

# **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)**

**THIRD QUARTERLY REPORT  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2015**

\* *For identification purpose only*

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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 from continuing operations for the nine months ended 31 December 2015 amounted to approximately HK\$37.8 million representing a decrease of approximately 37% over the corresponding period in 2014.
- Loss attributable to owners from continuing operations for the nine months ended 31 December 2015 amounted to approximately HK\$12.8 million. (2014: loss of approximately HK\$2.6 million)
- Loss per share from continuing operations for the nine months ended 31 December 2015 was approximately 19.06 HK cents. (2014: loss per share 4.80 HK cents as restated)
- The Board does not recommend the payment of any dividend for the nine months ended 31 December 2015 (2014: Nil).

The board of Directors (“Board”) of the Company is pleased to present the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 31 December 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**

	Notes	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Continuing operations</b>					
Revenue	4	28,533	45,977	37,819	59,944
Cost of services		<u>(28,008)</u>	<u>(42,513)</u>	<u>(35,463)</u>	<u>(55,372)</u>
Gross profit		525	3,464	2,356	4,572
Net (loss)/gain on change in fair value of financial assets at fair value through profit or loss	5	(3,757)	276	(19,305)	274
Other income	6	1,948	1,262	3,948	3,434
Selling and distribution expenses		(76)	(26)	(171)	(69)
Administrative expenses		(6,181)	(1,784)	(17,990)	(5,373)
Other gains, losses and expenses	7	3,135	1,841	26,037	(292)
Finance costs	8	(2,514)	(1,766)	(7,663)	(5,145)
Share of profit of an associate		<u>4</u>	<u>–</u>	<u>20</u>	<u>–</u>
(Loss)/profit before taxation		(6,916)	3,267	(12,768)	(2,599)
Income tax expenses	9	<u>–</u>	<u>–</u>	<u>(11)</u>	<u>–</u>
(Loss)/profit for the period from continuing operations	10a	(6,916)	3,267	(12,779)	(2,599)
<b>Discontinued operation</b>					
Profit/(loss) for the period from discontinued operation	10b & 13	<u>203</u>	<u>–</u>	<u>(66)</u>	<u>–</u>
(Loss)/profit for the period attributable to owners of the Company		(6,713)	3,267	(12,845)	(2,599)
Other comprehensive income/(expense)					
Exchange difference arising on translation of foreign operations		<u>537</u>	<u>(254)</u>	<u>2,425</u>	<u>(297)</u>
Total comprehensive (expense)/income for the period attributable to owners of the Company		<u><u>(6,176)</u></u>	<u><u>3,013</u></u>	<u><u>(10,420)</u></u>	<u><u>(2,896)</u></u>

		Unaudited		Unaudited	
		Three months ended		Nine months ended	
		31 December		31 December	
		2015	2014	2015	2014
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Restated)		(Restated)
(Loss)/earnings per share					
From continuing and discontinued operations					
– basic (HK cents)	12	<b>(9.31)</b>	6.03	<b>(19.16)</b>	(4.80)
– diluted (HK cents)	12	<b>(9.31)</b>	5.73	<b>(19.16)</b>	(4.80)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
From continuing operations					
– basic (HK cents)	12	<b>(9.59)</b>	6.03	<b>(19.06)</b>	(4.80)
– diluted (HK cents)	12	<b>(9.59)</b>	5.73	<b>(19.06)</b>	(4.80)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 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 in Hong Kong 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 Group's unaudited condensed consolidated financial information for the nine months ended 31 December 2015 has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The principal accounting policies applied in preparing the unaudited condensed consolidated financial statements for the nine months ended 31 December 2015 are set out in note 3.

### 3. PRINCIPAL ACCOUNTING POLICIES

The amounts included in the unaudited condensed consolidated financial statements for the nine months ended 31 December 2015 has been computed in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

The accounting policies used in the unaudited condensed consolidated financial information for the nine months ended 31 December 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 information for the nine months ended 31 December 2015 has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

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 Group, represents the amounts arising from systems development, professional services rendered, money lending business, printing services and trading activities, 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		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>				
Revenue from provision of				
Systems development	15,554	18,419	21,086	30,294
Professional services fees	12,969	18,088	16,720	20,180
Sales of goods	–	9,470	–	9,470
Money lending ( <i>note (i)</i> )	10	–	13	–
	<u>28,533</u>	<u>45,977</u>	<u>37,819</u>	<u>59,944</u>
<b>Discontinued operation</b>				
Revenue from provision of				
Printing services	1,359	–	4,770	–
	<u>29,892</u>	<u>45,977</u>	<u>42,589</u>	<u>59,944</u>

*Notes:*

- (i) The revenue from money lending business amounted HK\$3,000 was classified as interest income included in other income for the six months ended 30 September 2015.
- (ii) The Group has been engaged in proprietary trading business. Gross proceeds from proprietary trading amounted to HK\$22,250,000 and HK\$35,523,000 for the three months and nine months ended 31 December 2015 respectively (2014: HK\$1,335,000 and HK\$1,335,000) and realised losses amounted to HK\$11,500,000 and HK\$12,966,000 for the three months and nine months ended 31 December 2015 respectively (2014: gain of HK\$91,000 and HK\$91,000) (included in the net loss on change in fair value of financial assets at fair value through profit or loss).

5. NET (LOSS)/GAIN ON CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Sales proceeds from disposal of trading securities	22,500	1,335	35,523	1,335
Carrying value of trading securities disposed	(34,000)	(1,244)	(48,489)	(1,244)
Realised (loss)/gain	(11,500)	91	(12,966)	91
Unrealised (loss)/gain from trading securities	7,743	185	(6,339)	183
Net (loss)/gain on change in fair value of financial assets at fair value through profit or loss	(3,757)	276	(19,305)	274

6. OTHER INCOME

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Interest income	7	8	21	18
Imputed interest income	928	1,071	2,914	3,213
Value added tax refund	–	181	–	181
Sundry income	1,013	2	1,013	22
	1,948	1,262	3,948	3,434



## 7. OTHER GAINS, LOSSES AND EXPENSES

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Impairment loss in respect of				
– trade and other receivables	815	755	(1,446)	(2,247)
– available-for-sale investment (note 16(i))	(664)	–	(664)	–
Gain arising on acquisition	–	–	8	–
Gain on disposal in respect of				
– property, plant and equipment	–	–	–	655
– subsidiaries/associate	267	–	267	–
Reversal of impairment loss in respect of				
– trade receivables	2,361	971	2,838	1,059
– other receivables	356	115	25,034	241
	<u>3,135</u>	<u>1,841</u>	<u>26,037</u>	<u>(292)</u>

## 8. FINANCE COSTS

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Interest on bank borrowing repayable within one year	18	360	202	938
Interest on promissory note payable	(34)	303	2,179	901
Interest on amount due to noteholder	1,148	189	1,404	562
Interest on bonds	245	–	382	–
Interest on convertible bonds	1,068	914	3,203	2,741
Finance costs on finance lease	–	–	–	3
Others	69	–	293	–
	<u>2,514</u>	<u>1,766</u>	<u>7,663</u>	<u>5,145</u>
<b>Discontinued operation (note 13)</b>				
Interest on bank borrowing repayable within one year	–	–	64	–
Finance costs on finance lease	48	–	127	–
	<u>48</u>	<u>–</u>	<u>191</u>	<u>–</u>
	<u>2,562</u>	<u>1,766</u>	<u>7,854</u>	<u>5,145</u>

## 9. INCOME TAX EXPENSES

- (a) Hong Kong profit tax has not been provided for in the unaudited condensed consolidated financial information as there was no estimated assessable profit derived from Hong Kong during the nine months ended 31 December 2015 and 2014.
- (b) Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard tax rate is 25%.

## 10a. (LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

(Loss)/profit for the period from continuing operations has arrived at after charging:

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff costs				
Salaries and other benefits	136	832	3,065	2,360
Retirement benefits scheme contributions	7	61	170	157
	<u>143</u>	<u>893</u>	<u>3,235</u>	<u>2,517</u>
Auditors' remuneration	85	163	375	638
Share-based payment expenses	4,071	–	7,321	–
Depreciation	225	179	736	548
Operating leases	201	122	644	314
	<u>4,545</u>	<u>1,196</u>	<u>12,011</u>	<u>3,468</u>

## 10b. PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATION

Profit/(loss) for the period from discontinued operation has arrived at after charging:

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff costs				
Salaries and other benefits	98	–	320	–
Retirement benefits scheme contributions	4	–	17	–
	<u>102</u>	<u>–</u>	<u>337</u>	<u>–</u>
Depreciation	5	–	28	–
Operating leases	119	–	244	–
	<u>124</u>	<u>–</u>	<u>272</u>	<u>–</u>

## 11. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2015 (2014: Nil).

## 12. (LOSS)/EARNINGS PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company from continuing and discontinued operations is based on the following data:

#### (Loss)/Earnings

				UNAUDITED			
Three months ended		Nine months ended		Three months ended		Nine months ended	
31 December		31 December		31 December		31 December	
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>
(Loss)/earnings for the purpose of basic (loss)/earnings per share							
((loss)/profit for the period attributable to owners of the Company)	<u>(6,713)</u>	<u>3,267</u>	<u>(12,845)</u>	<u>(2,599)</u>			

#### Number of shares

				UNAUDITED			
Three months ended		Nine months ended		Three months ended		Nine months ended	
31 December		31 December		31 December		31 December	
2015	2014	2015	2014	2015	2014	2015	2014
	(Restated)		(Restated)		(Restated)		(Restated)
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	72,131,479	54,161,192	67,052,820	54,161,192			
Effect of dilutive potential ordinary shares:							
Warrants	–	2,869,000	–	–			
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	<u>72,131,479</u>	<u>57,030,192</u>	<u>67,052,820</u>	<u>54,161,192</u>			

The calculation of diluted earnings per share for the three months ended 31 December 2014 does not include the conversion of convertible bonds as it has anti-dilutive effect.

During the three months and nine months ended 31 December 2015, and the nine months ended 31 December 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 nine months ended 31 December 2015, and the nine months ended 31 December 2014.

During the period under review, the Company has conducted two share consolidations. For details, please refer to section headed “LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE”. The weighted average number of ordinary shares have been adjusted to reflect the effect of these share consolidations

### From continuing operations

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company from continuing operations is based on the following data:

#### (Loss)/Earnings

UNAUDITED			
Three months ended		Nine months ended	
31 December		31 December	
2015	2014	2015	2014
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>

(Loss)/earnings for the purpose of basic (loss)/earnings per share

((loss)/profit for the period attributable to owners of the Company)

<u>(6,916)</u>	<u>3,267</u>	<u>(12,779)</u>	<u>(2,599)</u>
----------------	--------------	-----------------	----------------

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

### From discontinued operation

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company from discontinued operation is based on the following data:

#### Earnings/(loss)

UNAUDITED			
Three months ended		Nine months ended	
31 December		31 December	
2015	2014	2015	2014
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>

Earnings/(loss) for the purpose of basic earnings/(loss) per share

profit/(loss) for the period attributable to owners of the Company)

<u>203</u>	<u>-</u>	<u>(66)</u>	<u>-</u>
------------	----------	-------------	----------

Earning/(loss) per share

From discontinued operation

- basic (HK cents)

- diluted (HK cents)

<u>0.28</u>	<u>-</u>	<u>(0.10)</u>	<u>-</u>
<u>0.28</u>	<u>-</u>	<u>(0.10)</u>	<u>-</u>

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

## 13. DISCONTINUED OPERATION

On 21 December 2015, the Group entered into an agreement with an independent third party for the disposal of 100% of the issued share capital of Wilco Printing Co., Limited ("Wilco") and the Shareholder's loan. 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 Group's printing services operation are treated as discontinued operation. The disposal was completed on 22 December 2015.

The profit/(loss) from the discontinued operation for the three months and nine months ended 31 December 2015, together with the unaudited comparative figures for the corresponding periods in 2014 are as follows:

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Loss for the period	(249)	–	(518)	–
Gain on disposal of the discontinued operation	452	–	452	–
	<u>203</u>	<u>–</u>	<u>(66)</u>	<u>–</u>

The results for the period from the discontinued operation for the three months and nine months ended 31 December 2015, together with the unaudited comparative figures for the corresponding periods in 2014 are as follows:

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Revenue	1,359	–	4,770	–
Cost of services	(1,257)	–	(4,114)	–
Gross profit	102	–	656	–
Administrative expenses	(303)	–	(983)	–
Finance costs ( <i>note 8</i> )	(48)	–	(191)	–
Loss before taxation	(249)	–	(518)	–
Income tax expenses	–	–	–	–
Loss for the period	<u>(249)</u>	<u>–</u>	<u>(518)</u>	<u>–</u>

The following summarises the consideration received and the amounts of the assets and liabilities disposed at the date of disposal:

	<i>HKS'000</i>
Disposal consideration received in cash	1,611
Less: Carrying amount of net assets disposed	<u>(1,159)</u>
Gain on disposal of the discontinued operation	<u>452</u>

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

	<i>HK\$'000</i>
Plant and equipment	5,826
Deferred tax assets	198
Bank balances and cash	287
Trade and other receivables	1,304
Trade and other payables	(1,676)
Bank borrowings	(1,715)
Obligations under finance leases	(3,065)
	<hr/>
Net assets disposed	1,159
	<hr/> <hr/>

Net cash inflow on disposal of subsidiary:

	<i>HK\$'000</i>
Disposal consideration received in cash	1,611
Less: Bank balance and cash disposed	(287)
	<hr/>
Net cash inflow	1,324
	<hr/> <hr/>

#### 14. DISPOSAL OF A SUBSIDIARY

On 24 December 2015, the Group entered into an agreement with an independent third party for the disposal of 100% of the issued share capital of Fullmark Management Limited ("Fullmark") and its subsidiaries (collectively, the "Fullmark Group"). Fullmark is a holding company incorporated in the British Virgin Islands with limited liability. The principal activity of the Fullmark Group is the investment holding of an associate which is principally engaged in the provision of insurance agency services in the PRC. The disposal was completed on 28 December 2015.

The following summarises the consideration received and the amounts of the assets and liabilities disposed at the date of disposal:

	<i>HK\$'000</i>
Disposal consideration received in cash	17,000
Less: Carrying amount of net assets disposed	(16,754)
	<hr/>
Gain on disposal	246
	<hr/> <hr/>

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

Disposal related costs of approximately HK\$200,000 have been excluded from the consideration and included in the "Administrative expenses" line item in the unaudited condensed consolidated statement of profit and loss and other comprehensive income for the period ended 31 December 2015.

The assets and liabilities of the Fullmark Group at the disposal date were as follows:

	<i>HK\$'000</i>
Interest in an associate	18,370
Bank balances and cash	186
Trade and other payables	(1,802)
	<hr/>
Net assets disposed	16,754
	<hr/> <hr/>

Net cash inflow on disposal of subsidiary:

	<i>HK\$'000</i>
Disposal consideration received in cash	17,000
Less: Bank balance and cash disposed	(186)
	<hr/>
Net cash inflow	16,814
	<hr/> <hr/>

## 15. RESERVES

	Share Premium	General Reserve	Capital Reserve	Share Option Reserve	Exchange Translation Reserve	Warrants Reserve	Accumulated Losses	Total
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
At 1 April 2014 (audited)	417,565	3,056	1,200	1,810	5,953	1,147	(531,396)	(100,665)
Loss for the period	-	-	-	-	-	-	(2,599)	(2,599)
Exchange difference arising on translation of foreign operations	-	-	-	-	(297)	-	-	(297)
Total comprehensive expense for the period	-	-	-	-	(297)	-	(2,599)	(2,896)
Lapse of share options	-	-	-	(1,810)	-	-	1,810	-
At 31 December 2014 (unaudited)	417,565	3,056	1,200	-	5,656	1,147	(532,185)	(103,561)
At 1 April 2015 (audited)	417,565	3,056	1,200	-	5,899	1,147	(530,046)	(101,179)
Loss for the period	-	-	-	-	-	-	(12,845)	(12,845)
Exchange difference arising on translation of foreign operations	-	-	-	-	2,425	-	-	2,425
Total comprehensive income/(expense) for the period	-	-	-	-	2,425	-	(12,845)	(10,420)
Recognition of equity-settled share based payment	-	-	-	7,321	-	-	-	7,321
Issue of shares upon								
- Exercise of warrants	9,180	-	-	-	-	(1,147)	-	8,033
- Placement of shares	7,583	-	-	-	-	-	-	7,583
- Conversion of zero coupon convertible bonds	13,343	-	-	-	-	-	-	13,343
- Exercise of share options	7,321	-	-	(7,321)	-	-	-	-
Share placement expenses	(1,562)	-	-	-	-	-	-	(1,562)
Share reorganisation expenses	(991)	-	-	-	-	-	-	(991)
Disposal of a subsidiary	-	-	-	-	(429)	-	429	-
At 31 December 2015 (unaudited)	452,439	3,056	1,200	-	7,895	-	(542,462)	(77,872)

## 16. EVENTS AFTER THE REPORTING PERIOD

- (i) On 13 January 2016, the Group entered into a sale and purchase agreement with an independent third party (for the disposal of a subsidiary which is an investment holding company of an available-for-sale investment). Under the sale and purchase agreement, the purchaser agreed to acquire the subsidiary with a cash consideration of HK\$4,200,000 and has been received in full. In respect of the disposal, the Group has recorded an impairment loss of HK\$664,000 in the current period.
- (ii) On 20 January 2016, the Group has entered into a rescission agreement with an independent third party in relation to the rescission of the sale and purchase of the 13% of the issued share capital of Galaxy Automotive MS Inc. ("Galaxy") and its subsidiaries. At the same day, the Group entered into a sale and purchase agreement with an independent third party for the disposal of 6% of the issued share capital of Galaxy at the consideration of HK\$5,600,000. Galaxy is principally engaged in the provision of hardware and software development related to automobile in Hong Kong, PRC, Macau and Taiwan. The disposal was completed on 25 January 2016.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

Revenue from continuing operations for the nine months ended 31 December 2015 amounted to approximately HK\$37.8 million representing a decrease of approximately 37% as compared to the corresponding period in 2014.

The Company was facing the fierce competition of thermal powered electricity supply market in the PRC in 2015 and management expects this phenomenon will continue in the foreseeable future. This was explained by the PRC government promoting the use of renewable and/or clean energy with direct subsidies and has implemented the benchmark for reduction of omission of carbon dioxide in various cities in the PRC. As a result, the number and amount of new contracts have decreased. Therefore, system development in thermal powered electricity supply industry recorded a decrease in revenue compared with the corresponding period in 2014. Professional services provided to data center recorded a decrease in revenue compared with the corresponding period in 2014 due to decrease in demand from existing customers.

In relation to the Group's proprietary trading business, the stock market was very volatile during the current period 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 stabilize from the turmoil 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". 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 nine months ended 31 December 2015, the Group recorded a revenue from continuing operations of approximately HK\$37.8 million (2014: HK\$59.9 million) representing a decrease of approximately 37% as compared to that of the corresponding period in 2014. Administrative expenses from continuing operations increased to approximately HK\$18.0 million as compared to approximately HK\$5.4 million of the previous corresponding period, representing an increase of approximately 235% as compared to that of the corresponding period in 2014. Loss attributable to the owners from continuing operations was approximately HK\$12.8 million for the nine months ended 31 December 2015 (2014: loss of approximately HK\$2.6 million).

## **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 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. It goes without saying that the Company will also continue to focus on existing businesses to bring further value to shareholders.

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

On 28 April 2015, the Group entered into an agreement with an independent third party for the acquisition of 100% of the issued share capital of Wilco and the director's loan to Wilco at a consideration of HK\$1,669,128 (after adjustment). 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. On 21 December 2015, the Group entered into an agreement with an independent third party for the disposal of 100% of the issued share capital of Wilco and the Shareholders' loan at a consideration of HK\$1,611,395. Please refer to the announcement of the Company dated 21 December 2015 for further details of the disposal. The disposal was completed on 22 December 2015.

On 6 October 2015, the Group entered into an agreement with two independent third parties for the acquisition of 19% of the issued share capital of Galaxy Automotive MS Inc. ("Galaxy") and its subsidiaries (collectively, the "Galaxy Group") 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. Galaxy Group is principally engaged in offering a wide range of automobile parts under its own brand "ZUVER" such as suspension system, brake caliper system, alloy wheels, air intake system, air exhaust system, tire pressure sensor, automotive performance software and hardware and fuel saving device. Products are currently offered at auto parts shops located in Hong Kong, Macau, Taiwan and PRC. The acquisition was completed on 12 October 2015. The consideration in the amount of HK\$5,472,000 has been paid to Vendor A (being the seller of 6 out of the 19 shares in Galaxy) whilst the Company has not settled the remaining consideration of HK\$11,856,000 to Vendor B (being the seller of 13 out of the 19 shares in Galaxy). On 20 January 2016, the Group entered into a rescission agreement with Vendor B in relation to the rescission of the sale and purchase of the 13 shares in the share capital of Galaxy (representing 13% of the entire issued shares of the Galaxy). In addition, the Group entered into a sale and purchase agreement with Vendor B pursuant to which the Company has agreed to sell and Vendor B has agreed to acquire the sale shares (representing 6% of the entire issued shares of the Galaxy) at the consideration of HK\$5,600,000 and has been received in full as at the date of this report. The Group is expected to record a gain of HK\$128,000 for this disposal. For details, please refer to the announcement of the Company dated 20 January 2016.

On 24 December 2015, the Group entered into an agreement with an independent third party for the disposal of 100% of the issued share capital of Fullmark at a consideration of HK\$17,000,000. Please refer to the announcement of the Company dated 24 December 2015 for further details of the disposal. The disposal was completed on 28 December 2015, Fullmark will cease to be a subsidiary of the Company. The indirect holding of 24.9% equity interest in Dondga Agency will cease to be an associate of the Company. Accordingly, the assets, liabilities and financial results of the Fullmark Group will no longer be consolidated into the financial statements of the Group.

As at 31 December 2015, the Group held (i) approximately 8.5 million shares (approximately 1.09%) of GT Group Holdings Limited (“GT”) and (ii) approximately 0.6 million shares (approximately 0.04%) of Shengjing Bank Co., Ltd (“SJ”). The shares of GT and SJ were listed on the Main Board of Stock Exchange. The Group’s investment in GT and SJ were collectively referred to as the “Significant Investments”.

Detail of the Significant Investments were as follows:

Company	Nine months ended 31 December 2015	At 31 December 2015
	Fair value gain/ (loss) <i>HK\$'000</i>	Market Value <i>HK\$'000</i>
GT	(7,650)	6,375
SJ	1,311	6,100
Total	<u>(6,339)</u>	<u>12,475</u>

GT is principally engaged in the trading of goods, provision of finance, property development, brokerage and securities investment as well as minerals operation. The Company invested in GT after considering the positive prospects of GT including but not limited to the positive profit alert issued shortly before the investment made. The positive profit alert highlighted that it is expected that GT will record a significant increase in consolidated net profit for the six months ended 30 June 2015 as compared to a consolidated net profit for the corresponding period of 2014 mainly attributable to the unrealised gain on financial assets as stated at fair value through profit or loss. By referencing to GT’s latest interim results announcement, performance of GT’s finance operation and brokerage and securities investment have improved and the property development business continued to make positive contribution to GT. However, GT’s minerals operation has been suspended due to a suspension order imposed by PRC authorities. As at the date of this report, all the shares of GT have been disposed.

SJ is principally engaged in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the China Banking Regulatory Commission. Since the investment made by the Company, SJ announced its interim results where net profit was RMB3,201 million, representing an increase of 27.7% compared to that in the same period last year, mainly attributable to the stable growth of interest-earning assets. SJ also announced the proposed initial public offering and listing of the bank's A-share to raise not more than RMB600 million in order to further expand fund-raising resources, optimise the corporate governance structure and enhance the bank's core competitiveness. As at the date of this report, all the shares of SJ have been disposed.

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

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES**

As at 31 December 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.

### **Long positions in underlying shares of equity derivatives and debentures of the Company**

As at 31 December 2015, no long positions of the Directors and chief executive of the Company in the underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

### **Short positions in shares, underlying shares of equity derivatives and debentures of the Company**

During the period under review, no short positions of the Directors and chief executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares of equity derivative and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 are taken or deemed to have under such provisions of the SFO), or which were required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the Directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

## **SUBSTANTIAL SHAREHOLDERS**

So far as is known to the Directors, as at 31 December 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:

<b>Name of the shareholder</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding (note 1)</b>
Mr. Chu Chun Piu	Beneficial owner	5,714,285	5.75%

*Note:*

1. As at 31 December 2015, the issued share capital of the Company was 99,351,565 shares.

## **Short positions in underlying shares of the Company**

As at 31 December 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.

As at 31 December 2015, the Directors were not aware of any person who had an interest or short position in the underlying shares (including interests 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 of the Group had a material interest, whether directly or indirectly, subsisted at the nine months ended 31 December 2015 or at any time during such period.

## **DIRECTORS' COMPETING INTERESTS**

As at 31 December 2015, none of the Directors or substantial shareholders of the Company 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 31 December 2015 have been reviewed by the audit committee of the Company.

## **CORPORATE GOVERNANCE CODE**

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.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the nine months ended 31 December 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 placees 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, amounted to approximately HK\$17.6 million.
- (iii) On 19 November 2015, a total of 135,724,862 shares have been successfully placed by a placing agent to not less than six placees at the placing price of HK\$0.1 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, amounted to approximately HK\$12.9 million.

(iv) During the nine months ended 31 December 2015, the holders of share options exercised its right to subscribe for 122,023,623 shares at HK\$0.1 per share. As a result, the Company received a net proceed of approximately HK\$12.2 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.

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.

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 November 2015, the convertible bondholder with principal amount of HK\$20,000,000 exercised its right to convert 57,142,857 shares at HK\$0.35 per share.

On 29 December 2015, the Company passed the special resolution by the shareholders approving the capital reorganisation at the extraordinary general meeting. Please refer to the Company's announcements and circular dated 20 November 2015, 27 November 2015, 29 December 2015 and 3 December 2015 respectively, for details of capital reorganisation.

On 30 December 2015, the Company completed a share consolidation pursuant to which every ten issued and unissued shares of HK\$0.1 each be consolidated into one consolidated share of HK\$1. Upon completion of the share consolidation, the authorised share capital of the Company was HK\$200,000,000 divided into 200,000,000 shares of HK\$1 each and the issued share capital of the Company was HK\$99,351,565 divided into 99,351,565 shares of HK\$1 each.

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.

## **OTHER MATTERS**

### **1. 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 (“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 settled all the amount in full to the Noteholder.

### **2. Promissory notes**

- (a) 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 all the amount in full to the promissory noteholder as at the date of this report.
- (b) On 12 July 2012, the Company issued a promissory note to an ex-director. On 30 November 2015, the Company and the promissory noteholder mutually agreed for the early repayment of the promissory note together with accrued interests reduced from HK\$9,340,000 to HK\$9,250,000. As at the date of this report, the Company has settled all the amount in full to the promissory noteholder.



### 3. Disposal receivables

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\$6,300,000 and there are HK\$6,400,000 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 nine 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, 12 February 2016

*As at the date hereof, 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  
Mr. Lau, Kelly

***Independent non-executive Directors:***

Dr. Wan Ho Yuen, Terence  
Mr. Koh Kwing Chang  
Mr. Lai Chi Leung

*This report will remain on the GEM website at [www.hkgem.com](http://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/](http://www.equitynet.com.hk/8103/).*