

TAI SHING

Tai Shing International (Holdings) Limited

泰盛國際(控股)有限公司*

(Incorporation in the cayman islands with limited liability)

(Stock Code: 8103)

INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

* *For identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which the directors (the “Directors”) of Tai Shing International (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- Revenue for the six months ended 30 September 2014 amounted to approximately HK\$14 million representing a decrease of approximately 33% over the corresponding period in 2013.
- Loss attributable to the shareholders for the six months ended 30 September 2014 amounted to approximately HK\$5.9 million representing a decrease in loss of approximately 95% as compared to that of the corresponding period in 2013 (2013: loss of HK\$129.7 million).
- Loss per share for the six months ended 30 September 2014 was approximately 0.54 HK cents (2013: loss per share 13.64 HK cents).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2013: Nil).

The board of Directors (“Board”) of the Company is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 September 2014, together with the unaudited comparative figures for the corresponding periods in 2013, are as follows:–

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	4	7,246	7,533	13,967	20,881
Cost of services		(6,735)	(9,369)	(12,859)	(18,268)
Gross profit/(loss)		511	(1,836)	1,108	2,613
Other income	6	1,094	5	2,172	377
Selling and distribution expenses		(16)	(13)	(43)	(18)
Administrative expenses		(2,026)	(1,730)	(3,589)	(9,484)
Other expenses, gains and losses	7	(1,693)	(99,664)	(2,135)	(118,316)
Finance costs	8	(1,762)	(2,702)	(3,379)	(4,865)
Loss before taxation		(3,892)	(105,940)	(5,866)	(129,693)
Income tax expenses	9	–	–	–	–
Loss for the period	10	(3,892)	(105,940)	(5,866)	(129,693)
Other comprehensive expense for the period – exchange difference arising on translation		(100)	(103)	(43)	(229)
Total comprehensive expense for the period		<u>(3,992)</u>	<u>(106,043)</u>	<u>(5,909)</u>	<u>(129,922)</u>
Loss for the period attributable to: Owners of the Company		<u>(3,892)</u>	<u>(105,940)</u>	<u>(5,866)</u>	<u>(129,693)</u>
Total comprehensive expense attributable to: Owners of the Company		<u>(3,992)</u>	<u>(106,043)</u>	<u>(5,909)</u>	<u>(129,922)</u>
Loss per share – Basic (HK cents)	11	<u>(0.36)</u>	<u>(10.50)</u>	<u>(0.54)</u>	<u>(13.64)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	30 September	31 March
	2014	2014
<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets		
Plant and equipment	5,148	5,514
Intangible assets	6,555	6,555
Interests in associates	18,158	18,156
Available-for-sale investments	4,864	4,864
Disposal receivables	9,462	13,963
Deposit paid for acquisition of investment	15,803	20,126
	59,990	69,178
Current assets		
Inventories	9,470	9,470
Trade and other receivables	12 34,597	30,067
Disposal receivables	6,581	1,425
Deposit paid for acquisition of investment	5,531	–
Deposits and prepayments	11,625	11,863
Amounts due from customers for contract work	9,882	10,274
Financial assets at fair value through profit or loss	13 491	493
Pledged bank deposits	378	288
Bank balances and cash	5,036	6,386
	83,591	70,266
Current liabilities		
Amounts due to customers for contract work	20,218	20,942
Trade and other payables	14 94,934	86,006
Receipts in advance	4,493	5,226
Bank borrowings	18,928	17,654
Promissory note payable	10,000	10,000
Amount due to noteholder	15,000	15,000
Obligations under finance leases	–	439
Income tax payable	8,516	8,565
	172,089	163,832
Net current liabilities	(88,498)	(93,566)
Total assets less current liabilities	(28,508)	(24,388)

		Unaudited	Audited
		30 September	31 March
		2014	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and Reserves			
Share capital	<i>15</i>	54,161	54,161
Share premium and reserves	<i>16</i>	(106,574)	(100,665)
		<hr/>	<hr/>
Deficit attributable to owners of the Company		(52,413)	(46,504)
		<hr/>	<hr/>
Total deficit		(52,413)	(46,504)
Non-current liabilities			
Convertible bonds		23,903	22,076
Derivative financial instruments		2	2
Obligations under finance leases		–	38
		<hr/>	<hr/>
		23,905	22,116
		<hr/>	<hr/>
		(28,508)	(24,388)
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share premium	General reserve	Capital reserve	Share option reserve	Exchange translation reserve	Warrants reserve	Accumulated losses	Total	Non- controlling Interest	Total
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 April 2013 (audited)	35,597	385,477	3,056	1,200	1,810	6,884	1,147	(324,377)	110,794	2,693	113,487
Loss for the period	-	-	-	-	-	-	-	(129,693)	(129,693)	-	(129,693)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(229)	-	-	(229)	-	(229)
Total comprehensive expense for the period	-	-	-	-	-	(229)	-	(129,693)	(129,922)	-	(129,922)
Issue of shares upon											
- Placing of shares	2,850	5,130	-	-	-	-	-	-	7,980	-	7,980
- Zero coupon convertible bonds	15,714	20,199	-	-	-	-	-	-	35,913	-	35,913
Shares placement expenses	-	(389)	-	-	-	-	-	-	(389)	-	(389)
At 30 September 2013 (unaudited)	<u>54,161</u>	<u>410,417</u>	<u>3,056</u>	<u>1,200</u>	<u>1,810</u>	<u>6,655</u>	<u>1,147</u>	<u>(454,070)</u>	<u>24,376</u>	<u>2,693</u>	<u>27,069</u>
At 1 April 2014 (audited)	54,161	417,565	3,056	1,200	1,810	5,953	1,147	(531,396)	(46,504)	-	(46,504)
Loss for the period	-	-	-	-	-	-	-	(5,866)	(5,866)	-	(5,866)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(43)	-	-	(43)	-	(43)
Total comprehensive expense for the period	-	-	-	-	-	(43)	-	(5,866)	(5,909)	-	(5,909)
Lapse of share options	-	-	-	-	(1,810)	-	-	1,810	-	-	-
At 30 September 2014 (unaudited)	<u>54,161</u>	<u>417,565</u>	<u>3,056</u>	<u>1,200</u>	<u>-</u>	<u>5,910</u>	<u>1,147</u>	<u>(535,452)</u>	<u>(52,413)</u>	<u>-</u>	<u>(52,413)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	1,355	1,355
Net cash outflow from investing activities	(80)	(24,502)
Net cash (outflow)/inflow from financing activities	(2,580)	19,872
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(1,305)	(3,275)
Effects of foreign exchange rate	(45)	(275)
Cash and cash equivalents at 1 April	6,386	9,725
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	5,036	6,175
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	5,036	6,175
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room M2B2, 7/F., Kaiser Estate, Phase 3, No. 11 Hok Yuen Street, Hung Hom, Kowloon, Hong Kong. The Company's shares are listed on GEM.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 the GEM Listing Rules. The principal accounting policies applied in preparing the unaudited condensed consolidated financial statements for the six months ended 30 September 2014 are set out in note 3.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2014 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2014.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2014 has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate. The Directors consider that the carrying amounts of financial assets and financial liabilities measured at cost or amortised cost in these unaudited condensed consolidated financial statements approximate their fair values.

In the current interim period, the Group has applied all the new and revised HKFRS issued by the HKICPA that are effective for the current interim period. The application of the new and revised HKFRS has had no material effect on the amounts reported and/or disclosure in the unaudited condensed consolidated financial statements.

4. REVENUE

Revenue, which is also the turnover of the Group, represents the amounts arising from systems development and professional services rendered, net of sales related taxes if any.

An analysis of the revenue by principal activities of the operations of the Group during the reporting periods is as follows:

	UNAUDITED			
	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Systems development	6,848	4,170	11,875	16,051
Professional services fees	398	3,363	2,092	4,830
	<u>7,246</u>	<u>7,533</u>	<u>13,967</u>	<u>20,881</u>

5. SEGMENT INFORMATION

(a) Operating segments

Segment information is presented in respect of the Group's business operations and is chosen as the Group's operating segments because this is more relevant to the Group's internal financial reporting.

An analysis of the Group's revenue and results for the six months ended 30 September 2014 and 2013 by operating segment is as follows:

	System development		Professional services		Consolidated	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
TURNOVER						
Revenue from external customers	<u>11,875</u>	<u>16,051</u>	<u>2,092</u>	<u>4,830</u>	<u>13,967</u>	<u>20,881</u>
RESULT						
Segment results	<u>(2,517)</u>	<u>1,493</u>	<u>(118)</u>	<u>1,117</u>	<u>(2,635)</u>	<u>2,610</u>
Interest income					10	22
Unallocated income					2,146	355
Unallocated expenses, gains and losses					(2,008)	(127,815)
Finance costs					<u>(3,379)</u>	<u>(4,865)</u>
Loss for the period					<u>(5,866)</u>	<u>(129,693)</u>

(b) Geographical information

For the six months ended 30 September 2014 and 2013, over 90% of the Group's revenue and assets were derived from customers and operations based in the People's Republic of China (the "PRC").

6. OTHER INCOME

	UNAUDITED			
	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Interest income	4	4	10	22
Imputed interest income	1,071	–	2,142	–
Value added tax refunded	–	1	–	335
Others	<u>19</u>	<u>–</u>	<u>20</u>	<u>20</u>
	<u>1,094</u>	<u>5</u>	<u>2,172</u>	<u>377</u>

7. OTHER EXPENSES, GAINS AND LOSSES

	UNAUDITED			
	Three months ended		Six months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss/(Gain) on financial assets at fair value through profit or loss	–	(28)	2	128
Impairment loss in respect of				
– trade receivables	1,773	21	3,002	21
– investments (a)	–	102,507	–	102,507
– deposit paid for acquisition of subsidiary (b)	–	–	–	20,000
Gain on disposal of				
– financial assets at fair value through profit or loss	–	–	–	(22)
– property, plant and equipment	–	–	(655)	–
Reversal of impairment loss in respect of				
– trade receivables	(1)	(1,861)	(88)	(2,210)
– other receivables	(79)	(596)	(126)	(1,729)
Gain on change in fair value of the derivative components of convertible note	–	(379)	–	(379)
	<u>1,693</u>	<u>99,664</u>	<u>2,135</u>	<u>118,316</u>

- (a) For the six months ended 30 September 2013, the amount represents the impairment loss made on Tirack Holdings Corporation and its subsidiaries (collectively known as “Tirack”) acquired by the Company in April 2013. For details, please refer to the Company’s interim announcement for the six months ended 30 September 2013 dated 15 January 2015.
- (b) For the six months ended 30 September 2013, the amount represents the impairment loss made for the deposit paid for possible acquisition of Fame Thrive Limited. For details, please refer to p.14 and 15 of the Company’s results announcement for the three months ended 30 June 2013 dated 30 November 2014.

8. FINANCE COSTS

	UNAUDITED			
	Three months ended		Six months ended	
	30 September		30 September	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowing				
repayable within one year	363	322	578	567
Interest on promissory note payable	299	376	598	676
Interest on amount due to noteholder	186	835	373	835
Interest on convertible bonds	914	1,142	1,827	2,729
Finance costs on finance leases	–	27	3	58
	<u>1,762</u>	<u>2,702</u>	<u>3,379</u>	<u>4,865</u>

9. INCOME TAX EXPENSES

- (a) Hong Kong profit tax has not been provided for in the unaudited condensed consolidated financial statements as there was no estimated assessable profit derived from Hong Kong during the six months ended 30 September 2014 and 2013.
- (b) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the standard tax rate is 25%.

10. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	UNAUDITED			
	Three months ended		Six months ended	
	30 September		30 September	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs				
Salaries and other benefits	800	800	1,528	1,624
Retirement benefits scheme contributions	38	99	96	193
	<u>838</u>	<u>899</u>	<u>1,624</u>	<u>1,817</u>
Auditors' remuneration	163	140	475	280
Amortisation	–	1,563	–	3,125
Depreciation	179	378	369	907
Operating leases	182	146	192	341
	<u>1,462</u>	<u>3,026</u>	<u>2,639</u>	<u>6,070</u>

11. LOSS PER SHARE

The calculation of basic loss per share for the three months and six months ended 30 September 2014 were based on the loss attributable to owners of the Company of approximately of HK\$3,892,000 and loss of HK\$5,866,000 (2013: losses of HK\$105,940,000 and HK\$129,693,000) respectively divided by 1,083,223,857 shares for the three months and six months ended 30 September 2014 (2013: weighted average number of 1,008,689,696 shares and 950,678,191 shares respectively) in issue during the period.

During the three months and six months ended 30 September 2014 and 2013, the conversion of all potential ordinary shares outstanding would have an anti-dilutive effect on the loss per share. Hence, there was no dilutive effect on calculation of the diluted loss per share for the three and six months ended 30 September 2014 and 2013.

12. TRADE AND OTHER RECEIVABLES

	Unaudited At 30 September 2014 <i>HK\$'000</i>	Audited At 31 March 2014 <i>HK\$'000</i>
Trade and bills receivables	71,356	70,303
Less: Impairment loss recognised	<u>(53,219)</u>	<u>(50,281)</u>
	18,137	20,022
Retention receivables	7,336	6,073
Less: Impairment loss recognised	<u>(949)</u>	<u>(949)</u>
	6,387	5,124
Other receivables	85,837	80,757
Less: Impairment loss recognised	<u>(75,764)</u>	<u>(75,836)</u>
	10,073	4,921
	34,597	30,067

- (a) Trade receivables are due for settlement in accordance with the terms of the underlying agreements with the customers. Trade receivables with balances that are more than 9 months overdue are requested to settle all outstanding balances before any further credit is granted.
- (b) Impairment loss is recognised against trade receivables based on estimated irrecoverable amount determined by reference to past default experience of customers.

- (c) An aging analysis of trade and bills receivables based on the date of invoice, net of impairment loss recognised is as follows:

	Unaudited At 30 September 2014 <i>HK\$'000</i>	Audited At 31 March 2014 <i>HK\$'000</i>
0-30 days	6,666	6,074
31-90 days	4,450	3,683
Over 90 days	7,021	10,265
	18,137	20,022

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited At 30 September 2014 <i>HK\$'000</i>	Audited At 31 March 2014 <i>HK\$'000</i>
Equity securities listed in the PRC, at fair value	491	493

The financial assets are held for trading purposes. The fair values of these financial assets are based on quoted market price and classified under level 1 of the fair value hierarchy.

14. TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2014 <i>HK\$'000</i>	Audited At 31 March 2014 <i>HK\$'000</i>
Trade payables	33,361	33,053
Amount due to a former shareholder	17,767	17,754
Accrued expenses and other payables	43,806	35,199
	94,934	86,006

An aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	Unaudited At 30 September 2014 <i>HK\$'000</i>	Audited At 31 March 2014 <i>HK\$'000</i>
0-30 days	10,073	15,558
31-90 days	438	336
Over 90 days	22,850	17,159
	33,361	33,053

15. SHARE CAPITAL

	Number of shares	Amount <i>HKS'000</i>
Authorised:		
Ordinary shares of HK\$ 0.05 each at 31 March 2014 and 30 September 2014	4,000,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK\$0.05 each at 31 March 2014 and 30 September 2014	1,083,223,857	54,161

16. SHARE PREMIUM AND RESERVES

Movements in reserves for the Group during the period are set out in the unaudited condensed consolidated statement of changes in equity.

17. COMMITMENTS

Commitment under operating lease

The Group leases certain of its office premises under operating lease. Leases for properties are negotiated for a term ranging from one to two years and rentals are fixed, with an option to renew the lease. At 30 September 2014 the total future minimum lease payments under non-cancellable operating leases payable are as follows:

	Unaudited At 30 September 2014 <i>HKS'000</i>	Audited At 31 March 2014 <i>HKS'000</i>
Within one year	–	49

18. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2013: Nil).

19. LITIGATION

On 4 April 2014, the Company was served with a sealed copy of a petition (the “Petition”) issued by Metal Winner Limited (“MWL”) in Companies (Winding-up) Proceedings No. 83 of 2014 in the High Court of Hong Kong (the “Winding-up Proceedings”) under which MWL (a) claimed that the Company was indebted to MWL in the sum of HK\$5,700,000; and (b) petitioned that the Company be wound up by the Court. As at the date of this report, this Petition was dismissed by the High Court of Hong Kong. Separately, there are two other parties who claimed the Company was indebted to them. After investigation, the Company found that the alleged debts claimed by these two parties arose from certain dealings between a former director of the Company and these two parties. The nature and mechanism of these dealings were the same or very similar to that of MWL’s. In the Winding-up Proceedings, the court has found that there was an illegal scheme perpetrated on the Company by the aforesaid former director and MWL was a party to that scheme. In gist, the illegal scheme was that the aforesaid former director obtained loans from the counterparty and the Company was falsely made as a borrower to answer the repayment obligation. The Company commenced legal proceedings in the High Court (the “Injunction Proceedings”) against these two parties seeking an injunction to restrain them from presenting any petition for the winding-up of the Company or to apply to substitute MWL as petitioner in the Winding-up Proceedings (the “Restrained Acts”). The two parties gave an undertaking to the court not to do the Restrained Acts until the resolution of the Injunction Proceedings.

After the Winding-up Proceedings were dismissed by court, the Company also managed to resolve the Injunction Proceedings by way of a consent order after the two parties were willing to give further undertaking to the court not to present any petition for the winding-up of the Company pending determination of the Writ of Summons to be issued (if any) by them against the Company for recovery of the said alleged debts and/or the determination of any counterclaims or the Writ of Summons to be issued (if any) by the Company against them for declaratory relief that the said alleged debts are void or unenforceable.

20. EVENTS AFTER THE REPORTING PERIOD

- (a) On 22 December 2014, the Group sold its inventories of raw cottons for the cash consideration of HK\$10,000,000. The consideration is receivable by the Group by instalments, being HK\$2,500,000, HK\$4,000,000, HK\$2,000,000 and HK\$1,500,000 which fall due on 30 June 2015, 30 September 2015, 31 December 2015 and 31 March 2016 respectively. Up to the date of this report, HK\$3,500,000 has been received by the Group.
- (b) On 3 February 2015, a judgment of High Court Action No.1398/2014 was issued, pursuant to which the trustee in respect of 20% equity interest of Fame Thrive Limited as referred to in Note 7(b) is obliged to pay the outstanding settlement fee of HK\$19,500,000 (representing the outstanding balance of the first three instalments) together with interests thereon.
- (c) On 16 February 2015, the Company entered into a deed of settlement with the purchaser of 上海景福, under which the outstanding disposal receivable is revised from RMB15,000,000 to HK\$17,700,000 which is payable by the purchaser by seven instalments, being HK\$1,000,000, HK\$500,000, HK\$500,000, HK\$1,000,000, HK\$4,700,000, HK\$5,000,000 and HK\$5,000,000, on which fall due on 18 February 2015, 27 February 2015, 30 April 2015, 30 June 2015, 30 September 2015, 31 December 2015 and 31 March 2016 respectively.
- (d) On 30 March 2015, the Group acquired certain listed equity securities from an independent third party at a consideration of HK\$32,500,000. The consideration is satisfied by way of issue the promissory note with the principal amount of HK\$32,500,000. The promissory note is unsecured, carries interest at 12% per annum and will be matured on 30 September 2015. Up to the date of this report, HK\$2,500,000 was repaid by the Group. On 28 May 2015, the Company and the noteholder mutually agreed to extend the maturity date of the promissory note with the remaining principal of HK\$30,000,000 for one year from 30 September 2015 to 30 September 2016.

- (e) On 1 April 2015, the holders of warrants exercised its rights to subscribe 57,380,000 new shares of the Company at the subscription price of HK\$0.19 per share, giving rise to a proceed of approximately HK\$10,902,000.
- (f) On 20 April 2015, the Group entered into an agreement with an independent third party for the disposal of the technical know-how at a cash consideration of HK\$7,000,000, a deposit of which amounted to HK\$700,000 was received by the Group. The outstanding cash consideration of HK\$6,300,000 is receivable by the Group by six instalments, being HK\$1,000,000, HK\$1,000,000, HK\$1,000,000, HK\$1,000,000, HK\$1,000,000 and HK\$1,300,000 which fall due on 30 June 2015, 30 August 2015, 30 October 2015, 31 December 2015, 28 February 2016 and 31 March 2016 respectively. Up to the date of this report, HK\$1,700,000 has been received by the Group.
- (g) On 21 April 2015, the Company entered into an agreement with a third party, under which loan facility to the extent of HK\$50,000,000 is granted to the Company for a period of two years from the date of the agreement. The loan carries interest at 1.25% per month and is secured by the floating charge over all the assets of the Company. This loan has not been utilised up to the date of this report.
- (h) On 28 April 2015, the Group has entered into an agreement with an independent third party for the acquisition of 100% of the issued share capital of Wilco Printing Co., Limited (“Wilco”) and the director’s loan to Wilco at a consideration of HK\$1,537,029. Please refer to the announcement of the Company dated 28 April 2015 for further details of the acquisition. Wilco is principally engaged in the provision of printing services and solutions on advertisement, brochures and bound books to customers mainly in Hong Kong. After the acquisition, printing services become one of the principal businesses of the Group. As at the date of this report, the fair values of certain assets and liabilities and the purchase consideration have not be determined.
- (i) On 20 May 2015, the Company entered into an agreement with the holder of the promissory note with the principal amount of HK\$10,000,000 under which the noteholder has agreed for the repayment by the Company of the promissory note together with interest thereon amounted to a total of HK\$13,340,000 by five instalments, being HK\$2,000,000, HK\$2,000,000, HK\$3,000,000, HK\$3,000,000 and HK\$3,340,000 which fall due on 31 July 2015, 30 September 2015, 30 November 2015, 31 January 2016 and 31 March 2016 respectively.
- (j) On 28 May 2015, the Company and the noteholder as described in (d) above entered into a deed of settlement, under which the noteholder agreed to extend the maturity date under the promissory note for one year from 30 September 2015 to 30 September 2016.
- (k) On 17 June 2015, the Company signed an underwriting agreement to raise not less than approximately HK\$28.52 million and not more than approximately HK\$40.92 million before expenses by issuing not less than 570,301,928 ordinary shares with par value HK\$0.05 each of the Company (“Shares”) and not more than 818,499,792 Shares at the subscription price of HK\$0.05 per Shares on the basis of one Shares for every two existing Shares (“Open Offers”). These new shares rank pari passu in all respect with existing shares. Details of the Open Offers have been disclosed in the announcement dated on 17 June 2015. The net proceeds to be raised from the Open Offer will amount to not less than approximately HK\$27.52 million and not more than approximately HK\$39.49 million which will be used for general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue for the six months ended 30 September 2014 amount to approximately HK\$14 million representing a decrease of approximately 33% as compared to that of the corresponding period in 2013.

FINANCIAL PERFORMANCE

During the six months ended 30 September 2014, the Group recorded a revenue of approximately HK\$14 million (2013: HK\$20.9 million) representing a decrease of approximately 33% as compared to that of the corresponding period in 2013. Administrative expenses decreased to approximately HK\$3.6 million as compared to approximately HK\$9.5 million of the previous corresponding period, representing a decrease of approximately 62% as compared to that of the corresponding period in 2013. Loss attributable to the shareholders was approximately HK\$5.9 million (2013: loss of HK\$129.7 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2014, shareholders' deficit of the Group amounted to approximately HK\$52 million (2014 audited: HK\$47 million). Current assets amounted to approximately HK\$83 million (2014 audited: HK\$70 million), of which approximately HK\$5 million (2014 audited: HK\$6 million) were cash and bank balances and approximately HK\$35 million (2014 audited: HK\$30 million) were trade and other receivables. Current liabilities of HK\$172 million (2014 audited: HK\$163 million) were mainly trade and other payables.

GEARING RATIO

The gearing ratio calculated on the basis of total liabilities over the total shareholders' fund. Since the Company recorded a deficit in shareholders' fund in both the current and corresponding periods, the gearing ratio was not applicable as at 30 September 2014 and 31 March 2014.

FOREIGN CURRENCY EXPOSURE

During the six months ended 30 September 2014, the Group experienced only immaterial exchange rate fluctuations as the functional currencies of the Group's operations were mainly Hong Kong dollars and Renminbi. As the risk on exchange rate difference was considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Company has not completed any material acquisitions or disposal during the period.

On 28 April 2015, the Group has entered into an agreement with a third party for the acquisition of 100% of the issued share capital of Wilco Printing Co., Limited (“Wilco”) and the director’s loan to Wilco at a consideration of HK\$1,537,029. Please refer to the announcement of the Company dated 28 April 2015 for further details of the acquisition. Wilco is principally engaged in the provision of printing services and solutions on advertisement, brochures and bound books to customers mainly in Hong Kong. After the acquisition, printing services become one of the principal businesses of the Group.

NEW PRODUCTS AND SERVICES

The Group has launched money lending services and printing services as at the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2014, the Group hired 19 and 5 employees in Hong Kong and the PRC respectively (2013: a total of 29 including the executive Directors). Total staff costs including Directors’ remuneration for the six months period under review amounting to approximately HK\$1.6 million (2013: HK\$1.8 million). The Group’s remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees. The Group provides mandatory provident fund scheme for the employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

The Company has conditionally adopted a share option scheme (the “Scheme”) pursuant to which the executive Directors and full-time employees of the Group may be granted options to subscribe for the shares of the Company. During the six months ended 30 September 2014, no options had been granted under such Scheme and all the options were lapsed during the period under review.

CONTINGENT LIABILITIES

As at 30 September 2014 other than those disclosed in note 19(a) in the unaudited condensed consolidated financial statements, the Group did not have any material contingent liabilities (2013: Nil).

FUTURE PROSPECTS

The Group will continue to look for opportunities to create shareholders' value through making investments into and/or acquiring interests in companies or projects that have promising outlooks and prospects. The Group intends to broaden its perspective beyond the IT sector and potentially also invest into and/or make acquisitions in other industries (including renewable energy and other "green" businesses, the financial industry, and more traditional non-IT businesses) so long as such investments/acquisitions can bring value and are beneficial to the Company and its shareholders as a whole. In addition, it was stated previously that the Group intended to enter into the financial and financial services sector. As at the date of this report, the Group has already commenced its proprietary trading business. The Group also successfully renewed its money lending business recently. Trading in securities, printing services and money lending have now also become the principal businesses of the Group. The Board is of the view that these new principal businesses together with the existing businesses will bring further value to the shareholders as a whole in the coming future.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2014, none of the Directors and chief executive of the Company were interested in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the required standard of dealing by the Directors under the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 30 September 2014, the person (other than a director or chief executive of the Company) who have interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:

Name of the shareholder	Capacity	Number of shares held	Approximate percentage of shareholding (note 1)
Mr. Li Ming Ren	Beneficial owner	114,285,715	10.55%

Note:

- As at 30 September 2014, the issued share capital of the Company was 1,083,223,857 shares.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 30 September 2014, no long positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

SHORT POSITIONS IN SHARES OF THE COMPANY

As at 30 September 2014, no short positions of other persons or substantial shareholders in the shares of the Company and its associated corporations were recorded in the register.

SHORT POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 30 September 2014, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register. Save as disclosed above, as at 30 September 2014, the Directors were not aware of any other person who has an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the six months ended 30 September 2014 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As at 30 September 2014, none of the Directors or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules and the Corporate Governance Code (the "Code").

The audit committee of the Company reviews the internal accounting procedures, considers and reports to the Board with respect to other auditing and accounting matters, including selection of independent auditors, fees to be paid to the independent auditors and the performance of the independent auditors.

The unaudited condensed consolidated financial statements of the Group for the period ended 30 September 2014 have been reviewed by the audit committee of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Code contained in Appendix 15 of the GEM Listing Rules as its own code on corporate governance practices. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the Code and there have been no material deviations from the Code during the period:

Code Provision A.2.1 – Throughout the period under review, the role of chief executive officer was assumed by Mr. Liu Bo from 1 April 2014 to 29 July 2014, who was an executive Director and the chairman of the Board. Dr. Chew Chee Wah was appointed as chairman of the Board on 29 July 2014 and the role of chief executive officer was assumed by Dr. Chew Chee Wah from 29 July 2014 to 5 August 2014. The roles of chairman and chief executive officer were separated on 5 August 2014 when Mr. Tam Kwok Leung was appointed as chief executive officer.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company.

Having made specific enquiry, all Directors have confirmed that they have complied with the required standard of dealings and there is no event of non-compliance throughout the six months ended 30 September 2014.

OTHER MATTERS

1. Wanquan – Wang Yu Sha (王雨莎)

On 9 September 2013, a deed of settlement was entered into between the Company and the trustee 王雨莎 (“Wang Yu Sha”) of the 20% equity interests in Shanghai Wanquan Insurance Brokers Limited (“Wanquan” or “上海萬全保險經紀有限公司”) (currently known as 上海君翊保險經紀有限公司 or Shanghai Junyi Insurance Brokers Limited) which was acquired by the Group in March 2011, in which such equity interests were transferred to an independent third party on 14 August 2012 without the consent and approval of the Company. Pursuant to the said deed of settlement, the said trustee agreed to pay a settlement fee in the sum of HK\$30 million to the Company in four equal instalments in cash on a quarterly basis from on or before 9 December 2013 onwards. Please refer to the announcement of the Company dated 9 September 2013 for further details of the deed of settlement. The trustee has already paid HK\$3 million out of the first instalment of HK\$7.5 million due on 9 December 2013. The Company has demanded the trustee to pay up the outstanding overdue sum and to put up collateral for the balance of the settlement sum.

In view of the fact that only HK\$3 million out of the HK\$30 million settlement fee has been paid, and the remaining has become overdue, the Directors have serious concerns over the recoverability of the settlement fees. The investment in Wanquan had been impaired in full for the year ended 31 March 2013.

The Company has commenced legal proceedings in the High Court of Hong Kong against the trustee to recover the outstanding amount. Judgment for a sum of HK\$19.5 million (being the outstanding balance of the first three instalments) has been obtained against the trustee. The overall strategy of the Company is to take all reasonable and economical measures to recover the judgment debt and the remaining balance of the settlement fees in full. The Company has conducted some investigation on whether the trustee has any assets in Hong Kong for purpose of enforcement of the judgment. However, up to date, the Company could not find any assets held by the trustee in Hong Kong. Since the trustee is a mainland citizen, the Company is obtaining legal advice from PRC lawyers to see if it is possible and practicable to take legal action in the PRC. The Company will keep shareholders informed promptly on the progress in recovering such judgment debt and outstanding settlement fees.

2. Gold Tycoon Limited

On 20 April 2011, the Company and Gold Tycoon Limited, a company incorporated in the British Virgin Islands with limited liability, entered into the memorandum of broad terms in relation to the proposed acquisition of not less than 50% of the entire issued share capital of the Gold Depot Investments Limited, a company incorporated in the British Virgin Islands with limited liability, in which the Company understood that Gold Depot Investments Limited directly or indirectly owns an exploration right and a mining right of a gold mine located in Guizhou, the PRC.

Subsequently on 17 May 2011, the Company and Gold Tycoon Limited entered into an addendum to the memorandum of broad terms to provide for the payment of HK\$25 million to Gold Tycoon Limited as an interest-free refundable earnest money for the possible acquisition of not less than 50% of the entire issued share capital of Gold Depot Investments Limited and as part payment of the consideration if the definitive agreement is entered into between the Company (or its nominee) and Gold Tycoon Limited. The earnest money was paid by the Company to Gold Tycoon Limited upon signing of the addendum.

On 28 September 2012, the Company and Gold Tycoon Limited entered into an addendum to the memorandum of board terms that the scale of the possible acquisition would be reduced from not less than 50% to not more than 20% of the entire issued share capital of Gold Depot Investments Limited.

Pursuant to the addenda entered into between the Company and Gold Tycoon Limited on 17 October 2011, 30 December 2011, 29 June 2012, 28 September 2012, 29 November 2012, 30 January 2013, 27 March 2013, 30 May 2013, 31 July 2013, 30 September 2013, 29 November 2013 and 30 January 2014, the exclusivity period in which Gold Tycoon Limited shall not, among other things, directly or indirectly, discuss or negotiate with any other party for the purpose of frustrating or impeding the furtherance of the transaction contemplated under the memorandum of broad terms has been extended to 30 April 2014.

As mentioned above, the exclusivity period for the acquisition of Gold Depot Investments Limited expired on 30 April 2014. As stated in the Company's announcement dated 20 April 2011, the memorandum of broad terms would automatically terminate upon the expiry of the exclusivity period. The memorandum and the exclusivity period were not extended beyond 30 April 2014. Negotiations of the acquisition have also terminated.

Pursuant to the memorandum, within 3 days after expiry of the exclusive period, the vendor shall refund the HK\$25 million earnest money to the Company. On 28 November 2014, a settlement agreement between the Company and Gold Tycoon Limited was executed. Pursuant to the settlement agreement, Gold Tycoon Limited will repay the earnest money of HK\$25 million (the "**Settlement Amount**") to the Company with the following payment schedule: (i) HK\$3 million shall be paid to the Company on or before 30 April 2015, being the first installment of the Settlement Amount; (ii) HK\$3 million shall be paid to the Company on or before 31 July 2015, being the second installment of the Settlement Amount; (iii) HK\$3 million shall be paid to the Company on or before 31 October 2015, being the third installment of the Settlement Amount; (iv) HK\$4 million shall be paid to the Company on or before 31 January 2016, being the fourth installment of the Settlement Amount; (v) HK\$4 million shall be paid to the Company on or before 30 April 2016, being the fifth installment of the Settlement Amount; (vi) HK\$4 million shall be paid to the Company on or before 31 July 2016, being the sixth installment of the Settlement Amount; and (vii) HK\$4 million shall be paid to the Company on or before 31 October 2016, being the final installment of the Settlement Amount.

Details of the above possible acquisition were disclosed in the announcements of the Company dated 20 April 2011, 17 May 2011, 7 October 2011, 30 December 2011, 29 June 2012, 28 September 2012, 29 November 2012, 30 January 2013, 27 March 2013, 30 May 2013, 31 July 2013, 30 September 2013, 29 November 2013 and 30 January 2014.

In view of the fact that a settlement agreement was being executed on 28 November 2014 and the Company has assessed the financial capability of the vendor by examining the documents and information provided by the vendor and understood that the vendor is the major beneficial owner of the target gold mine. The Directors are of the view that the vendor would be able to repay the earnest money. The overall strategy of the Company is to take all reasonable and economical steps to recover the earnest money (including possible legal actions should the vendor fail to honor its obligations to return the earnest money). The Company will keep shareholders informed promptly on the progress in recovering the earnest money. As at the date of this report, there is no outstanding balance according to the settlement agreement.

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

During the six months period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 2 July 2013 and will remain suspended until further notice.

On behalf of the Board
Tai Shing International (Holdings) Limited
Zhang He
Executive Director

Hong Kong, 23 June 2015

As at the date of this report, the Board comprises the following directors:

Executive Directors:

Dr. Chew Chee Wah (*Chairman*)
Mr. Tam Kwok Leung (*Chief Executive Officer*)
Ms. Ju Lijun
Mr. Zhang Jinshu
Mr. Luk Chi Shing
Ms. Zhang He
Mr. Lee Yiu Tung

Non-executive Directors:

Dr. Pan Jin
Mr. Dai Yuanxin
Ms. Xiao Yongzhen

Independent non-executive Directors:

Mr. Chan Yee Sze
Ms. Hu Yun
Mr. Lui Wai Ming
Mr. Koh Kwing Chang
Mr. Lai Chi Leung

This report will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its publication and is available for reference on the website of the Company at www.equitynet.com.hk/8103/.