (which held 2.64% of the shareholding interests in the Company as at 20 August 2015), as underwriters, entered into an underwriting agreement with the Company in relation to the full acceptance and underwriting of the Company's open offer. The entering into the underwriting agreement between the Company, Ming Xing Developments Limited and Earnmill Holdings Limited constitutes a connected transaction.

    Mr. Shum Sai Chit, an executive director and the chairman of the Company, is also the sole director of Ming Xin Developments Limited, and an executive director of Century Sunshine; Ms. Chi Bi Fen, an executive director and the chief executive officer of the Company, is also an executive director of Century Sunshine; Mr. Kwong Ping Man, an independent non-executive director of the Company, is also an independent non-executive director of Century Sunshine; and Dr. Tam Wai Ho, Samson, a non-executive director of the Company, is also a director of Earnmill which is owned jointly by him and by Mr. Tam Wai Tong, Thomas. For the purpose of approving the underwriting agreement, as Mr. Shum Sai Chit, Ms. Chi Bi Fen, Mr. Kwong Ping Man and Dr. Tam Wai Ho, Samson have positions in the Company, Century Sunshine and/or the underwriters, they are deemed to have conflict of interests with respect to the relevant transactions.

Due to business trips or other matters, a number of directors were unable to attend the board meeting on 20 August 2015 personally to approve the open offer and the connected transactions related to the underwriting agreement. As such, the Board approved the relevant transactions by way of resolution in writing, given that:

— before the execution of the relevant written resolution, the contents of the written resolution were fully communicated to each director and each director has discussed the details of the transaction by way of email or phone, and the resolution was unanimously approved by the board (save for Mr. Shum Sai Chit, Ms. Chi Bi Fen, Mr. Kwong Ping Man and Dr. Tam Wai Ho, Samson who abstained from voting in favour of the resolutions relating to the open offer and the transactions due to potential conflict of interests); and

— the written resolution was ratified in the board meeting of 18 November 2015. Accordingly, the Board considers that the deviations have not caused any prejudice to the Company's corporate governance.

(b) Under code provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.

— Professor Meng Jian (being a non-executive Director) and Mr. Chen Gang (being an independent non-executive Director prior to his resignation on 7 March 2016) were unable to attend the annual general meeting held on 11 September 2015 as they were obliged to be away for other matters.

— Professor Meng Jian and Dr. Tam Wai Ho JP (being non-executive Directors) and Mr. Chen Gang (being an independent non-executive Director prior to his resignation on 7 March 2016) were unable to attend the special general meeting held on 14 October 2015 as they were obliged to be away for other matters.

(c) Under Rules 3.10(1) and Rule 3.21, every board of directors of a listed issuer must include at least three independent non-executive directors and the audit committee must comprise a minimum of three members.

Following the resignation of Mr. Chen Gang on 7 March 2016, the Company currently has two independent non-executive directors and Audit Committee members, in which it deviates from the requirement of Rules 3.10(1) and Rule 3.21. The Company will identify a suitable candidate for appointment as an independent non-executive director and the member of Audit Committee within three months from the date of resignation of Mr. Chen Gang in order to comply with the requirements of Rules 3.11 and 3.23 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the directors of the Company (the "Directors") on terms no less exactly than required standard set out in the Model Code. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the nine months ended 31 December 2015.

By order of the Board
Group Sense (International) Limited
Mr. Shum Sai Chit
Chairman

Hong Kong, 23 March 2016

As at the date of this announcement, the Board comprises the following members:

Executive Directors	:	*Mr. Shum Sai Chit and Ms. Chi Bi Fen*
Non-executive Directors	:	*Professor Meng Jian and Dr. Tam Wai Ho, Samson* JP
Independent Non-executive Directors	:	*Mr. Kwong Ping Man and Mr. Cheung Sound Poon*

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