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 2016

FINANCIAL HIGHLIGHT

- Revenue for the six months ended 30 June 2016 was approximately HK$63,779,000 (2015: HK$88,916,000), representing a decline of approximately 28.3% in comparison to the corresponding period in 2015.

- Gross profit for the six months ended 30 June 2016 was approximately HK$12,073,000 (2015: HK$20,662,000), representing a decrease of approximately HK$8,589,000 or 41.6% as compared to the corresponding period in 2015. The gross profit margin for the six months ended 30 June 2016 was approximately 18.9% (2015: 23.2%).

- Loss attributable to owners of the Company for six months ended 30 June 2016 was approximately HK$16,984,000 (2015: HK$7,492,000), increased by HK$9,492,000 or 126.7%.

- Loss per share of the Company for the six months ended 30 June 2016 was approximately HK$2.83 cents (2015: HK$1.25 cents).

- The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (2015: nil).

SUMMARY

For the six months ended 30 June 2016:

- the Group's revenue decreased from approximately HK$88,916,000 for the six months ended 30 June 2015 to approximately HK$63,779,000 for the six months ended 30 June 2016, representing decline of approximately HK$25,137,000 or 28.3% in comparison to the corresponding period in 2015. The decrease in revenue for the six months ended 30 June 2016 was mainly caused by seasonal effects that certain shipments to our customers were delayed to the second half of this year;

- gross profit for the six months ended 30 June 2016 was approximately HK$12,073,000 (2015: HK$20,662,000), representing a decrease of approximately HK$8,589,000 or 41.6% as compared to the corresponding period in 2015. The gross profit margin for the six months ended 30 June 2016 was approximately 18.9% (2015: 23.2%). The decrease in gross profit for the six months ended 30 June 2016 was mainly due to the decline of revenue during the period as well as the gross profit margin. The increase in labour cost in production coupled with the decrease in revenue dragged down the gross profit margin for the period;

- the loss for the period attributable to owners of the company was approximately HK$16,984,000 (2015: HK$7,492,000), increased by approximately 126.7% or approximately HK$9,492,000. The increase in the loss attributable to the owners of the Company for the six months ended 30 June 2016 was primarily attributable to a decline of sales for the period;

- The Group's inventories increased by approximately 114.4%, from approximately HK$25,148,000 as at 31 December 2015 to approximately HK$53,922,000 as at 30 June 2016. 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 2016 compared to 31 December 2015;

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 HK'000	2015 HK'000
Revenue	*4*	**63,779**	88,916
Cost of sales		**(51,706)**	(68,254)
Gross profit		**12,073**	20,662
Other income and gains	*5*	**58**	309
Selling and distribution expenses		**(10,964)**	(11,058)
Administrative expenses		**(21,565)**	(18,716)
Finance costs		**(42)**	(39)
Loss before income tax	*6*	**(20,440)**	(8,842)
Income tax credit	*7*	**3,456**	1,350
Loss for the period attributable to the owners of the Company		**(16,984)**	(7,492)
Other comprehensive income, net of tax attributable to the owners of the Company			
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(1,022)**	335
Total comprehensive income for the period attributable to the owners of the Company		**(18,006)**	(7,157)
Loss per share attributable to the owners of the Company			
Basic and diluted loss per share (HK cents)	*9*	**(2.83)**	(1.25)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	Unaudited As at 30 June 2016 HK$'000	Audited As at 31 December 2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**14,774**	14,577
Payments for leasehold land held for own use under operating leases		**1,832**	1,899
Deferred tax assets		**3,360**	–
		19,966	16,476
Current assets			
Inventories	*11*	**53,922**	25,148
Trade and bills receivables	*12*	**25,859**	71,201
Deposits, prepayments and other receivables		**34,389**	27,279
Tax recoverable		**1,715**	747
Pledged bank deposits		**7,164**	8,656
Cash and cash equivalents		**59,517**	53,837
		182,566	186,868
Current liabilities			
Trade and bills payables	*13*	**50,302**	50,578
Accruals, other payables and receipts in advance		**16,348**	15,606
Interest-bearing borrowings	*14*	**17,620**	242
Provision for taxation		**–**	524
		84,270	66,950
Net current assets		**98,296**	119,918
Total assets less current liabilities		**118,262**	136,394
Non-current liabilities			
Interest-bearing borrowings	*14*	**511**	637
Net assets		**117,751**	135,757
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*15*	**6,000**	6,000
Reserves		**111,751**	129,757
Total equity		**117,751**	135,757

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital	Share premium	Merger reserve	Statutory reserve	Translation reserve	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2016	6,000	40,690	2,988	2,793	3,269	80,017	135,757
Loss for the period	–	–	–	–	–	(16,984)	(16,984)
Other comprehensive income							
– Exchange loss on translation of financial statements of foreign operations	–	–	–	–	(1,022)	–	(1,022)
Total comprehensive income for the period	–	–	–	–	(1,022)	(16,984)	(18,006)
At 30 June 2016	6,000	40,690	2,988	2,793	2,247	63,033	117,751
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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Net cash used in operating activities	**(10,739)**	(29,444)
Net cash (used in)/generated from investing activities	**(30)**	2,195
Net cash generated from financing activities	**17,252**	5,012
Net increase/(decrease) in cash and cash equivalents	**6,483**	(22,237)
Cash and cash equivalents at beginning of the period	**53,837**	59,828
Effect of foreign exchange rates, net	**(803)**	208
Cash and cash equivalents at end of the period	**59,517**	37,799

NOTES

For the six months ended 30 June 2016

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 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 2016 have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants. 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 consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2015 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning on 1 January 2016. 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	
	2016	2015
	HK$'000	*HK$'000*
United States	**47,692**	58,691
Canada	**15,635**	28,103
Others	**452**	2,122
	63,779	88,916

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 2016 (2015: 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	
	2016	2015
	HK$'000	*HK$'000*
Customer A	**16,092**	28,101
Customer B	**11,385**	21,631
Customer C	**9,491**	9,345
Customer D	**9,293**	9,711
Customer E	**7,742**	14,383

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	
	2016	2015
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	–	34
Interest income	**58**	222
Sundry income	–	53
	58	309

6. LOSS BEFORE TAX

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

	Unaudited For the six months ended 30 June	
	2016	2015
	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	**51,706**	68,254
Depreciation of property, plant and equipment	**1,133**	1,088
Losses on exchange differences, net	**163**	20
Gain on disposals of property, plant and equipment	–	(34)
Operating lease charges in respect of land and buildings	**1,814**	1,783
Employee benefit expenses (including directors' emoluments)	**27,908**	24,957

7. INCOME TAX CREDIT

	Unaudited For the six months ended 30 June **2016** *HK$'000*	2015 *HK$'000*
Current income tax for charged the period:		
Hong Kong profits tax	**–**	–
The People's Republic of China (the "PRC") enterprise income tax ("EIT")	**(34)**	(54)
United States Federal corporate income tax	**12**	80
	(22)	26
Deferred tax credited for the period:	**(3,434)**	(1,376)
	(3,456)	(1,350)

(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 2016 (2015: nil).

(ii) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (2015: 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% (2015: 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% (2015: 5%).

(v) United States Federal corporate income tax

The USA corporate income tax comprises federal income tax calculated at 15% (2015: 15%) and state and local income tax calculated at various rates on the estimated assessable profits of the Group's subsidiary in the USA.

8. DIVIDENDS

No dividend was paid or proposed to the owners of the Company during the six months ended 30 June 2016 (2015: 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 2016 of approximately HK$16,984,000 (2015: HK$7,492,000) and on the 600,000,000 ordinary shares issued throughout the six months ended 30 June 2016 (2015: 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 2016 and six months 30 June 2015.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016 under review, the Group's capital expenditures of approximately HK$1,580,000 (2015: HK$748,000) represented acquisition of property, plant and equipment.

11. INVENTORIES

	Unaudited As at 30 June 2016 ***HK$'000***	Audited As at 31 December 2015 *HK$'000*
Raw materials and consumables	**19,076**	4,266
Work in progress	**3,536**	1,730
Finished goods	**31,310**	19,152
	53,922	25,148

12. TRADE AND BILLS RECEIVABLES

	Unaudited As at 30 June 2016 ***HK$'000***	Audited As at 31 December 2015 *HK$'000*
Trade receivables	**22,569**	64,379
Bills receivable	**3,290**	6,822
	25,859	71,201

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. Bills receivable are received from independent customers under the ordinary course of business. The Group normally allows a credit period of 10 to 60 days (2015: 10 to 60 days) to its customers.

Trade and bills 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 2016 *HK$'000*	Audited As at 31 December 2015 *HK$'000*
0 to 30 days	**12,835**	17,129
31 to 60 days	**3,201**	18,609
61 to 90 days	**734**	22,706
91 to 180 days	**609**	3,342
Over 180 days	**5,190**	2,593
	22,569	64,379

13. TRADE AND BILLS PAYABLES

	Unaudited As at 30 June 2016 *HK$'000*	Audited As at 31 December 2015 *HK$'000*
Trade payables	**40,380**	35,659
Bills payable	**9,922**	14,919
	50,302	50,578

Credit periods of trade payables normally granted by its suppliers were ranging from 15 to 120 days (2015: from 15 to 120 days).

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

	Unaudited As at 30 June 2016 *HK$'000*	Audited As at 31 December 2015 *HK$'000*
0 to 30 days	**25,891**	17,268
31 to 60 days	**9,923**	7,058
61 to 90 days	**1,527**	6,585
91 to 180 days	**1,297**	2,590
Over 180 days	**1,742**	2,158
	40,380	35,659

Bills payable are normally settled on 180 days (2015: 180 days) credit terms. Bills payable were secured by the Group's pledged bank deposits.

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

14. INTEREST-BEARING BORROWINGS

	Unaudited As at 30 June 2016 *HK$'000*	Audited As at 31 December 2015 *HK$'000*
Current portion:		
Bank loans	**17,372**	–
Obligations under finance leases	**248**	242
	17,620	242
Non-current portion:		
Obligations under finance leases	**511**	637
	18,131	879

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

	Unaudited As at 30 June 2016	Audited As at 31 December 2015
	HK$'000	*HK$'000*
Within one year	**17,620**	242
More than one year, but not exceeding two years	**248**	254
More than two years, but not exceeding five years	**263**	383
	18,131	879

15. SHARE CAPITAL

	As at 30 June 2016		As at 31 December 2015	
	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	
	2016	2015
	HK$'000	*HK$'000*
Directors' emoluments	**2,820**	1,646

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$88,916,000 for the six months ended 30 June 2015 to approximately HK$63,779,000 for the six months ended 30 June 2016, representing decline of approximately HK$25,137,000 or 28.3% in comparison to the corresponding period in 2015. The decrease in revenue for the six months ended 30 June 2016 was mainly caused by seasonal effects that certain shipments to our customers were delayed to the second half of this year.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit for the six months ended 30 June 2016 was approximately HK$12,073,000 (2015: HK$20,662,000), representing a decrease of approximately HK$8,589,000 or 41.6% as compared to the corresponding period in 2015. The gross profit margin for the six months ended 30 June 2016 was approximately 18.9% (2015: 23.2%). The decrease in gross profit for the six months ended 30 June 2016 was mainly due to the decline of revenue during the period as well as the gross profit margin. The increase in labour cost in production coupled with the decrease in revenue dragged down the gross profit margin for the period.

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$10,964,000 (2015: HK$11,058,000), decreased by approximately 0.8% or approximately HK$94,000. Although there was a decrease in the revenue, the staff cost for our sales representative increased for the period, which offset the decrease other major selling and distribution expenses.

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 2016 were approximately HK$21,565,000 (2015: 18,716,000), increased by approximately 15.2% or approximately HK$2,849,000. The increase in administrative expenses was mainly attributable to the increase in staff costs during the period.

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the period attributable to owners of the company was approximately HK$16,984,000 (2015: HK$7,492,000), increased by approximately 126.7% or approximately HK$9,492,000. The increase in the loss attributable to the owners of the Company for the six months ended 30 June 2016 was primarily attributable to a decline of sales for the period.

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 2016, pledged bank deposits and cash and cash equivalents amounted to approximately HK$66,681,000 (31 December 2015: HK$62,493,000). Total interest-bearing borrowings of the Group as at 30 June 2016 was approximately HK$18,131,000 (31 December 2015: HK$879,000), of which approximately HK$17,620,000 (31 December 2015: HK$242,000) would be repayable within one year and all the remaining interest-bearing borrowings of approximately HK$511,000 (31 December 2015: HK$637,000) would be repayable after one year. The current ratio of the Group was approximately 2.17 (31 December 2015: 2.79).

CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any material contingent liability (31 December 2015: nil).

GEARING RATIO

The gearing ratio of the Group, calculated as total borrowings over total equity, was approximately 15.4% as at 30 June 2016 (31 December 2015: 0.6%).

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 2016.

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.

The exchange rates between RMB and US$ are subject to changes in the PRC Government's policies and international political and economic conditions.

CAPITAL COMMITMENTS

As at 30 June 2016, the Group did not have any significant capital commitment (31 December 2015: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had a total of 395 employees (31 December 2015: 402 employees). Total staff costs (including Directors' emoluments) were approximately HK$27,908,000, as compared to approximately HK$24,957,000 for the six months ended 30 June 2015. 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

There was no specific plan for material investment or capital assets as at 30 June 2016 (2015: nil).

INTERIM DIVIDEND

The Board of Directors did not recommend any payment of an interim dividend for the six month ended 30 June 2016.

OTHER INFORMATION

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

As of 30 June 2016, 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 (the "Stock Exchange") 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)*	138,000,000 shares	23.0%

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.

Save as disclosed above, as at 30 June 2016, 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 2016, 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	138,000,000 shares	23.0%
Hua Zhen	Beneficial owner	87,000,000 shares	14.5%
Zhou Zhibin	Beneficial owner	31,612,000 shares	5.3%
Zhen Gang	Beneficial owner	30,980,000 shares	5.2%

Save as disclosed above, as at 30 June 2016, 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 2016, no share options were granted, exercised, lapsed or cancelled, and as at 30 June 2016, 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 2016.

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 2016.

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 consolidated financial statements of the Group for the six months ended 30 June 2016 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 2016, nor was there material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2016.

PLACING OF SHARES

On 19 August 2016, the Company entered into a placing agreement pursuant to which the Company has agreed to place up to 120,000,000 new shares (the "Placing Shares") at the placing price of HK$0.52 per share (the "Placing"). The maximum gross proceeds from the Placing will be approximately HK$62,400,000. The maximum net proceeds from the Placing will amount to approximately HK$61,000,000. Further details are contained in the Company's announcement dated 19 August 2016.

Up to the date of this announcement, the Placing has not yet been completed.

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 2016.

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

Hong Kong, 29 August 2016

As at the date of this announcement, the executive Directors are Mr. Hubert Tien, Mr. Farzad Gozashti, Mr. Chen Gang and Mr. Qu Chengbiao, and the independent non-executive Directors are Mr. Lai Man Sing, Mr. Tang Tsz Kai, Kevin, Mr. Chan Kin Sang, Mr. Tang Shui Pui, Simon and Ms. Luo Dan.