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Goodbaby International Holdings Limited

好 孩 子 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1086)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2015 was HK$3,684.4 million, up approximately 39.5% as compared with HK$2,641.1 million for the corresponding period in 2014.
- Gross profit for the six months ended 30 June 2015 was HK$1,055.0 million, up approximately 46.3% as compared with HK$721.2 million for the corresponding period in 2014.
- Operating profit for the six months ended 30 June 2015 was HK$153.1 million, up approximately 26.1% as compared with HK$121.5 million for the corresponding period in 2014.
- Profit for the six months ended 30 June 2015 was HK$91.4 million, up 2.3% as compared with HK$89.3 million for the corresponding period in 2014.

The board (the "**Board**") of directors ("**Directors**") of Goodbaby International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to present the unaudited consolidated interim results of the Group for the six months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014.

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	**2015** *(Unaudited) (HK$'000)*	**2014** *(Unaudited) (HK$'000)*
Revenue	4,5	3,684,396	2,641,131
Cost of sales		(2,629,384)	(1,919,910)
Gross profit		1,055,012	721,221
Other operating income	5	50,061	45,609
Selling and distribution costs		(511,375)	(328,305)
Administrative expenses		(439,942)	(309,490)
Other operating expenses		(595)	(7,558)
Operating profit		153,161	121,477
Finance income	6	3,619	4,707
Finance costs	7	(29,092)	(11,273)
Share of losses of a joint venture		(15)	(14)
Profit before tax	8	127,673	114,897
Income tax expense	9	(36,287)	(25,567)
Profit for the period		91,386	89,330
Attributable to:			
Equity holders of the parent		88,332	88,824
Non-controlling interests		3,054	506
		91,386	89,330
Earnings per share attributable to ordinary equity holders of the parent:	11		
Basic			
- For profit for the period (HK$)		0.08	0.08
Diluted			
- For profit for the period (HK$)		0.08	0.08

Details of the dividends payable and proposed for the period are disclosed in note 10 to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	**2015** *(Unaudited) (HK$'000)*	**2014** *(Unaudited) (HK$'000)*
Profit for the period		91,386	89,330
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(31,167)	(15,099)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(31,167)	(15,099)
Other comprehensive income, net of tax		(31,167)	(15,099)
Total comprehensive income, net of tax		60,219	74,231
Attributable to:			
Equity holders of the parent		57,027	74,018
Non-controlling interests		3,192	213
		60,219	74,231

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	**30 June 2015**	**31 December 2014**
		(Unaudited)	*(Audited)*
		(HK$'000)	*(HK$'000)*
			(Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		895,418	920,953
Prepaid land lease payments		64,354	65,449
Goodwill		826,196	837,717
Other intangible assets		696,014	711,909
Investment in a joint venture		912	927
Deferred tax assets		26,134	20,249
Other long-term assets		10,100	—
Total non-current assets		2,519,128	2,557,204
CURRENT ASSETS			
Inventories	12	1,400,171	1,535,271
Trade and notes receivables	13	1,003,845	973,309
Prepayments and other receivables		186,384	192,751
Due from related parties		481,866	379,152
Available-for-sale investments	14	126,176	206,389
Cash and cash equivalents		668,596	434,661
Time deposits		761	50,723
Pledged time deposits		86,955	165,807
Derivative financial instruments		27,844	26,797
Total current assets		3,982,598	3,964,860

	Notes	30 June 2015 (Unaudited) (HK$'000)	31 December 2014 (Audited) (HK$'000) (Restated)
CURRENT LIABILITIES			
Trade and notes payables	15	1,177,236	1,131,336
Other payables, advances from customers and accruals		475,165	433,370
Interest-bearing bank borrowings	16	1,022,529	1,496,078
Income tax payable		66,475	25,180
Provisions		25,569	21,088
Defined benefit plan liabilities		853	310
Dividends payable		8	8
Total current liabilities		2,767,835	3,107,370
NET CURRENT ASSETS		1,214,763	857,490
TOTAL ASSETS LESS CURRENT LIABILITIES		3,733,891	3,414,694
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	16	1,010,824	762,118
Provisions		83,154	83,192
Defined benefit plan liabilities		13,031	12,870
Other liabilities		26,859	9,041
Deferred tax liabilities		213,887	219,813
Total non-current liabilities		1,347,755	1,087,034
Net assets		2,386,136	2,327,660

	Notes	30 June 2015	31 December 2014
		(Unaudited)	*(Audited)*
		(HK$'000)	*(HK$'000)*
			(Restated)
EQUITY			
Equity attributable to owners of the parent			
Issued capital		11,023	11,010
Reserves		2,332,437	2,285,894
		2,343,460	2,296,904
Non-controlling interests		42,676	30,756
Total equity		2,386,136	2,327,660

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. Corporate information

The Company was incorporated in the Cayman Islands on 14 July 2000 as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 24 November 2010.

The Group is principally engaged in the manufacturing and distribution of child related products.

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

2.2 Summary of significant accounting policies

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements for the six months ended 30 June 2015 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 policy regarding the put option over non-controlling interests as set out below and the new and revised International Financial Reporting Standards ("IFRSs", which also include IASs and interpretations) as set out in note 2.3 that are adopted for the first time for the current period's unaudited interim condensed consolidated financial statements. The adoption of these new and revised IFRSs has had no significant impact on the results and the financial position of the Group.

2.2.1 Put option over non-controlling interests

During the process of acquiring the majority equity interests of a subsidiary, the Group provided the non-controlling shareholder the right to dispose its equity interests to the Group. The equity interests in the subsidiary held by the non-controlling shareholder shall be recognised as non-controlling interests in the consolidated financial statement of the Group. At the same time, for the put option, the Group shall assume the obligations to redeem in cash the equity interests in the subsidiary held by the non-controlling shareholder. The present value of the amount payable at the time of redemption of such put option shall be deducted from equity (other than non-controlling interests) and is recognized as the financial liability of the Group. Such financial liability shall be re-measured at the present value of the amount payable upon redemption in the subsequent period, with changes recognized in the consolidated statement of profit or loss.

2.3 **Adoption of new and revised IFRSs**

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2014, except for the adoption of new standards, interpretations and amendments effective as of 1 January 2015 below:

The Group has adopted the following revised IFRSs for the first time in these interim condensed consolidated financial statements.

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*
Annual improvements to IFRSs 2010-2012 Cycle	*Amendments to a number of IFRSs*
Annual improvements to IFRSs 2011-2013 Cycle	*Amendments to a number of IFRSs*

The adoption of these new and revised IFRSs has had no significant financial effect on the Group's interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. **Business combinations**

Acquisition of NICAM A/S

In December 2014, the Group entered into a share sale and transfer agreement (the "Agreement") in relation to the shareholding in NICAM A/S ("NICAM"), a third party distributor company based in Denmark, and pursuant to the Agreement, the Group would acquire 70% of the shares of NICAM (the "Transaction") for a total purchase consideration of EUR3,710,000 (equal to HK$ 35,062,000) of which the completion was subject to the closing conditions of the Agreement.

NICAM is mainly engaged in the trade of car seats, strollers and baby carriers and other goods, equipment and services for infants, babies children and parents.

The acquisition was completed on 9 January 2015, upon fulfillment of the conditions stipulated in the Agreement and NICAM became an indirectly non wholly-owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of NICAM as at the date of acquisition were:

	Fair value recognised on acquisition *(HK$'000)*
Assets	
Property, plant and equipment	51
Other intangible assets	25,581
Cash and cash equivalents	2,521
Trade and notes receivables	9,920
Prepayments and other receivables	3,009
Inventories	15,512
	56,594
Liabilities	
Trade and notes payables	(13,632)
Other payables, advances from customers and accruals	(3,598)
Income tax payable	(4,005)
Deferred tax liabilities	(6,267)
	(27,502)
Total identifiable net assets at fair value	29,092
Non-controlling interests	(8,728)
	20,364
Goodwill arising on acquisition	5,692
Total consideration	**26,056**
Cash paid	35,062
Call option over non-controlling interests	(10,611)
Put option over non-controlling interests	1,605
Total consideration	26,056
Analysis of cash flows on acquisition:	
Net cash acquired	2,521
Cash paid	(35,062)
Net cash outflow (included in cash flows from investing activities)	(32,541)

From the date of acquisition, NICAM have contributed HK$50,253,000 to the Group's revenue and HK$5,293,000 to the consolidated profit for the period ended 30 June 2015. If the acquisition had taken place at the beginning of the year, the revenue of the Group and the consolidated profit of the Group for the period would have been HK$3,684,396,000 and HK$91,386,000, respectively.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of NICAM with those of the Group. The goodwill is not deductible for income tax purposes.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK$9,920,000 and HK$3,009,000, respectively.

The Group incurred transaction costs of HK$988,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

Acquisition of WP Evenflo Group Holdings, Inc. and its subsidiaries

On 22 July 2014, the Group acquired 100% of the equity of WP Evenflo Group Holdings, Inc. ("Evenflo") and its subsidiaries for cash of US$143,041,667 (equal to HK$1,108,792,000). Goodwill of HK$581,419,000 was initially recorded based on a preliminary allocation of the purchase consideration as at the acquisition date. The use of provisional amounts was required in estimating the fair value of long-term product liability obligations included in the provisions account in the consolidated statement of financial position as at the acquisition date because of the significant time lag between the occurrence of loss events (i.e. vehicle collisions) and notification of litigation in the United States of America. By the end of the measurement period subsequent to the acquisition, the Group reviewed all relevant information received about the facts and circumstances that existed at the acquisition date related to pre-acquisition loss events. The Group further evaluated and completed the initial accounting for the business combination of Evenflo. As a result, the Group recorded an increase to its long-term product liability obligation with a corresponding increase to goodwill as if the initial accounting had been completed on the acquisition date. A reconciliation of the preliminary goodwill and provisions values of the Group to their adjusted values as at 31 December 2014 is set out below:

	The Group (as previously reported)	**Adjustments**	**The Group (as restated)**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets — Goodwill	808,385	29,332	837,717
Non-current liabilities — Provisions	53,860	29,332	83,192

4. **Operating segments**

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

(a) Overseas — Strollers and accessories segment, which engages in the research, design, manufacturing and selling of strollers and accessories under the Group's own brands and third parties' brands;

(b) Overseas — Car seats and accessories segment, which engages in the research, design, manufacturing and selling of car seats and accessories under the Group's own brands and third parties' brands; and

(c) Overseas — Other durable juvenile products segment, which engages in the research, design, manufacturing and selling of cribs and accessories and other children's products under the Group's own brands and third parties' brands. The management is of the opinion that these products have similar economic characteristics and hence the results of these operations are included in the "other durable juvenile products" column;

(d) Domestic — Strollers and accessories segment, which engages in sourcing, manufacturing and distributing strollers;

(e) Domestic — Car seats and accessories segment, which engages in sourcing, manufacturing and distributing car seats; and

(f) Domestic — Other durable juvenile products segment, which engages in sourcing, manufacturing and distributing of durable juvenile products including cribs and accessories and other children's products. The management is of the opinion that these products have similar economic characteristics and hence the results of these operations are included in the "other durable juvenile products" column.

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 revenue.

Intersegment sales are transacted with reference to the cost of the overseas — strollers and accessories and the overseas — other durable juvenile products segments.

Six months ended 30 June 2015

	Overseas				Domestic				Consolidated
	(HK$'000)				*(HK$'000)*				*(HK$'000)*
	Strollers and accessories	**Car seats and accessories**	**Other durable juvenile products**	**Subtotal**	**Strollers and accessories**	**Car seats and accessories**	**Other durable juvenile products**	**Subtotal**	
Segment revenue									
Sales to external customers	771,326	1,328,205	709,742	2,809,273	401,727	96,253	377,143	875,123	3,684,396
Intersegment sales	92,647	37,379	198,025	328,051	—	—	—	—	328,051
	863,973	1,365,584	907,767	3,137,324	401,727	96,253	377,143	875,123	4,012,447
Reconciliation:									
Elimination of intersegment sales									(328,051)
Revenue									3,684,396
Gross profit	187,083	466,986	126,107	780,176	135,525	49,016	90,295	274,836	1,055,012
Segment results									
Reconciliation:									
Other income									50,061
Corporate and other unallocated expenses									(951,317)
Other expenses									(595)
Finance costs									(29,092)
Finance income									3,619
Share of losses of a joint venture									(15)
Profit before tax									127,673

Six months ended 30 June 2014

	Overseas (HK$'000)				Domestic (HK$'000)				Consolidated (HK$'000)
	Strollers and accessories	**Car seats and accessories**	**Other durable juvenile products**	**Subtotal**	**Strollers and accessories**	**Car seats and accessories**	**Other durable juvenile products**	**Subtotal**	
Segment revenue									
Sales to external customers	808,766	528,220	465,689	1,802,675	373,130	51,143	414,183	838,456	2,641,131
Intersegment sales	123,305	20,141	220,303	363,749	—	—	—	—	363,749
	932,071	548,361	685,992	2,166,424	373,130	51,143	414,183	838,456	3,004,880
Reconciliation:									
Elimination of intersegment sales									(363,749)
Revenue									2,641,131
Gross profit	192,397	206,847	90,679	489,923	114,907	25,916	90,475	231,298	721,221
Segment results									
Reconciliation:									
Other income									45,609
Corporate and other unallocated expenses									(637,795)
Other expenses									(7,558)
Finance costs									(11,273)
Finance income									4,707
Share of losses of a joint venture									(14)
Profit before tax									114,897

5. **Revenue and other operating income**

An analysis of revenue and other operating income is as follows:

	Six months ended 30 June	
	2015	**2014**
	(HK$'000)	*(HK$'000)*
	(Unaudited)	*(Unaudited)*
Revenue:		
Sales of goods	3,684,396	2,641,131
Other income:		
Foreign exchange differences, net	31,525	—
Gain on release of redundancy payments	6,677	—
Net fair value gains on derivative instruments not qualifying as hedges	3,167	—
Gain on sales of raw materials	2,109	2,203
Government grants (note (a))	2,087	30,749
Gain on wealth investment products (note (b))	1,892	2,834
Gain on sales of scrap materials	1,432	2,566
Service fee income (note (c))	665	948
Compensation income (note (d))	181	5,324
Others	326	985
Total	50,061	45,609

Note (a): The amount represents subsidies received from local government authorities in connection with certain financial support to local business enterprises. These government subsidies mainly comprised subsidies for export activities, subsidies for development, and other miscellaneous subsidies and incentives for various purposes. The amount of these government grants is determined solely at the discretion of the relevant government authorities and there is no assurance that the Group will continue to receive these government grants in the future. There were no unfulfilled conditions or contingencies attaching to these grants and they were recognised in the year of receipt or obtaining the relevant approvals.

Note (b): The amount represents the gain on wealth investment products.

Note (c): The amount represents the service fee income for information technology services and factory administrative services provided to third parties.

Note (d): The amount represents the compensation received from customers as a result of cancellation of orders and suppliers as a result of defective products or shipment delay in the normal course of business.

6 **Finance income**

	Six months ended 30 June	
	2015	**2014**
	(HK$'000)	*(HK$'000)*
	(Unaudited)	*(Unaudited)*
- Interest income on bank deposits	3,619	4,707

7. **Finance costs**

	Six months ended 30 June	
	2015	**2014**
	(HK$'000)	*(HK$'000)*
	(Unaudited)	*(Unaudited)*
- Interest expense on bank loans and borrowings	29,092	11,273

8. **Profit before tax**

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

	Six months ended 30 June	
	2015	**2014**
	(HK$'000)	*(HK$'000)*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold	2,811,831	1,599,843
Depreciation of property, plant and equipment	82,434	61,355
Amortization of intangible assets	10,513	6,729
Amortization of land lease payments	1,116	1,132
Research and development costs	162,087	79,793
Lease payments under operating leases in respect of properties	52,426	34,086
Auditors' remuneration	5,640	2,588
Employee benefit expense (including directors' remuneration):		
Wages, salaries and other benefits	566,275	463,272
Share option expense	6,987	2,509
Pension scheme costs (defined benefit plans)	814	—
Pension scheme contributions	20,069	18,391
	594,145	484,172
Net foreign exchange (gains)/ losses	(31,525)	5,208
Reversal for impairment of receivables	(720)	—
Provisions	10,736	5,125
Reversal for impairment of inventories	(4,678)	(6,687)
Net fair value gains on derivative instruments not qualifying as hedges	(3,167)	—
Loss on disposal of items of property, plant and equipment	1	293
Bank interest income	(3,619)	(4,707)

9. **Income tax expense**

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands ("BVI") are exempted from taxation.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year/period.

State income tax and federal income tax of the Group's subsidiary in the United States have been provided for at rates of state income tax and federal income tax on the estimated assessable profits of the subsidiary during the year. The state income tax rates are 6.75% and 9.99% in the respective states where the subsidiary operates, and the federal income tax rates are ranging from 34% to 35% on a progressive basis.

The Group's subsidiary registered in Japan is subject to income tax based on the taxable income at rates ranging from 10% to 30% on a progressive basis.

The Group's subsidiaries registered in Germany are subject to income tax based on the taxable income at the rate of 30%.

The Group's subsidiaries registered in Denmark are subject to income tax based on the taxable income at the rate of 24.5%.

The Group's subsidiaries registered in the Netherlands are subject to income tax based on the taxable income at rates ranging from 20% to 25% on a progressive basis.

All of the Group's subsidiaries registered in the People's Republic of China (the "PRC"), which only have operations in Mainland China, are subject to PRC enterprise income tax ("EIT") on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws. On 16 March 2007, the PRC government promulgated the Law of the PRC on Enterprise Income Tax (the "EIT Law"), which was effective from 1 January 2008. On 6 December 2007, the State Council issued the Implementation Regulation of the EIT Law. The EIT Law and the Implementation Regulation changed the tax rate of the PRC enterprise from 33% to 25% from 1 January 2008 onwards.

Pursuant to relevant tax rules under the EIT Law and with the approval from the relevant tax authorities in the PRC, one of the Group's subsidiaries, Goodbaby Child Products Co., Ltd. ("GCPC"), is qualified as a "High and New Technology Enterprise" and was subject to a preferential tax rate of 15% from 2014 to 2016.

The major components of income tax expense of the Group from continuing operations are as follows:

	Six months ended 30 June	
	2015	**2014**
	(HK$'000)	*(HK$'000)*
	(Unaudited)	*(Unaudited)*
Current income tax — PRC		
- Income tax for the period	6,054	6,082
- Over provision in prior years	(909)	(13)
	5,145	6,069
German income tax	33,127	11,431
United States state and federal income taxes	3,249	908
Denmark income tax	1,624	—
Netherlands income tax	39	56
Hong Kong profits tax	357	9,139
Deferred income tax	(7,254)	(2,036)
Income tax expense reported in the consolidated statement of profit or loss	36,287	25,567

10. **Dividends paid and proposed**

	Six months ended 30 June	
	2015	**2014**
	(HK$'000)	*(HK$'000)*
	(Unaudited)	*(Unaudited)*
Dividends on ordinary shares declared and paid during the six-month period:		
Final dividend for 2014: nil (2013: HK$0.05)	—	55,047

The board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

11. **Earnings per share**

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,101,337,000 in issue during the six months ended 30 June 2015 (six months ended 30 June 2014: 1,090,457,833).

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2015	**2014**
	(HK$'000)	*(HK$'000)*
	(Unaudited)	*(Unaudited)*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the earnings per share calculation	88,332	88,824

	Number of shares	
	Six months ended 30 June	
Shares	**2015**	**2014**
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,101,337,000	1,090,457,833
Effect of dilution-weighted average number of ordinary shares:		
Share options	3,988,000	7,885,038
	1,105,325,000	1,098,342,871

12. **Inventories**

	As at 30 June 2015	As at 31 December 2014
	(HK$'000)	*(HK$'000)*
	(Unaudited)	*(Audited)*
Raw materials	366,363	496,053
Work in progress	204,481	162,843
Finished goods	829,327	876,375
	1,400,171	1,535,271

13. **Trade and notes receivables**

	As at 30 June 2015 *(HK$'000)* *(Unaudited)*	As at 31 December 2014 *(HK$'000)* *(Audited)*
Trade receivables	998,088	974,383
Notes receivables	12,648	6,792
	1,010,736	981,175
Impairment for trade receivables	(6,891)	(7,866)
	1,003,845	973,309

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is up to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

The Group's notes receivable were all aged within six months and were neither past due nor impaired.

An aged analysis of the trade receivables of the Group, based on the invoice date, is as follows:

	As at 30 June 2015 *(HK$'000)* *(Unaudited)*	As at 31 December 2014 *(HK$'000)* *(Audited)*
Within 3 months	932,305	921,335
3 to 6 months	58,892	31,257
6 months to 1 year	—	13,719
Over 1 year	—	206
	991,197	966,517

14. **Available-for-sale investments**

	As at 30 June 2015 *(HK$'000)* *(Unaudited)*	As at 31 December 2014 *(HK$'000)* *(Audited)*
Unlisted investments, at fair value	126,176	206,389

The above investments consist of investments in wealth investment products which were designated as available-for-sale financial assets and have maturity within one month and coupon rates ranging from 2.45% to 4.00% per annum (2014: ranging from 2.45% to 3.80%).

The wealth investment products all matured in July 2015 with principals and interests fully received.

15. **Trade and notes payables**

An aged analysis of the trade and notes payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2015 *(HK$'000)* *(Unaudited)*	As at 31 December 2014 *(HK$'000)* *(Audited)*
Within 3 months	1,051,365	973,967
3 to 12 months	120,001	151,608
1 to 2 years	732	1,283
2 to 3 years	2,110	2,643
Over 3 years	3,028	1,835
	1,177,236	1,131,336

The trade and notes payables are non-interest-bearing and normally settled on terms of 60 to 90 days. The carrying amounts of the trade and notes payables approximate to their fair values due to their short term maturity.

16. **Interest-bearing bank borrowings**

		As at 30 June 2015			As at 31 December 2014		
		Effective interest rate (%)	*Maturity*	*HK$'000*	*Effective interest rate (%)*	*Maturity*	*HK$'000*
				(Unaudited)			*(Audited)*
Current							
Bank borrowings - secured by intra- group trade receivables	Note (a)	1.56-2.72	2015/12/15	568,026	1.93-2.72	2015	528,208
Bank borrowings - unsecured		1.58-2.5	2015	118,147	1.58-1.79	2015	155,127
Bank borrowings - secured by an intra-group standby letter of credit and intra-group time deposits	Note (b)	1.33	2015/7/7	116,287	1.33	2015/1/9	193,910
Bank borrowings - guaranteed	Note (c)	2.09	2015/7/29	77,525	1.53-2.07	2015	193,910
Current portion of long-term bank loans - guaranteed by GIHL and pledged by shares	Note (d)	3 month Euribor + 1.75	2016/1/31	30,135	—	—	—
Bank borrowings - secured by an intra-group standby letter of credit	Note (e)	2.25	2016/5/26	19,381	2.25	2015/5/26	58,173
Bank borrowings - secured by intra- group time deposits	Note (f)	1.71-1.791	2015/12/17	93,028	2.20	2015/1/27	364,794
Current portion of long-term bank loans - secured by inventories and trade receivables	Note (g)	—	—	—	2.50	2015	1,011
Current portion of long-term bank loans - unsecured		—	—	—	2.25	2015	945
				1,022,529			1,496,078
Non-current							
Bank borrowings - guaranteed by GIHL and secured by an intra-group standby letter of credit	Note (h)	Libor+2.5	2020/7/22	760,054	Libor+2.5	2020/7/22	760,445
Bank borrowings - guaranteed by GIHL and pledged by shares	Note (d)	3 month Euribor + 1.75	2018/1/31	250,168	—	—	—
Bank borrowings - unsecured		2.25-2.5	2016	602	2.25	2016/9/1	709
Bank borrowings - secured by inventories and trade receivables	Note (g)	—	—	—	2.50	2016/12/31	964
				1,010,824			762,118
Total				2,033,353			2,258,196

Analysed into:	As at 30 June 2015 *(HK$'000)* *(Unaudited)*	As at 31 December 2014 *(HK$'000)* *(Audited)*
Bank loans and overdrafts repayable:		
within one year or on demand	1,022,529	1,496,078
in the second year	602	1,673
in the third to fifth years, inclusive	592,166	228,133
over five years	418,056	532,312
	2,033,353	2,258,196

Note (a): Short-term bank borrowings were obtained from third party financial institutions. As at 30 June 2015, a subsidiary of the Group pledged its trade receivables of approximately HK$568,025,000 (31 December 2014: HK$577,035,000) to secure certain of the Group's bank loans and these trade receivables were eliminated on group level.

Note (b): Short-term bank borrowings were secured by a standby letter of credit issued by GCPC and secured by the pledge of time deposits of GCPC amounting to HK$45,403,000. (2014: HK$45,386,000)

Note (c): Short-term bank borrowings were guaranteed by Goodbaby International Holdings Limited ("GIHL").

Note (d): Short-term bank borrowings and long-term bank borrowings were guaranteed by GIHL and pledged by shares in Columbus Holding GmbH and Cybex GmbH.

Note (e): Short-term bank borrowings were secured by a standby letter of credit issued by GCPC.

Note (f): Short-term bank borrowings were pledged by time deposits of approximately HK$28,911,000 (2014: HK$120,421,000)

Note (g): The bank borrowings were secured by inventories for a net carrying value of approximately HK$84,602,000, which was paid off during this period.

Note (h): Long-term bank borrowings were guaranteed by GIHL and secured by a standby letter of credit from Bank of China Suzhou branch issued by GCPC.

17. **Share option scheme**

The Company operates a share option scheme (the "Scheme") for the purpose of motivating the eligible participants to optimize their performance efficiency for the benefit of the Group; and attracting and retaining or otherwise maintaining on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. Eligible participants of the Scheme include full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any Directors (including non-executive and independent non-executive Directors) of the Company or any of its subsidiaries and advisers, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the

Board will contribute or have contributed to the Company or any of its subsidiaries as described in the Scheme. The Scheme has become effective on 5 November 2010 and, unless otherwise cancelled or amended, remains in force for 10 years from that date.

The maximum number of share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 5 November 2010. The maximum number of shares issuable under share options to each eligible participant under the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue as at the date on which the share options are granted to the relevant eligible participants. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue on the date of such grant or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a vesting period determined by the Directors and ends on a date which shall not be later than ten years from the date upon which the share options are deemed to be granted and accepted.

The exercise price of share options is determinable by the Directors, but may not be less than the higher of (i) the closing price of the Company's shares on the date of offer of the share options; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the six months ended 30 June 2015:

	Weighted average exercise price HK$ per share	**Number of options '000**
At 1 January 2014	2.120	22,555
Granted during the year	3.580	53,420
Forfeited during the year	2.120	(16)
Exercised during the year	2.120	(102)
At 31 December 2014 , 1 January 2015	3.148	75,857
Forfeited during the period	3.450	(7,465)
Exercised during the period	2.120	(1,314)
At 30 June 2015	3.130	67,078

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2015 was HK$3.03 per share (2014: HK$4.05 per share).

The exercise prices and exercise periods of the share options outstanding at the end of the reporting period are as follows:

30 June 2015

Number of options *'000*	**Exercise price** *HK$ per share*	**Exercise period**
427	2.120	3 January 2013 to 2 January 2018
7,040	2.120	3 January 2015 to 2 January 2018
7,040	2.120	3 January 2016 to 2 January 2018
5,950	2.120	3 January 2017 to 2 January 2018
13,160	3.580	29 September 2017 to 28 September 2024
19,501	3.580	29 September 2018 to 28 September 2024
13,160	3.580	29 September 2019 to 28 September 2024
66,278		

31 December 2014

Number of options *'000*	**Exercise price** *HK$ per share*	**Exercise period**
437	2.120	3 January 2013 to 2 January 2018
7,260	2.120	3 January 2015 to 2 January 2018
7,260	2.120	3 January 2016 to 2 January 2018
7,480	2.120	3 January 2017 to 2 January 2018
13,160	3.580	29 September 2017 to 28 September 2024
27,100	3.580	29 September 2018 to 28 September 2024
13,160	3.580	29 September 2019 to 28 September 2024
75,857		

The Group recognised a share option expense of HK$ 6,987,000 during the six months ended 30 June 2015 (six months ended 30 June 2014: HK$ 2,509,000).

The fair value of equity-settled share options granted was estimated as at the date of grant, using a binomial tree modal, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Share options granted on 3 January 2012	**Share options granted on 29 September 2014**
Dividend yield (%)	2.00	1.61
Spot stock price (HK$ per share)	2.12	3.40
Historical volatility (%)	52.00	38.40
Risk-free interest rate (%)	1.11	2.05
Expected life of options (year)	6	10
Weighted average share price (HK$ per share)	2.12	3.58

Included in the newly granted share options in 2014, 1,390,000 share options were granted to Ms. Fu Jinqiu, who is the chairwoman of the Group's largest distributor in the Mainland China as well as one of the substantial shareholders of the Company. Since the fair value of services received by the Group from Ms. Fu Jinqiu cannot be estimated reliably, it was measured by reference to the fair value of the options granted which amounted to HK$1,625,000.

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The 1,314,000 share options exercised during the period resulted in the issue of 1,314,000 ordinary shares of the Company and new share capital of HK$13,140 and share premium of HK$ 2,773,000 (before issue expenses), as further detailed in note 20 to the financial statements.

At the end of the reporting period, the Company had 66,278,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 66,278,000 additional ordinary shares of the Company and additional share capital of HK$662,780, and share premium of HK$ 206,745,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 66,278,000 share options outstanding under the Scheme, which represented approximately 6.00% of the Company's shares in issue as at that date.

MANAGEMENT DISCUSSION AND ANALYSIS

Successfully upgraded business model whilst realising synergies from integration of CYBEX and Evenflo.

During the first half of 2015, the Group has successfully transformed from an OPM driven business to a brand driven business. As a result of implementing a 'One Dragon Vertically Integrated Business Model', the Group's acquired business, CYBEX and Evenflo developed rapidly, ahead of schedule, whilst the Existing Business[1] remained stable.

During the first half of 2015, the Group realized revenue of approximately HK$3,684.4 million, increased by approximately 39.5% as compared to the corresponding period of last year. Revenue from Acquired Business[2] was approximately HK$1,489.2 million, representing an increase of approximately 31.1% year-on-year on pro forma basis. Revenue from the Existing Business was approximately HK$2,195.2 million, decreased by approximately 5.6% on a year-on-year basis. During the period, total revenue from the Group's own brands and Private Label business[3] was approximately HK$2,716.7 million, representing approximately 73.7% (58.0% in 1st half of 2014) of the Group's total revenue during the period); operating profit realized by the Group was approximately HK$153.1 million, increased by approximately 26.1% as compared to the corresponding period last year; net profit realized by the Group was approximately HK$91.4 million, increased by 2.3% as compared to the corresponding period last year due to an increase in finance costs incurred by the Group for increased bank loan as a result of the acquisitions and an increase in income tax expenses caused by higher income tax rate of Acquired Business.

1. **CYBEX achieved record growth**

   During the first half of 2015, CYBEX's revenues increased by a record of approximately 97.2% in its functional currency to €67.5 million. Rapid growth was fuelled by product innovation in car seats and strollers as a result of the synergies achieved through integration of CYBEX into the Group. CYBEX car seats collected four test winner accolades for the Cloud Q, Pallas M-Fix, Solution and Solution M-Fix in the prestigious independent German consumer

1 Existing Business refers to the Group's business which had been under operation at the time of merger and acquisition of CYBEX and Evenflo.

2 Acquired Business refers to the Group's acquired business of CYBEX and Evenflo.

3 Private Label Business refers to the Group's business under which sales are made directly to retailers and brands are owned by retailers.

testing organization Stiftung Warentest, which continues to drive sales volumes. Explosive growth in strollers came as the CYBEX PRIAM Stroller launched in all key territories globally, and quickly became the choice of international celebrities. The launch of the PRIAM was quickly followed by the global introduction of a further six strollers and accessories.

Revenues was driven through twelve wholly owned sales offices in Europe, Asia and America, as well as specialist distributors meaning that CYBEX products are available in over 100 countries, making the Brand globally recognized. A new direct distribution sales office was opened in America and quickly scored a major success by securing a rollout of the Brand in all Buy Buy Baby premium baby stores in the USA.

2. **Evenflo recovery ahead of plan**

During the first half of 2015, Evenflo reversed several years of stagnant trading and losses in operating profit, increasing revenue by approximately 17.4% in its functional currency to US$116.9 million, whilst achieving profit at operating profit level ahead of plan. In early 2015, the executive management of Evenflo was replaced with experienced industry specialists, and a rapid product innovation strategy has been implemented. Taking advantage of the synergies in the design and development of strollers from the Group's Boston design office, new placements were secured. At the same time, cost reductions have been implemented as a result of group shared services. Evenflo launched a major technical innovation in car seats to national acclaim. The sensorsafe embrace infant car seat uses modern technology to remind parents not to leave babies in a car unattended and if the harness has become unlocked during travel.

3. **Orders from the Group's largest Blue-chip customer declines - offset by increases in revenue from other Blue-chip customers and internal orders from CYBEX and Evenflo**

In the first half of 2015, the Group recorded revenue of approximately HK$304.9 million from its largest Blue-chip customer, representing a decrease of approximately HK$284.8 million as compared to that of HK$589.7 million recorded during the corresponding period last year. During the period, the Group's revenue from other Blue-chip customers was approximately HK$662.8 million, representing an increase of approximately HK$144.0 million as compared to that of HK$518.8 million recorded during the corresponding period last year. At the same time, orders from CYBEX and Evenflo increased rapidly, amounting to approximately HK$284.2 million. As result, the decline in orders from our largest Blue-chip customer was effectively offset.

4. **In China, the Group realized persistent rapid growth in online channels, while it continues to enhance and develop its offline channels**

During the first half of 2015, the Group's revenue from the China market was approximately HK$875.1 million, representing an increase of approximately 4.4% on a year-on-year basis. The Group's sales to online channels realized revenue of approximately HK$ 246.9 million, accounting for 28.2% of the total revenue from the China market and representing an increase of approximately 36.4% on a year-on-year basis, while revenue realized by our sales to offline channels was approximately HK$628.2 million, accounting for approximately 71.8% of the total revenue from the China market and representing a decrease of approximately 4.5% on a year-on-year basis.

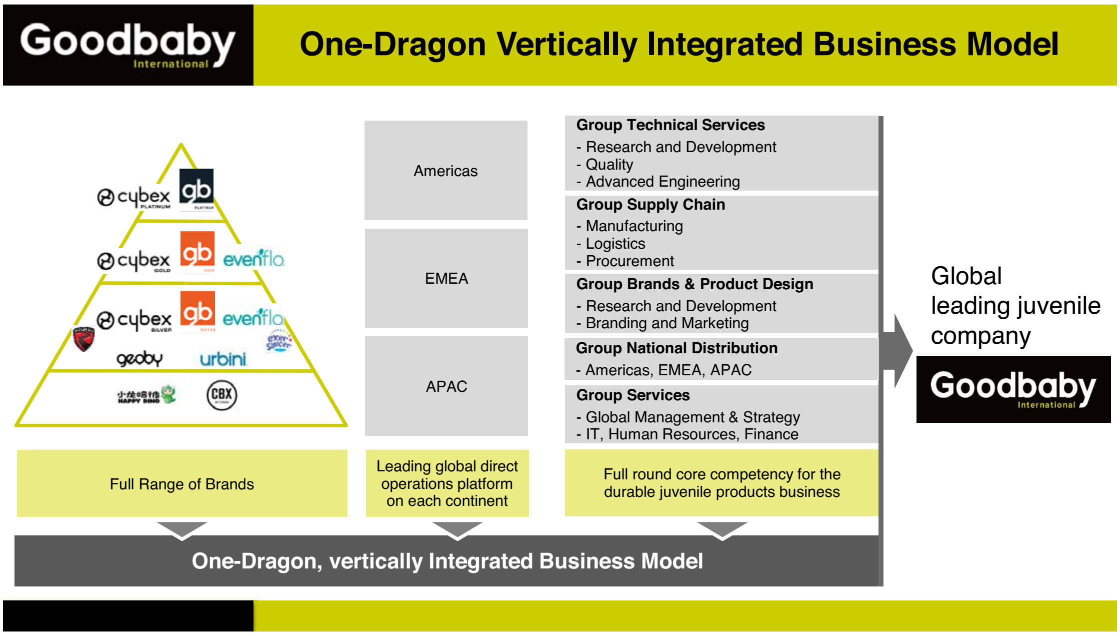
During the first half of 2015, the Group further enhanced its in-depth management over offline third-party retail outlets. During the period, the Group optimized, enhanced and strengthened its operations in the 'gb e-Family' stores. As of the end of the period, 332 stores were retained after consolidation and optimization and the Group's products' performance in these stores was improved and enhanced. During the period, sales to 'gb e-Family' stores contributed revenue of approximately HK$116.1 million to our Group. During the first half of 2015, the Group continued to develop stores under 'tripartite agreements'. As of the end of the period, 2,665 stores had entered into tripartite agreements with the Group, representing an increase of 876 stores as compared to the end of 2014. During the period, sales to stores under tripartite agreements contributed revenue of approximately HK$130.7 million to the Group. In addition, during the first half of 2015, the Group had also further reinforced optimization and management on retail outlets in the department stores, revenue of approximately HK$173.0 million was contributed by the department store channel during the period, increased by 5.8% as compared to the corresponding period last year. Through these measures, the Group had effectively alleviated the decline in offline sales as a result of a general depression in the offline retail market in China, and 66.7% of the Group's revenue from offline channels during the period was generated from retail outlets where we have in-depth management.

During the first half of 2015, the Group further developed emerging e-commerce platforms, such as vipshop.com and beibei.com, while continued to reinforce the existing online channels (including the top 5 E-commerce retail platforms in China such as Taobao and JD.com). During the period, distribution through Wechat platform was also developed. The marketing approach also changed quickly from a segregated development of online and offline channels to O2O model of integrated online and offline channels.

5. **Existing Business of own-brand and Private Label in overseas markets generally stable**

Group sales from Existing Business of own-brand and Private Label realized revenue of approximately HK$352.4 million, representing a year-on-year decrease of approximately 7.0%, which was mainly caused by decrease of revenue from Russia market due to the situation in Ukraine and depreciation of Rouble but was offset by increase of revenue from US market.

6. **Group Synergies achieved by One Dragon Business Model**



The Group has, continued to implement the 'One Dragon Vertically Integrated Business Model' and are ahead of plan. In the first six months of 2015, the Group has rationalized and consolidated its business taking advantage of group synergies and the reorganization of new business silo structure.

— Group Leadership Team

Since December 2014, the Group has restructured the important functions of executive directors of the Company and, in the last six months, the Group has continued to streamline and reinforce its senior management team. During the period, the Company appointed Mr. Tim Maule as Chief Commercial Officer and Mr. Greg Mansker as Chairman and Chief Executive Officer of American Markets (refers to North America and Latin America markets). Setup and development of leadership team of the new Group with multi-continental culture has been going very smoothly and far ahead of its original plan.

— Research & Development

The Group has consolidated its Research & Development offices in Utrecht into Bayreuth, Germany and closed its Ultrecht office. In Asia, the Group has consolidated its Research & Development in Hong Kong into Kunshan and closed the Hong Kong Research & Development centre. Research & Development in the USA has been focusing on car seats in Ohio and on Strollers in Boston, eliminating duplication, and led centrally by the Group's Executive Director Group Brand portfolio.

— Supply Chain

In the first half of 2015, the Group has enhanced its China Production leadership by appointing Mr. Franki Tse as CEO China Production. Under the new leadership of the CEO China Production, the Group has successfully grown production volumes to support the rapid growth of CYBEX in the first 6 months of 2015, whilst continuing to successfully serve the production needs of all other customers. To further upgrade the Group's worldwide production to world class, the Group has also recruited an experienced SVP Group Production who has in-depth management experience in production of car industry and will join the Group in late 2015. In addition, through group synergies, the Group has been able to close one administrative office in Hong Kong improving efficiency and management of supply chain in Asia.

— Group National Distribution

In the first six month of 2015, the Group has reorganized its sales and marketing organisation putting the requirements of customers first. In each region, EMEA (refers to Europe, middle East and Africa), APAC (refers to Asia Pacific region) and Americas (refers to North Amercia and Latin America), the Group now have one central direct distribution office responsible for sales and marketing of all Group brands led centrally by its Chief Commercial Officer. Our office in Boston leading for the Americas, office in Bayreuth in Germany leading for EMEA and office in Kunshan in China leading for APAC, will be the final objectives of the integration underway, with the benefit to customers being a regional approach to the sales of the Group brands and retail private label business.

Blue-chip business of the Group continues to be managed separately under the leadership of the Executive Director who is in charge of Blue-chip business and the Chairman of the Group.

— Headquarters

Since June 2015 the Group has rationalized its resources in Human Resources ("HR") and Finance under global leadership introducing standard policies, practices and procedures creating a uniform supportive platform for the business. Within HR the Group has introduced an upgrade to its global recruitment software to help to attract the best talents from around the world to the Group which has launched on new website. The Group has also begun exchange programmes across the different business segments and continued to develop and nurture emerging talents from within our colleagues. Centralising the management and development of the most importance resource, the Group will continue to drive further synergies led by its SVP Human Resources. The Group's financial management has been streamlined and efficient by the setup of regional CFO function for EMEA and Americas reporting to the Group CFO which has accelerated the integration of the acquired businesses CYBEX and Evenflo into the Group, rolling out standardised management reporting packages quickly, standardising group policies, and driving cost and synergy efficiencies.

Outlook for the second half of 2015

In the second half of 2015, the Company expects the current trends to continue, with the acquired businesses CYBEX and Evenflo performing ahead of its original plan, China market planning to reinforce in-depth management and performance of online and offline retail channel for sustainable growth. The Existing Business of brands in overseas market will remain stable but to be improved while it is expected that change in Blue-chip business will continue. The Group's integration and globalization will continue which will in the short term result in some restructuring costs as seen in the first half.

FINANCIAL REVIEW

Revenue

Total revenue of the Group increased by 39.5% from approximately HK$2,641.1 million for the six months ended 30 June 2014 to approximately HK$3,684.4 million for the six months ended 30 June 2015, and increased by 6.4% from approximately HK$3,461.8 million for the six month ended 30 June 2014 on pro forma basis, of which the revenue from the Group's own brands and the Private Label business was approximately HK$2,716.7 million (1st half in 2014, HK$2,353.3 million on pro forma basis, increased by 15.4%), accounting for 73.7% (68.0% in 1st half 2014 on pro forma basis), while that from Blue-chip business was approximately HK$967.7 million, accounting for 26.3%. Existing Business decreased from approximately HK$2,325.9 million for the six months ended 30 June 2014 to approximately

HK$2,195.2 million for the six months ended 30 June 2015, decreased by 5.6%. Revenue from Acquired Business increased from approximately HK$1,135.9 million on pro forma basis for the six months ended 30 June 2014 to approximately HK$1,489.2 million for the six months ended 30 June 2015, increased by 31.1%.

Revenue by Geographical Region

The table below sets out the revenue by geographical region for the periods indicated.

	For the six months ended 30 June				**Growth analysis by comparing 2015 with 2014**
	2015		**2014**		**2014**
	Sales *(HK$ million)*	**% of Sales**	**Sales** *(HK$ million)*	**% of Sales**	**Growth**
European Market	1,105.0	30.0%	966.3	36.6%	14.3%
North America	1,414.9	38.4%	575.3	21.8%	145.9%
China	875.1	23.7%	838.4	31.7%	4.4%
Other Overseas Markets	289.4	7.9%	261.1	9.9%	10.9%
Total	3,684.4	100.0%	2,641.1	100.0%	39.5%

The revenue breakdown by the categories of Blue-chip business, own brands and Private Label was as follows:

	For the six months ended 30 June				**Growth analysis by comparing 2015 with 2014**
	2015		**2014**		**2014**
Blue-chip business	**Sales** *(HK$ million)*	**% of Sales**	**Sales** *(HK$ million)*	**% of Sales**	**Growth**
European Market	464.7	48.0%	554.7	50.0%	-16.2%
North America	374.4	38.7%	454.0	41.0%	-17.5%
China	0.0	0.0%	0.0	0.0%	0.0%
Other Overseas Markets	128.6	13.3%	99.8	9.9%	28.9%
Total	967.7	100.0%	1,108.5	100.0%	-12.7%

Own brands & Private Label	For the six months ended 30 June 2015 Sales *(HK$ million)*	2015 % of Sales	2014 Sales *(HK$ million)*	2014 % of Sales	Growth analysis by comparing 2015 with 2014 Growth
European Market	640.3	23.6%	411.6	26.9%	55.5%
North America	1,040.5	38.3%	121.3	7.9%	758.5%
China	875.1	32.2%	838.4	54.7%	4.4%
Other Overseas Markets	160.8	5.9%	161.3	10.5%	-0.3%
Total	2,716.7	100.0%	1,532.6	100.0%	77.3%

Revenue by Products

The table below sets out the revenue by product categories for the periods indicated.

	For the six months ended 30 June 2015 Sales *(HK$ million)*	2015 % of Sales	2014 Sales *(HK$ million)*	2014 % of Sales	Growth analysis by comparing 2015 with 2014 Growth
Strollers and accessories	1,173.1	31.8%	1,181.9	44.8%	-0.8%
Car seats and accessories	1,424.4	38.7%	579.3	21.9%	145.9%
Other durable juvenile products	1,086.9	29.5%	879.9	33.3%	23.5%
Total	3,684.4	100.0%	2,641.1	100.0%	39.5%

The revenue breakdown by categories of Blue-chip business, own brands and Private Label was as follows:

	For the six months ended 30 June 2015		2014		Growth analysis by comparing 2015 with 2014
	Sales *(HK$ million)*	**% of Sales**	**Sales** *(HK$ million)*	**% of Sales**	**Growth**
Blue-chip business					
Strollers and accessories	558.5	57.7%	611.9	55.2%	-8.7%
Car seats and accessories	189.2	19.5%	208.3	18.8%	-9.2%
Other durable juvenile products	220.0	22.8%	288.3	26.0%	-23.7%
Total	967.7	100.0%	1,108.5	100.0%	-12.7%
Own brands & Private Label					
Strollers and accessories	614.6	22.6%	570.0	37.2%	7.8%
Car seats and accessories	1,235.2	45.5%	371.0	24.2%	233.2%
Other durable juvenile products	866.9	31.9%	591.6	38.6%	46.5%
Total	2,716.7	100.0%	1,532.6	100.0%	77.3%

Cost of Sales, Gross Profit and Gross Profit Margin

Cost of sales increased by 37.0% from HK$1,919.9 million for the six months ended 30 June 2014 to HK$2,629.4 million for the six months ended 30 June 2015. Cost of sales from the Group's Existing Business was approximately HK$1,616.7 million, and that from Acquired Businesses was approximately HK$1,012.7 million.

Gross profit from the Group's increased from approximately HK$721.2 million for the six months ended 30 June 2014 to approximately HK$1,055.0 million for the six months ended 30 June 2015, and that from the Existing Business increased from approximately HK$558.6 million for the six months ended 30 June 2014 to approximately HK$578.6 million for the six months ended 30 June 2015, and that from Acquired Businesses increased from approximately HK$162.6 million for the six months ended 30 June 2014 to approximately HK$476.4 million for the six months ended 30 June 2015. As a result, the gross profit margin rose from approximately 27.3% for the six months ended 30 June 2014 to approximately 28.6% for the six months ended 30 June 2015.

Other Income

Other income increased by HK$4.5 million from approximately HK$45.6 million for the six months ended 30 June 2014 to approximately HK$50.1 million for the six months ended 30 June 2015, which was mainly attributable to the increase in revenue from foreign exchange forward contracts gain etc., partly offset by the decrease in government subsidies.

Selling and Distribution Costs

The selling and distribution costs primarily consist of marketing expenses, salaries and transportation costs. The selling and distribution costs increased from approximately HK$328.3 million for the six months ended 30 June 2014 to approximately HK$511.4 million for the six months ended 30 June 2015. Among them, that from the Group's Existing Business increased from approximately HK$262.1 million for the six months ended 30 June 2014 to approximately HK$315.0 million for the six months ended 30 June 2015, and that from Acquired Businesses increased from approximately HK$66.2 million for the six months ended 30 June 2014 to approximately HK$196.4 million for the six months ended 30 June 2015.

Administrative Expenses

The administrative expenses of the Group primarily consist of salaries, research and development costs, and office expenses.

The administrative expenses increased from approximately HK$309.5 million for the six months ended 30 June 2014 to approximately HK$439.9 million for the six months ended 30 June 2015, and that from Existing Business decreased from approximately HK$244.6 million for the six months ended 30 June 2014 to approximately HK$233.1 million for the six months ended 30 June 2015, and that from the Acquired Businesses increased from approximately HK$64.9 million for the six months ended 30 June 2014 to approximately HK$206.8 million for the six months ended 30 June 2015.

Other Expenses

Other expenses decreased from approximately HK$7.6 million for the six months ended 30 June 2014 to approximately HK$0.6 million for the six months ended 30 June 2015, which was mainly due to a decrease in exchange losses.

Operating Profit

The operating profit increased by 26.1% or HK$31.6 million to HK$153.1 million for the six months ended 30 June 2015 from HK$121.5 million for the six months ended 30 June 2014, mainly due to the decrease in the expenses and costs incurred by acquisition.

Finance Income

The finance income decreased from approximately HK$4.7 million for the six months ended 30 June 2014 to approximately HK$3.6 million for the six months ended 30 June 2015, and all finance incomes were interest incomes from bank deposits.

Finance Costs

The finance costs increased by HK$17.8 million to HK$29.1 million for the six months ended 30 June 2015 from HK$11.3 million for the six months ended 30 June 2014, of which the Group recorded an increase in finance costs amounted to approximately HK$21.2 million due to new bank loans as a results of acquisition, partly offset by finance costs saved resulting from improved interest costs on working capital loans.

Profit before Tax

As a result of the foregoing, the profit before tax of the Company (representing the total sum of gross profit, other income, administrative expenses, selling and distribution costs, other expenses, finance costs and finance income) increased by approximately 11.1% from HK$114.9 million for the six months ended 30 June 2014 to HK$127.7 million for the six months ended 30 June 2015.

Income Tax Expenses

The income tax expenses were HK$36.3 million for the six months ended 30 June 2015, whereas income tax expenses were HK$25.6 million for the six months ended 30 June 2014, the increase of which mainly arose from the higher income tax rate of the Acquired Business leading to the increase in overall income tax rate of the Group.

Profit for the Period

Profit for the period increased from HK$89.3 million for the six months ended 30 June 2014 to HK$91.4 million for the six months ended 30 June 2015, representing an increase of approximately 2.3%.

Working Capital and Financial Resources

	As at 30 June 2015 *(HK$ million)*	**As at 31 December 2014** *(HK$ million)*
Trade and notes receivables (including trade receivables due from related parties)	1,485.7	1,360.3
Trade and notes payables	1,177.2	1,131.3
Inventories	1,400.2	1,535.3

	IH 2015	**2014**
Trade and notes receivables turnover days[(1)]	71	70
Trade and notes payables turnover days[(2)]	80	73
Inventories turnover days[(3)]	102	93

Notes:

(1) Trade and notes receivables turnover days = Number of days in the reporting period x (Average balance of trade receivables at the beginning and at the end of the period)/revenue.

(2) Trade and notes payables turnover days = Number of days in the reporting period x (Average balance of the trade and notes payables at the beginning and at the end of the period)/cost of sales.

(3) Inventories turnover days = Number of days in the reporting period x (Average balance of inventories at the beginning and at the end of the period)/cost of sales.

The balance of trade and notes receivables increased by HK$125.4 million from HK$1,360.3 million as at 31 December 2014 to HK$1,485.7 million as at 30 June 2015, of which the increase of HK$18.2 million was from the Group's Existing Business and HK$107.2 million was from the Acquired Business.

The balance of trade and notes payables increased by HK$45.9 million from HK$1,131.3 million as at 31 December 2014 to HK$1,177.2 million as at 30 June 2015, of which the increase of approximately HK$32.3 million was from the Group's Existing Business and approximately HK$13.6 million was from Acquired Businesses.

The balance of inventories decreased by HK$135.1 million from HK$1,535.3 million as at 31 December 2014 to HK$1,400.2 million as at 30 June 2015, of which the decrease of approximately HK$204.7 million was from the Group's Existing Business and the increase of approximately HK$69.6 million was from Acquired Businesses.

Liquidity and Financial Resources

As at 30 June 2015, the Group's interest-bearing bank borrowings were approximately HK$2,033.4 million (as at 31 December 2014: approximately HK$2,258.2 million), including short-term bank borrowings of approximately HK$1,022.6 million (as at 31 December 2014: approximately HK$1,496.1 million) and long-term bank borrowings of approximately HK$1,010.8 million (as at 31 December 2014: approximately HK$762.1 million). The net liabilities was approximately HK$1,150.9 million (as at 31 December 2014: approximately HK$1,400.6 million).

As of 30 June 2015, the Group's interest-bearing bank borrowings was denominated in U.S. dollar by approximately 82.6% and approximately 17.4% in Euro.

Contingent Liabilities

As at 30 June 2015, the Group had no material contingent liabilities (as at 31 December 2014: nil).

Exchange Rate Fluctuations

The Group's sales are mainly denominated in U.S. dollar, Renminbi and Euro. The Group's procurement is mainly denominated in Renminbi and U.S.dollar, and the operating expenses of the Group are primarily paid in U.S. dollar, Renminbi and Euro. For the six months ended 30 June 2015, the Group's revenue was denominated in U.S. dollar by 63.0%, in Renminbi by approximately 23.8%, in Euro by approximately 11.2% and in other currencies by approximately 2.0%. The cost of sales of the Group was denominated in Renminbi by approximately 66.3% and approximately 33.7% in U.S. dollar. The Group's operating expenses was denominated in Renminbi by approximately 57.6%, in U.S. dollar by approximately 18.7% and approximately 23.7% in Euro. The Group's gross profit margin will be adversely affected if Renminbi appreciates against U.S. dollar and we are unable to raise the U.S. dollar selling prices of the sold products or bring down the purchase price, or if Euro depreciates against U.S. dollar and we are unable to raise the Euro selling prices of the sold products or bring down the purchase price. Renminbi appreciated by 0.1% against the U.S. dollar and Euro depreciated by 7.8% against the U.S. dollar during the six months ended 30 June 2015. The Group has entered into Euro forward foreign exchange contracts denominated in U.S. dollars to manage its risks related to Euro. As at 30 June 2015, the Group's balance of forward foreign exchange contracts was approximately US$22.9 million, with the exchange rate of Euro to U.S. dollar ranging from 1.1128 to 1.3910.

Pledge of Assets

As of 30 June 2015, some of the Group's interest-bearing bank borrowings were secured by intra-group trade receivables of HK$568.0 million (as at 31 December 2014: HK$577.0 million), time deposits of HK$74.3 million (as at 31 December 2014: HK$165.8 million) and inventories of HK$0 million (as at 31 December 2014: HK$84.6 million), among which the trade receivables were eliminated by offsetting in the consolidated financial statements of the Group.

Gearing Ratio

As at 30 June 2015, the Group's gearing ratio (calculated by net liabilities divided by the sum of equity attributable to owners of the parent and net liabilities, where the amount of net liabilities was calculated by the sum of trade and notes payables, other payables, advances from customers and accruals, interest-bearing loans and borrowings (current and non-current), dividends payable and amounts due to related parties, net of cash and cash equivalents) was 56.3% (as at 31 December 2014: 59.6%).

Employees and Remuneration Policy

As at 30 June 2015, the Group had a total number of 12,263 full-time employees (as at 30 June 2014, the Group had a total number of 12,829 full-time employees). For the six months ended 30 June 2015, costs of employees, excluding directors' emoluments, amounted to a total of HK$583.9 million (for the six months ended 30 June 2014, costs of employees, excluding directors' emoluments, amounted to a total of HK$472.3 million). The Group determined the remuneration packages of all employees with reference to individual performance and current market salary rate. The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme for all its employees in Hong Kong and provides its employees in the PRC and other countries with welfare schemes as required by the applicable local laws and regulations.

On 5 November 2010, the Company had also adopted a share option scheme ("Share Option Scheme") to award employees who may have contributed to the Group.

Significant Acquisition, Disposal or Investment

As at 30 June 2015, the Group had no specific material investment target. The Group did not have any material acquisition and disposals of subsidiaries and associated companies, and investment during the period under review.

OTHER INFORMATION

Purchase, Sales or Redemption of Shares

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

Dividends

The Board does not recommend payment of any dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

Code on Corporate Governance

The Company has applied the principles of the Code Provisions under the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 June 2015, save for the deviations from Code Provisions A.2.1, which is explained as follows:-

Code Provision A.2.1: The roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual.

Mr. Song Zhenghuan is an executive Director, the chairman and CEO of the Company and the founder of the Group. The Board considers that vesting the roles of the chairman and CEO of the Company in the same person is necessary because of the importance of Mr. Song in the business development efforts of the Company and it is beneficial to the business prospects and management of the Group. Furthermore, all major decisions are made in consultation with members of the Board, appropriate board committees or senior management of the Group. There are also three independent non-executive Directors on the Board offering strong, independent and differing perspectives. The Board is therefore of the view that there are adequate balance-of-power and safeguards in place.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code for the dealings in securities transactions by the Directors. Having made specific enquiries with all Directors of the Company, they have confirmed that they complied with the required standard of dealings set out in the Model Code throughout the six months ended 30 June 2015.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors. The Audit Committee has reviewed with the Company's management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015.

Publication of Interim Report

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.gbinternational.com.hk). The interim report of the Company for the six months ended 30 June 2015 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the same websites in due course.

By order of the Board
Goodbaby International Holdings Limited
Song Zhenghuan
Chairman

Hong Kong, 24 August 2015

As at the date of this announcement, the executive Directors are Mr. Song Zhenghuan, Mr. Wang Haiye, Mr. Michael Nan Qu and Mr. Martin Pos; the non-executive Director is Mr. Ho Kwok Yin, Eric; and the independent non-executive Directors are Mr. Iain Ferguson Bruce, Mr. Shi Xiaoguang and Ms. Chiang Yun.