

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 2015

* *For identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “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 2015 amounted to approximately HK\$12.7 million representing a decrease of approximately 9% over the corresponding period in 2014.
- Loss attributable to the shareholders for the six months ended 30 September 2015 amounted to approximately HK\$6.1 million (2014: Loss of HK\$5.9 million).
- Basic loss per share for the six months ended 30 September 2015 was approximately 1.01 HK cents (2014: Loss per share 1.08 HK cents as restated).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: 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 2015, together with the unaudited comparative figures for the corresponding periods in 2014, are as follows:–

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

	<i>Notes</i>	Unaudited		Unaudited	
		Three months ended		Six months ended	
		30 September		30 September	
		2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	7,877	7,246	12,694	13,967
Cost of services		(5,895)	(6,735)	(10,312)	(12,859)
Gross profit		1,982	511	2,382	1,108
Net loss on change in fair value of financial assets at fair value through profit or loss	6	(15,403)	–	(15,548)	–
Other income	7	994	1,094	2,003	2,172
Selling and distribution expenses		(91)	(16)	(95)	(43)
Administrative expenses		(9,041)	(2,026)	(12,489)	(3,589)
Other gains, losses and expenses	8	3,916	(1,693)	22,902	(2,135)
Finance costs	9	(2,487)	(1,762)	(5,292)	(3,379)
Share of profit of an associate		16	–	16	–
Loss before taxation		(20,114)	(3,892)	(6,121)	(5,866)
Income tax expenses	10	(11)	–	(11)	–
Loss for the period attributable to owners of the Company	11	(20,125)	(3,892)	(6,132)	(5,866)
Other comprehensive income/(expense) item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operations		2,116	(100)	1,888	(43)
Total comprehensive expense for the period attributable to owners of the Company		(18,009)	(3,992)	(4,244)	(5,909)
			(Restated)		(Restated)
Loss per share					
– Basic and diluted (HK cents)	12	(3.12)	(0.72)	(1.01)	(1.08)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2015 <i>HK\$'000</i>	Audited 31 March 2015 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		10,196	4,826
Interest in an associate		18,370	18,057
Available-for-sale investments		11,464	4,864
Deposit paid for acquisition of investment		–	11,318
Deferred tax assets		198	–
		40,228	39,065
Current assets			
Trade and other receivables	13	40,657	33,089
Disposal receivables		13,034	15,058
Deposit paid for acquisition of investment		17,750	10,723
Deposits and prepayments		12,318	12,879
Amounts due from customers for contract work		7,671	9,196
Financial assets at fair value through profit or loss	14	38,731	34,002
Pledged bank deposits		872	1,457
Bank balances and cash		7,666	6,880
		138,699	123,284
Assets classified as held for sale		–	7,000
		138,699	130,284
Current liabilities			
Amounts due to customers for contract work		5,229	5,145
Bonds	20	7,350	–
Convertible bonds		27,865	–
Trade and other payables	15	98,234	96,471
Receipts in advance		4,175	5,647
Bank borrowings		1,106	18,938
Promissory notes	16	36,517	42,521
Amount due to noteholder	17	3,216	15,000
Obligations under finance leases		1,268	–
Tax payable		5,623	6,907
		190,583	190,629
Net current liabilities		(51,884)	(60,345)
Total assets less current liabilities		(11,656)	(21,280)

		Unaudited	Audited
		30 September	31 March
		2015	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and Reserves			
Share capital	<i>18</i>	67,862	54,161
Share premium and reserves	<i>19</i>	(87,110)	(101,179)
Deficit attributable to owners of the Company		(19,248)	(47,018)
Non-current liabilities			
Bonds	<i>20</i>	5,469	–
Convertible bonds		–	25,729
Derivative financial instruments of convertible bonds		9	9
Obligations under finance leases		2,114	–
		7,592	25,738
		(11,656)	(21,280)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	General reserve <i>HKS'000</i>	Capital reserve <i>HKS'000</i>	Share option reserve <i>HKS'000</i>	Exchange translation reserve <i>HKS'000</i>	Warrants reserve <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Total <i>HKS'000</i>
At 1 April 2014 (audited)	54,161	417,565	3,056	1,200	1,810	5,953	1,147	(531,396)	(46,504)
Loss for the period	-	-	-	-	-	-	-	(5,866)	(5,866)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(43)	-	-	(43)
Total comprehensive expense for the period	-	-	-	-	-	(43)	-	(5,866)	(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>
At 1 April 2015 (audited)	54,161	417,565	3,056	1,200	-	5,899	1,147	(530,046)	(47,018)
Loss for the period	-	-	-	-	-	-	-	(6,132)	(6,132)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	1,888	-	-	1,888
Total comprehensive income/(expense) for the period	-	-	-	-	-	1,888	-	(6,132)	(4,244)
Issue of shares upon									
– exercise of warrants	2,869	9,180	-	-	-	-	(1,147)	-	10,902
– placement of shares	10,832	7,583	-	-	-	-	-	-	18,415
Share issue expenses	-	(553)	-	-	-	-	-	-	(553)
Recognition of equity-settled share based payments	-	-	-	-	3,250	-	-	-	3,250
At 30 September 2015 (unaudited)	<u>67,862</u>	<u>433,775</u>	<u>3,056</u>	<u>1,200</u>	<u>3,250</u>	<u>7,787</u>	<u>-</u>	<u>(536,178)</u>	<u>(19,248)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	30 September	
<i>Notes</i>	2015	2014
	HK\$'000	HK\$'000
Net cash (outflow)/inflow from operating activities	(4,311)	1,355
INVESTING ACTIVITIES		
Purchase of available-for-sale investments	(6,600)	–
Acquisition of a subsidiary	(333)	–
22		
Proceeds from disposal of assets classified as held for sale	1,700	–
Receipts from disposal receivables	2,800	–
Receipts from deposit paid for acquisition of investment	5,500	–
Other investing cash flows	602	(80)
	<hr/>	<hr/>
Net cash inflow/(outflow) from investing activities	3,669	(80)
FINANCING ACTIVITIES		
Proceeds from issue of bonds	12,682	–
Proceeds from exercise of warrants	10,903	–
Net proceeds from placement of shares	17,861	–
Repayment of bank borrowings	(18,875)	–
Repayment of promissory notes	(6,500)	–
Repayment of amount due to noteholder	(11,784)	–
Other financing cashflows	(2,341)	(2,580)
	<hr/>	<hr/>
Net cash inflow/(outflow) from financing activities	1,946	(2,580)
Net increase/(decrease) in cash and cash equivalents	1,304	(1,305)
Effects of foreign exchange rate	(518)	(45)
Cash and cash equivalents at 1 April	6,880	6,386
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	7,666	5,036
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	7,666	5,036
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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 ("HKICPA") 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 2015 are set out in note 3.

In preparing these condensed consolidated financial statement, the directors have considered the future liquidity of the Group. As at 30 September 2015, the Group had recorded net current liabilities and net liabilities of approximately HK\$51,884,000 and HK\$19,248,000 respectively.

Notwithstanding the aforesaid conditions, the condensed consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next twelve months from the date of approval of these condensed consolidated financial statements, after taking into consideration of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the development of its businesses and the following matters:

- (a) 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. The loan has not been utilised up to the date of approval of these condensed consolidated financial statements.
- (b) On 14 September 2015, the Company issued a bond of HK\$9,800,000 to an independent third party. The bond with the carrying amount of HK\$7,350,000 as at 30 September 2015 is classified as a current liability before the expiry of the cooling period. Upon the expiry of the cooling period on 31 October 2015, the bond will mature on 14 September 2019 and therefore not repayable in coming twelve months from 30 September 2015. For details, please refer to note 20(c).

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2015 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2015.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2015 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 Hong Kong Financial Reporting Standards ("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 income from systems development, professional services rendered and printing services, 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		Six months ended	
	30 September	2014	30 September	2014
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from provision of				
Systems development	3,656	6,848	5,532	11,875
Professional services fees	2,354	398	3,751	2,092
Printing services	1,867	–	3,411	–
	<u>7,877</u>	<u>7,246</u>	<u>12,694</u>	<u>13,967</u>

The Group has also engaged in proprietary trading business in the current period. Gross proceeds from proprietary trading amounted to HK\$5,259,000 and HK\$13,023,000 for the three months and six months ended 30 September 2015 respectively (2014: nil) and realised loss amounted to HK\$4,271,000 and HK\$1,464,000 for the three months and six months ended 30 September 2015 respectively (2014: nil) (included in the net loss on change in fair value of financial assets at fair value through profit or loss).

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.

During the current interim period, the Group commenced its printing business by acquiring Wilco Printing Co., Limited (see Note 22). Therefore, in the current interim period, the Group's operations have diversified to the following four operating segments.

An analysis of the Group's revenue and results for the six months ended 30 September 2015 and 2014 by operating segment is as follows:

	System development		Professional services		Proprietary trading		Printing services		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<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>
TURNOVER										
Revenue from external customers	<u>5,532</u>	<u>11,875</u>	<u>3,751</u>	<u>2,092</u>	<u>-</u>	<u>-</u>	<u>3,411</u>	<u>-</u>	<u>12,694</u>	<u>13,967</u>
RESULT										
Segment results	<u>(601)</u>	<u>(2,517)</u>	<u>352</u>	<u>(118)</u>	<u>(15,548)</u>	<u>-</u>	<u>554</u>	<u>-</u>	<u>(15,243)</u>	<u>(2,635)</u>
Interest income									2,003	10
Unallocated income and gains									24,688	2,146
Unallocated expenses and losses									(12,293)	(2,008)
Finance costs									(5,292)	(3,379)
Share of profit of an associate									16	-
Loss before tax									<u>(6,121)</u>	<u>(5,866)</u>

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by its operating and reportable segments.

	Systems development		Professional services		Proprietary Trading		Printing		Consolidated	
	30 September 2015	31 March 2015	30 September 2015	31 March 2015	30 September 2015	31 March 2015	30 September 2015	31 March 2015	30 September 2015	31 March 2015
	<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>
ASSETS										
Segment assets	<u>36,533</u>	<u>35,911</u>	<u>7,176</u>	<u>3,455</u>	<u>38,731</u>	<u>34,002</u>	<u>7,219</u>	<u>-</u>	<u>89,659</u>	73,368
Unallocated assets										
- Plant and equipment									40	48
- Interest in an associate									18,370	18,057
- Available-for-sale investments									11,464	4,864
- Disposal receivables									13,034	15,058
- Deposit paid for acquisition of investment									17,750	22,041
- Other receivables, deposits and prepayments									20,072	20,576
- Pledged bank deposits									872	1,457
- Bank balances and cash									7,666	6,880
- Assets classified as held for sale									-	7,000
Total assets									<u>178,927</u>	<u>169,349</u>
LIABILITIES										
Segment liabilities	<u>49,406</u>	<u>46,655</u>	<u>4,092</u>	<u>8,358</u>	<u>1,407</u>	<u>-</u>	<u>5,438</u>	<u>-</u>	<u>60,343</u>	55,013
Unallocated liabilities										
- Other payables									50,677	52,250
- Bank borrowings									1,106	18,938
- Bonds									12,819	-
- Promissory notes									36,517	42,521
- Convertible bond									27,865	25,729
- Derivative financial instruments of convertible bonds									9	9
- Amount due to note holder									3,216	15,000
- Tax payable									5,623	6,907
Total liabilities									<u>198,175</u>	<u>216,367</u>

6. NET LOSS ON CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales proceeds from disposal of trading securities	5,259	–	13,023	–
Cost of trading securities acquired in current period	<u>(9,530)</u>	<u>–</u>	<u>(14,487)</u>	<u>–</u>
Realised losses	(4,271)	–	(1,464)	–
Unrealised losses from trading securities	<u>(11,132)</u>	<u>–</u>	<u>(14,084)</u>	<u>–</u>
Net loss on change in fair value of financial assets at fair value through profit or loss	<u><u>(15,403)</u></u>	<u><u>–</u></u>	<u><u>(15,548)</u></u>	<u><u>–</u></u>

7. OTHER INCOME

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	17	4	17	10
Imputed interest income	977	1,071	1,986	2,142
Others	<u>–</u>	<u>19</u>	<u>–</u>	<u>20</u>
	<u><u>994</u></u>	<u><u>1,094</u></u>	<u><u>2,003</u></u>	<u><u>2,172</u></u>

8. OTHER GAINS, LOSSES AND EXPENSES

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss on financial assets at fair value through profit or loss	–	–	–	2
Impairment loss in respect of				
– trade receivables	1,726	1,773	1,726	3,002
– other receivables	535	–	535	–
Gain arising on acquisition (Note 22)	(8)	–	(8)	–
Gain on disposal in respect of				
– property, plant and equipment	–	–	–	(655)
Reversal of impairment losses in respect of (Note)				
– trade receivables	(477)	(1)	(477)	(88)
– other receivables	<u>(5,692)</u>	<u>(79)</u>	<u>(24,678)</u>	<u>(126)</u>
	<u><u>(3,916)</u></u>	<u><u>1,693</u></u>	<u><u>(22,902)</u></u>	<u><u>2,135</u></u>

Note: The impairment losses are reversed upon receipt of the previous impaired receivables in the current interim period.

9. FINANCE COSTS

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowing				
repayable within one year	34	363	248	578
Interest on promissory notes	1,073	299	2,213	598
Interest on amount due to noteholder	69	186	256	373
Interest on bonds	137	–	137	–
Interest on convertible bonds	1,067	914	2,135	1,827
Finance costs on finance leases	47	–	79	3
Others	60	–	224	–
	<u>2,487</u>	<u>1,762</u>	<u>5,292</u>	<u>3,379</u>

10. 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 2015 and 2014.
- (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%.

11. 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	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs				
Salaries and other benefits	1,685	800	3,151	1,528
Retirement benefits scheme contributions	85	38	176	96
	<u>1,770</u>	<u>838</u>	<u>3,327</u>	<u>1,624</u>
Share-based payment expenses	3,250	–	3,250	–
Auditors’ remuneration	145	163	290	475
Depreciation	283	179	534	369
Operating leases	180	182	568	192
	<u>4,823</u>	<u>1,362</u>	<u>7,269</u>	<u>2,668</u>

12. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the purpose of basic loss per share (loss for the period attributable to owners of the Company)	<u>20,125</u>	<u>3,892</u>	<u>6,132</u>	<u>5,866</u>

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
			(Restated)	(Restated)

Number of shares

Weighted average number of ordinary shares for the purpose of basic loss per share	<u>644,479,214</u>	<u>541,611,928</u>	<u>606,339,034</u>	<u>541,611,928</u>
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The calculation of basic loss per share for the three months and six months ended 30 September 2015 were based on the loss attributable to owners of the Company of approximately of HK\$20,125,000 and loss of HK\$6,132,000 (2014: losses of HK\$3,892,000 and HK\$5,866,000) respectively divided by 644,479,214 shares and 606,339,034 shares of the three months and six months ended 30 September 2015 (2014: weighted average number of 541,611,928 shares, as restated) in issue during the period. The basic loss per share amount for the period ended 30 September 2014 has been adjusted to reflect the share consolidation (see note 18).

During the three months and six months ended 30 September 2015 and 2014, 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 2015 and 2014.

13. TRADE AND OTHER RECEIVABLES

	Unaudited At 30 September 2015 <i>HK\$ '000</i>	Audited At 31 March 2015 <i>HK\$ '000</i>
Trade and bills receivables	72,149	69,230
Less: Impairment loss recognised	<u>(47,480)</u>	<u>(51,116)</u>
	<u>24,669</u>	<u>18,114</u>
Retention receivables	6,853	8,082
Less: Impairment loss recognised	<u>(917)</u>	<u>(950)</u>
	<u>5,936</u>	<u>7,132</u>
Other receivables	55,621	79,659
Less: Impairment loss recognised	<u>(45,569)</u>	<u>(71,816)</u>
	<u>10,052</u>	<u>7,843</u>
	<u>40,657</u>	<u>33,089</u>

- (a) Trade and bills 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 and bills receivables based on estimated irrecoverable amount determined by reference to past default experience of customers.
- (c) During the period, the assets classified as held for sale has been disposed to an independent third party for cash consideration of HK\$7,000,000. In addition to the deposit amounted to HK\$700,000 received by the Group, the remaining balance is payable by six instalments of HK\$1,000,000 being the first five installments and HK\$1,300,000 being the last due on 31 March 2016 and included in other receivables. As at the date of this report, all installments have been settled as scheduled.
- (d) 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 2015 <i>HK\$ '000</i>	Audited At 31 March 2015 <i>HK\$ '000</i>
0-30 days	11,660	2,282
31-90 days	394	3,497
Over 90 days	<u>12,615</u>	<u>12,335</u>
	<u>24,669</u>	<u>18,114</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited At 30 September 2015 <i>HK\$'000</i>	Audited At 31 March 2015 <i>HK\$'000</i>
Equity securities listed in Hong Kong, at fair value	38,731	34,002

The financial assets are held for trading purposes. The fair values of these financial assets are based on quoted market prices (Level 1 measurement).

15. TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2015 <i>HK\$'000</i>	Audited At 31 March 2015 <i>HK\$'000</i>
Trade payables	37,350	30,700
Amount due to a former shareholder	17,643	17,775
Accrued expenses and other payables	43,241	47,996
	98,234	96,471

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 2015 <i>HK\$'000</i>	Audited At 31 March 2015 <i>HK\$'000</i>
0-30 days	23,302	16,452
31-90 days	376	438
Over 90 days	13,672	13,810
	37,350	30,700

16. PROMISSORY NOTES

- (a) On 20 May 2015, the Company and the promissory note holder mutually agreed for the repayment of the promissory note together with accrued interests amounted to an aggregate 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. As at the date of this report, HK\$4,000,000 had been paid by the Company and there is no overdue balance according to the settlement agreement.
- (b) On 30 March 2015, the Company issued a promissory note with principal amount of HK\$32,500,000 to a third party. The promissory note is unsecured and carries interest at 12% per annum and will be matured on 30 September 2016. The Company has repaid HK\$4,500,000 principal amount as at the date of this report.

17. AMOUNT DUE TO NOTEHOLDER

On 3 May 2012, the Company issued Hong Kong dollar denominated convertible notes with principal amount of HK\$15,000,000 ("2012 Convertible Notes") to a third party with maturity date on 2 August 2013. On 30 July 2015, a settlement agreement between the Company and Convertible Noteholder was executed. Pursuant to the settlement agreement, the Company will repay HK\$17.651 million (the "Settlement Amount") to the Noteholder with the following payment schedule: (i) HK\$5.917 million shall be paid to the Noteholder on the day of signing the settlement agreement, being the first installment of the Settlement Amount; (ii) HK\$5.867 million shall be paid to the Noteholder on or before 30 September 2015, being the second installment of the Settlement Amount; (iii) HK\$5.867 million shall be paid to the Noteholder on or before 30 November 2015, being the final installment of the Settlement Amount. As at the date of this report, the Company has paid HK\$11.784 million to the Noteholder according to the payment schedule and there is no overdue balance according to the settlement agreement.

18. SHARE CAPITAL

	Number of shares	Nominal amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.05 each at 31 March 2015	4,000,000,000	200,000
Effect of share consolidation (Note c)	(2,000,000,000)	—
	<u>2,000,000,000</u>	<u>200,000</u>
Ordinary shares of HK\$0.1 each at 30 September 2015	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.05 each at 31 March 2015	1,083,223,857	54,161
Issue of shares upon:		
– exercise of warrants (Note a)	57,380,000	2,869
– placement of shares (Note b)	216,644,771	10,832
Effect of share consolidation (Note c)	(678,624,314)	—
	<u>678,624,314</u>	<u>67,862</u>
Ordinary shares of HK\$0.1 each at 30 September 2015	<u>678,624,314</u>	<u>67,862</u>

Notes:

- (a) On 1 April 2015, the holders of warrants exercised its rights to subscribe for 57,380,000 shares at HK\$0.19 per share.
- (b) On 29 July 2015, a total of 216,644,771 shares have been successfully placed by a placing agent to not less than six places at the placing price of HK\$0.085 per placing share pursuant to the terms and conditions of the placing agreement.
- (c) On 9 September 2015, the Company completed a share consolidation pursuant to which every two issued and unissued shares of HK\$0.05 each be consolidated into one consolidated share of HK\$0.1.

19. 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.

20. BONDS

- (a) On 16 July 2015, the Company issued a bond with principal amount of HK\$10,005,186 to an independent third party with coupon interest of 4.85% per annum and a maturity of 7 years from the date of issue. The effective interest rate for the bond is 10.32% per annum after considering the direct transaction costs.
- (b) On 17 July 2015, the Company issued a bond with principal amount of HK\$526,589 to an independent third party with coupon interest of 4.85% per annum and a maturity of 7 years from the date of issue. The effective interest rate for the bond is 10.32% per annum after considering the direct transaction costs.
- (c) On 14 September 2015, the Company issued a bond of HK\$9,800,000 to an independent third party with coupon interest of 6% per annum and a maturity of 4 years from the date of issue. The effective interest rate for the bond is 12.41% per annum after considering the direct transaction costs. As the bond issued had a cooling period expired on 31 October 2015, the bond was recognised as current liability as at 30 September 2015. Subsequent to the period ended 30 September 2015, the cooling period had been expired and the bond will be reclassified as non-current liability.

21. SHARE OPTIONS

Pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 12 November 2014, the Company approved and adopted a share option scheme (the "Scheme"). Summary of the Scheme are set out below:

(a) Purpose of the Scheme

The purpose of the Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole.

(b) Participants

The categories of the participant under the Scheme include any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group or any entity in which any member of the Group holds an equity interest (an "Invested Entity") and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers, shareholders, co-investors, lenders of or to, and persons who have business relationships with, any member of the Group or any Invested Entity (including the employees thereof) who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The scope of participants under the Scheme is with an aim to attract, retain and maintain on-going business relationship with the other participants whose contributions are or will be beneficial to the long term growth of the Group which would enhance the value of the Company and its shares on the basis of the Board's discretion with reference to their history, business relationship and contributions with/to the Group.

(c) Maximum number of shares

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30 per cent. in nominal amount of the issued share capital of the Company from time to time (“Scheme Limit”).

- (i) The maximum number of shares in respect of which options may be granted under the Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) exceed 10 per cent. in nominal amount of the issued share capital of the Company on the adoption date (the “Scheme Mandate Limit”). Option lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) The Scheme Mandate Limit referred to in paragraph (c)(i) may be renewed at any time subject to prior Shareholders’ approval but in any event shall not exceed 10 per cent. of the issued share capital of the Company as at the date of approval of the renewal of the Scheme Mandate Limit. Option previously granted under the Scheme or any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.
- (iii) The Company may grant options beyond the Scheme Mandate Limit to Participants if:
 - (a) the Company has first sent a circular to Shareholders containing a generic description of the specified participants in question, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose; and
 - (b) separate Shareholder’s approval has been obtained.

(d) Maximum entitlement of each participant

The maximum number of shares in respect of which options may be granted to a specifically identified single grantee under the Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) in any 12-month period exceed 1 per cent. of the shares in issue (the “Individual Limit”). The Company may grant options beyond the Individual Limit to a participant at any time if:

- (i) the Company has first sent a circular to Shareholders containing the identity of the participant in question, the number and terms of the options to be granted (and options previously granted to such participant); and
- (ii) separate Shareholder’s approval has been obtained in general meeting with the proposed relevant grantee (as the case may be) and his associates abstaining from voting.

(e) Subscription price for shares

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the greater of:

- (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on date of grant;
- (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding date of grant; and

(iii) the nominal value of a share.

(f) Duration of the Scheme

Subject to the provisions of the Scheme, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date (the “ten-year” period), after which period no further options shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

(g) Exercise of options

An option may be exercised in whole or in part in accordance with the terms of the Scheme by the grantee (or his legal personal representative(s)) by giving notice in writing to the Company stating that the option is thereby exercised and the number of shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price multiplied by the number of shares in respect of which the notice is given. Within 28 days after receipt of the notice and, where appropriate, receipt of the Auditors’ certificate or the certificate from the independent financial adviser to the Company, the Company shall accordingly allot and issue the relevant number of Shares to the grantee (or his legal personal representative(s)) credited as fully paid and issue to the grantee (or his legal personal representative(s)) share certificates in respect of the Shares so allotted.

(h) Movements of the options granted under the Scheme

The movements of the options granted under the Scheme are as follows:

	Number of options outstanding as at 1 April 2015	Date of grant	Number of options granted during the period	Vesting period	Number of options exercised during the period	Number of options cancelled or lapsed during the period	Number of options outstanding as at 30 September 2015 <i>(note 1)</i>	Exercise price of the option and exercise period <i>(note 1)</i>
Others								
Employees	Nil	4 September 2015	40,622,385	Nil	Nil	Nil	20,311,192	HK\$0.1 (4 September 2015 to 3 September 2025)
Non-employees	Nil	4 September 2015	67,700,000	Nil	Nil	Nil	33,850,000	HK\$0.1 (4 September 2015 to 3 September 2025)
Total	Nil	4 September 2015	108,322,385	Nil	Nil	Nil	54,161,192	HK\$0.1 (4 September 2015 to 3 September 2025)

Notes:

1. The number of options and the exercise price were adjusted taking into account the share consolidation of the shares of the Company on 9 September 2015 in which every two share of HK\$0.05 each was consolidated into one share of HK\$0.1 each.
2. The closing price immediately before the date on which the options was granted is HK\$0.046. Exercise Price (before adjustment of share consolidation) of the share options is HK\$0.05.

(i) **Fair value of share options and assumptions:**

The aggregate fair value of the share options granted of HK\$3,250,000 is measured at the date of grant, using the binomial option pricing model, taking into account the terms and conditions of the share-based payment arrangement. The fair value calculated is relied upon a number of assumptions that are subjective and uncertain in nature. Any variation of these assumptions could affect the values of the options. The inputs into the model are as follows:

Grant date	The closing price of the Company's shares quoted on the Stock Exchange At grant date HK\$ per share	Exercise price HK\$ per share	Risk-free interest rate	Expected volatility	Expected life	Expected dividend yield
4 September 2015	0.046*	0.05*	1.5%	100%	10 years	Nil

* As the consolidation of 2 shares into 1 by the Company, the share price and exercise price was revised from HK\$0.05 and HK\$0.046 to HK\$0.1 and HK\$0.092 respectively on 9 September 2015.

22. ACQUISITION OF A SUBSIDIARY

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. Wilco is principally engaged in the provision of printing services and solutions on advertisement, brochures and bound books to customers mainly in Hong Kong.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of acquisition:

	<i>HK\$'000</i>
Purchase consideration settled in cash	1,537
Consideration payable (<i>Note</i>)	132
	<hr/>
Aggregate purchase consideration	1,669
Less: Estimated fair value of net assets acquired	(1,677)
	<hr/>
Gain on acquisition	<u>(8)</u>

The gain on acquisition is included in other gain, losses and expenses in the condensed consolidated statement of profit and loss and other comprehensive income.

Note: Based on the acquisition agreement, the consideration will be adjusted on dollar-to-dollar basis based on the difference between the net asset value of Wilco as at 31 December 2014 shown on the management accounts and that shown on the audited accounts. The consideration payable of approximately HK\$132,000 has been included in other payables on the condensed consolidated statement of financial position.

Acquisition related costs of approximately HK\$200,000 have been excluded from the consideration and included in the “General and administrative expenses” line item in the statement of profit and loss and other comprehensive income for the period ended 30 September 2015.

The assets and liabilities of Wilco at the acquisition date were as follows:

	<i>HK\$'000</i>
Plant and equipment	6,062
Deferred tax assets	198
Bank balances and cash	1,204
Trade and other receivables	884
Trade and other payables	(1,717)
Bank loans	(1,043)
Obligations under finance lease	(3,911)
	<hr/>
Net assets acquired	<u>1,677</u>

The receivables acquired (which principally comprised trade receivables) with a fair value of approximately HK\$884,000 at the date of acquisition had gross contractual amounts of approximately HK\$884,000. All of the receivables were expected to be collected.

Net cash outflow on acquisition of subsidiary:

	<i>HK\$'000</i>
Purchase consideration settled in cash	1,537
Less: Bank balance and cash acquired from the subsidiary	(1,204)
	<hr/>
Net cash outflow	<u>333</u>

Since acquisition, the acquired business has contributed HK\$3,411,000 and HK\$223,000 to the revenue and loss of the Group respectively. If the acquisition had occurred on 1 April 2015, the Group's revenue and net loss for the period ended 30 September 2015 would have been approximately HK\$13,376,000 and HK\$6,074,000 respectively.

23. COMMITMENTS

Commitment under operating leases

The Group leases certain of its office premises under operating leases. 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 2015 the total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Unaudited At 30 September 2015 HK\$'000	Audited At 31 March 2015 <i>HK\$'000</i>
Within one year	553	429
In the second to fifth years inclusive	600	—
	<hr/>	<hr/>
	<u>1,153</u>	<u>429</u>

24. DIVIDEND

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

25. LITIGATION

On 4 April 2014, the Company was served with a sealed copy of a petition (the “Petition”) issued by Metal Winner Limited (the “Petitioner”) in Companies (Winding-up) Proceedings No. 83 of 2014 in the High Court of Hong Kong under which the Petitioner (a) claimed that the Company was indebted to the Petitioner in the sum of HK\$5,700,000; and (b) petitioned that the Company be wound up by the Court.

On 30 March 2015, the Petition was dismissed by the High Court of Hong Kong.

26. EVENTS AFTER THE REPORTING PERIOD

On 6 October 2015, the Group has entered into an agreement with independent third parties for the acquisition of 19% equity interest of Galaxy Automotive MS Inc. (“Galaxy”) at a consideration of HK\$17,328,000. Please refer to the announcement of the Company dated 6 October 2015 for further details of the acquisition. The acquisition was subsequently completed on 12 October 2015 upon all conditions precedent fulfilled. Galaxy is principally engaged in the provision of hardware and software development related to automobile in Hong Kong, PRC, Macau and Taiwan. The 19% equity interest is classified as available-for-sale investment and carried at cost less impairment loss if any since the Group does not have significant influence/control on it.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue for the six months ended 30 September 2015 amount to approximately HK\$12.7 million representing a decrease of approximately 9% as compared to that of the corresponding period in 2014.

The Company was facing the fierce competition of thermal powered electricity supply market in PRC in 2015 and management expects this phenomenon will continue in the foreseeable future. This was explained by the PRC government was promoting the use of renewable and/or clean energy with direct subsidies and have implemented the benchmark for reduction of omission of carbon dioxide in various cities in PRC. Therefore, system development recorded a decrease in revenue compared with the corresponding period in 2014. On the other hand, sales of professional services to data centers has grown due to the age of “big data” and the effort of management to strengthen the relationship with existing customers. Printing services maintained stable revenue since the acquisition.

During the period, the Company has incurred a significant amount of administrative expenses. The major components of it were: i) legal and professional fees related to resumption of trading, corporate actions as described in the “LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE” section below, acquisition activities and costs of obtaining financing resources ii) share based payment related to granting of share option scheme and iii) wages and salaries and iv) general overheads. The Management expects the administrative expenses will return to a normal level for the rest of the period.

In relation to the Group's proprietary trading business, favored by the governmental policies such as access to Chinese domestic markets and savings being liberalized through breakthroughs as the "Shanghai-Hong Kong Stock Connect" and low interest rate environment, the Hang Seng Index have touched the highest point in the last three years on first quarter. However, the market was very volatile in the second quarter due to the fiscal and debt issues of Greece and the Chinese stock market crash. This led to the Group suffering losses on change in fair value of its financial assets at fair value through profit or loss. The Company believes a lot of individual and institutional investors are adopting a prudent attitude towards the capital market. However, the Company believes that the markets will be stabilized from the turmoil in the second quarter since the PRC government has implemented several policies in order to maintain the stability of the PRC stock market and there is high chance of implementation of "Shenzhen-Hong Kong Stock Connect" in the end of year 2015. The Company maintains a risk management policy in which key risk factors such as government and political risks, country risk, price risk, interest rate risk, currency risk and economic risk have been identified and closely monitored.

FINANCIAL PERFORMANCE

During the six months ended 30 September 2015, the Group recorded a revenue of approximately HK\$12.7 million (2014: HK\$14 million) representing a decrease of approximately 9% as compared to that of the corresponding period in 2014. The Group recovered impairment losses recognised in the past amounted to approximately HK\$25 million which is included in other gains, losses and expenses. Administrative expenses increased to approximately HK\$12.5 million as compared to approximately HK\$3.6 million of the previous corresponding period, representing an increase of approximately 248% as compared to that of the corresponding period in 2014. Loss attributable to the shareholders was approximately HK\$6.1 million (2014: loss of HK\$5.9 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 September 2015, the Company has made the following issue for cash of equity securities:

- (i) On 1 April 2015, the holders of warrants exercised its rights to subscribe for 57,380,000 shares at HK\$0.19 per share. As a result, the Company received a net proceed of approximately HK\$10.9 million.
- (ii) On 29 July 2015, a total of 216,644,771 shares have been successfully placed by a placing agent to not less than six places at the placing price of HK\$0.085 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing, after deducting relevant expenses incurred in relation to the placing, amount to approximately HK\$17.6 million.

During the period under review, the Group had an aggregate principal amount of HK\$20,331,775 of bonds in issue. The coupon rates of these bonds are ranging from 4.85% to 6.25% per annum with maturity dates from September 2019 to July 2022. Please refer to Note 20 for the details.

On 9 September 2015, the Company completed a share consolidation pursuant to which every two issued and unissued shares of HK\$0.05 each be consolidated into one consolidated share of HK\$0.1. Upon completion of the share consolidation, the authorised share capital of the Company was HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.1 each and the issued share capital of the Company was HK\$67,862,431.4 divided into 678,624,314 shares of HK\$0.1 each.

On 23 September 2015, the board lot size of the shares for trading on the Stock Exchange had changed from 10,000 shares to 20,000 shares.

On 17 June 2015, the Company proposed 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 offer shares and not more than 818,499,792 offer shares at the subscription price of HK\$0.05 per offer share on the basis of one offer share for every two existing shares held on the record date and payable in full upon application. The offer shares not accepted shall not be made available for subscription by other qualifying shareholders by means of excess application but shall be taken up by the underwriter. On 14 July 2015, the Company and the underwriter entered into the supplemental underwriting agreement to revise the subscription price from HK\$0.05 per offer share to HK\$0.07 per offer share. On 12 August 2015, the Company and the Underwriter entered into the second supplemental underwriting agreement to revise the number of offer shares to 339,312,157 consolidated shares and the subscription price from HK\$0.07 per offer share to HK\$0.14 per offer share to reflect the adjustments upon the share consolidation became effective. Taking into account the general market volatility and the share price performance of the Company, the Company considers it is not reasonable to continue the open offer as the offer price is substantially higher than the Company's current share price. As a result, the Company and the underwriter have agreed to terminate the underwriting agreement on 29 October 2015 by mutual consent. Please refer to the Company's announcements dated 17 June 2015, 14 July 2015, 12 August 2015, 24 September 2015 and 29 October 2015 for details of the open offer.

The Board continues to look for opportunities to attract more investors, extend the shareholders base, provide financial resources to expand existing and/or future businesses, reduce the accumulated loss and improve the flexibility of fund raising.

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 2015 and 31 March 2015.

FOREIGN CURRENCY EXPOSURE

During the six months ended 30 September 2015, 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

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. Pursuant to the adjustment clause in the agreement, there was an upward adjustment to the consideration in a sum of HK\$132,099. The Group recorded a gain of approximately HK\$8,000 arising from discount on acquisition of Wilco which is included in other gains, losses and expenses.

Save as disclosed above, the Company has not completed any material acquisitions or disposal during the period.

NEW PRODUCTS AND SERVICES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the Group hired 35 employees including the executive Directors (2014: 24). Total staff costs including Directors’ remuneration for the six months period under review amounting to approximately HK\$3.3 million (2014: HK\$1.6 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 adopted a share option scheme pursuant to which eligible persons may be granted options to subscribe for the shares of the Company. During the six months ended 30 September 2015, share options had been granted to certain eligible persons to subscribe for a total of 108,322,385 ordinary shares of HK\$0.05 each at the exercise price of HK\$0.05 per share. As a result of the share consolidation which became effective on 9 September 2015, the number of share options and the exercise price had been adjusted to 54,161,192 share options at exercise price of HK\$0.1 each. No options had been exercised during the period under review and the outstanding share options as at 30 September 2015 was 54,161,192.

CONTINGENT LIABILITIES

As at 30 September 2015, the Group did not have any material contingent liabilities (2014: 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 is broadening its perspective beyond the IT sector and potentially also invests into and/or makes 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. It goes without saying that the Company will also continue to focus on existing businesses to bring further value to shareholders.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2015, 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 2015, 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 5% 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	57,142,856 (note 2)	8.42%

Note:

1. As at 30 September 2015, the issued share capital of the Company was 678,624,314 shares.
2. These represent the shares that may be issued upon the exercise of convertible bonds.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 30 September 2015, 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 2015, 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 2015, 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 2015, 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 2015 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As at 30 September 2015, 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 2015 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. 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.

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 2015.

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.

On 3 February 2015, a judgment of High Court Action No.1398/2014 was issued, pursuant to which the trustee 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.

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 and the PRC 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 and the PRC. The Company will update shareholders if there are any further significant developments.

2. On 16 February 2015, the Company entered into a deed of settlement with the purchaser of 上海景福保險經紀有限公司, 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. As at the date of this report, the Company has received HK\$5,800,000 and there are HK\$1,900,000 overdue balances according to the deed of settlement. The Company will continue to take aggressive actions, and such actions will include further written demands and dialogues with the purchaser to recover the amount due and owing and possible legal actions.

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.

On behalf of the Board
Tai Shing International (Holdings) Limited
Tam Kwok Leung
Executive Director

Hong Kong, 13 November 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:

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/.