



Yuhua Energy Holdings Limited 裕華能源控股有限公司

(formerly known as Shinhint Acoustic Link Holdings Limited 成謙聲匯控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2728)



Interim Report 2015

CONTENTS

Corporate Information	1
Management Discussion and Analysis	3
Corporate Governance and Other Information	6
Report on Review of Condensed Consolidated Financial Statements	12
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Condensed Consolidated Statement of Financial Position	16
Condensed Consolidated Statement of Changes in Equity	18
Condensed Consolidated Statement of Cash Flows	19
Notes to the Condensed Consolidated Financial Statements	20



Corporate Information

Board of Directors

Executive Directors

Mr. Lin Caihuo (*Chairman of the Board*)

Ms. Kang Guiping

Mr. Wang Enguang

Non-Executive Director

Mr. Yip Yat Ming

(resigned on 15th July, 2015)

Independent Non-Executive Directors

Mr. Liu Yang

Mr. Lum Pak Sum

Mr. Tsui Man Yin

(resigned on 15th July, 2015)

Mr. Zhang Jiping

(appointed on 15th July, 2015)

Audit Committee

Mr. Lum Pak Sum

(*Chairman of the Committee*)

Mr. Liu Yang

Mr. Tsui Man Yin

(resigned on 15th July, 2015)

Mr. Zhang Jiping

(appointed on 15th July, 2015)

Remuneration Committee

Mr. Liu Yang (*Chairman of the Committee*)

Mr. Lin Caihuo

Mr. Lum Pak Sum

Mr. Tsui Man Yin

(resigned on 15th July, 2015)

Mr. Zhang Jiping

(appointed on 15th July, 2015)

Nomination Committee

Mr. Zhang Jiping

(*Chairman of the Committee*)

(appointed on 15th July, 2015)

Mr. Lin Caihuo

Mr. Liu Yang

Mr. Lum Pak Sum

Mr. Tsui Man Yin

(resigned on 15th July, 2015)

Authorized Representatives

Mr. Lin Caihuo

Ms. Kang Guiping

Company Secretary

Mr. Lau Wai Piu, Patrick

Auditor

Cheng & Cheng Limited

Registered Office

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head Office

Unit 1105, 11th Floor, Jubilee Centre

18 Fenwick Street

Wan Chai, Hong Kong

Principal Place of Business in Hong Kong

Unit 1105, 11th Floor, Jubilee Centre

18 Fenwick Street

Wan Chai, Hong Kong

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands



Corporate Information (Continued)

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Bank of Communication Co., Ltd.
Nanyang Commercial Bank, Limited
Wing Lung Bank

Legal Adviser

As to Hong Kong Law

Loong & Yeung

As to Cayman Islands Law

Conyers Dill & Pearman, Cayman

Stock Code

2728 (listed on the Main Board of The
Stock Exchange of Hong Kong Limited)

Website

www.yuhuaenergy.com



Management Discussion and Analysis

Business Review

During the six months ended 30th June, 2015, the consolidated revenue was increased to approximately HK\$1,068.92 million (2014 interim: approximately HK\$250.91 million), an increase of approximately 326.02% from the corresponding period in 2014. The uplift of consolidated revenue was mainly driven by the growth of energy trading. Revenue from energy trading was approximately HK\$822.17 million (2014 interim: nil), representing 77% of the total revenue, while revenue from speaker units reached to approximately HK\$246.75 million (2014 interim: approximately HK\$250.91 million), representing a period-on-period drop of approximately 1.66% and accounted for 23% of the total revenue only.

The gross profit also increased by 69.71% to approximately HK\$35.86 million for the period under review (2014 interim: approximately HK\$21.13 million). The increase in gross profit was mainly attributable to the business of energy trading.

Operating expenses for the six months ended 30th June, 2015 were approximately HK\$74.04 million (2014 interim: approximately HK\$16.66 million), representing an increase of approximately 344.42% as compared with the corresponding period in 2014. This increase is mainly due to the new business segment of energy trading which was commenced in December 2014.

In addition, approximately HK\$49.34 million of the operating expense is arose from the recognition of one off non-cash share-based payment expenses related to the grant of share options during the reporting period. Excluding the financial effect from the share-based payment expenses, the Group recorded an unaudited consolidated operating profit of approximately HK\$11.66 million attributable to shareholders for the six months ended 30th June, 2015.



Management Discussion and Analysis (Continued)

Financial Review

Liquidity and Financial Resources

As at 30th June, 2015, the Group has cash and cash equivalents of about HK\$59,509,000 (31st December, 2014: approximately HK\$228,063,000).

As at 30th June, 2015, the Group's net current assets were approximately HK\$326,892,000 (31st December, 2014: approximately HK\$251,829,000). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 2.0 as compared to 2.3 at last year end. The Group had bank borrowings of approximately HK\$138,154,000 (31st December, 2014: HK\$Nil).

The gearing ratio of the Group increased to approximately 40.52% (31st December, 2014: nil). The ratio is computed by dividing total borrowings of approximately HK\$138,154,000 (31st December, 2014: HK\$nil) by shareholders' equity of approximately HK\$340,924,000 (31st December, 2014: approximately HK\$267,437,000).

It is the policy of the Group to adopt a prudent financial management strategy and maintain a high level of liquidity and banking facilities to meet the funding requirement of the Group's operations and investment opportunity.

Treasury Policies

The Group does not engage in any leveraged or derivative products. Consistent with this prudent approach to financial risk management, the Group has continued to work towards maintaining a comfortable gearing position. Since most of the Group's assets and liabilities are denominated in HK dollars, Renminbi and US dollars and the exchange rates of such currencies were relatively stable over the period under review, the Group believes that such exposure does not have any significant adverse effect to the Group. Nonetheless, the Group will closely monitor the foreign currency exposure and arrange for hedging facilities when necessary.

Contingent Liabilities

As at 30th June, 2015, the Group had no material contingent liabilities.



Management Discussion and Analysis (Continued)

Financial Review (Continued)

Human Resources

As at 30th June, 2015, the Group employed a total of approximately 980 employees (30th June, 2014: approximately 1,380) in Hong Kong and the PRC collectively. Staff costs (excluding directors' emoluments) amounted to approximately HK\$39,706,000 (30th June, 2014: approximately HK\$52,230,000). The Group recruits and selects applicants for employment on the basis of their qualifications and suitability for the position. It is the Group's policy to recruit the most capable person available for each position. The Group continues to offer competitive remuneration package and bonuses to eligible staff, based on the performance of the Group and the individual employee.

Prospects

Considering the development of speaker driver business, the Group considers that the present business scale is sufficient in meeting its future order demand. Thus it will slow down the expansion. Nonetheless, the Group will review the operation and consider the appropriate adjustment from time to time.

On the other hand, with the positive result of the business of energy trading during the reporting period, the Group will put more resources in expanding this business segment. Looking forward, the Group believes that, through continuous development, energy trading should contribute a significant return to the Group. At the same time, the Group will also explore other investment opportunities that are beneficial to our shareholders.

Interim Dividend

The board of directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30th June, 2015. (2014: Nil).

By order of the Board

Lin Caihuo

Chairman

Hong Kong, 21st August, 2015



Corporate Governance and Other Information

Compliance with the Code on Corporate Governance Practices and Listing Rules

The Company devotes to best practice on corporate governance, and has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules and the Listing Rules for the six months ended 30th June, 2015, except for the following deviation:

Pursuant to Code A.2.1 of the Code, the roles of Chairman of the Board (the “Chairman”) and Chief Executive Officer (the “CEO”) should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly established and set out in writing.

The role of Chairman is assumed by Mr. Lin Caihuo. The Chairman formulates the overall strategic direction of the Group. Following the resignation of Mr. Su Zhiyong on 21st November, 2014, the Company did not have any officer with the CEO title. The role of the CEO has been performed collectively by all the executive Directors of the Company thereafter. The Board considers that this arrangement allows contributions from all executive Directors with different expertise and is beneficial to the continuity of the Company’s policies and strategies and is in the interest of the shareholders of the Company as a whole. The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

Pursuant to Code A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Yip Yat Ming, the non-executive director (who resigned from directorship with effect from 15th July, 2015) was unable to attend the annual general meeting of the Company held on 29th May, 2015 as he was away from Hong Kong at that time.



Corporate Governance and Other Information (Continued)

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the “Directors”). On specific enquiry made, all the Directors of the Company have confirmed that they have fully complied with the required standards set out in the Model Code throughout the six months ended 30th June, 2015.

Audit Committee

The audit committee of the Company (the “Audit Committee”) assists the Board in discharging its responsibilities for corporate governance, financial reporting and corporate control. As at 30th June, 2015, the Audit Committee consists of three independent non-executive Directors, namely Mr. Liu Yang, Mr. Lum Pak Sum and Mr. Tsui Man Yin (who resigned from directorship with effect from 15th July, 2015). It is chaired by Mr. Lum Pak Sum, who has the appropriate professional accounting qualification and financial management expertise.

The interim results of the Group for the six months ended 30th June, 2015 have not been audited, but have been reviewed by the Company’s external auditor, Cheng & Cheng Limited. The Audit Committee has also reviewed with senior management of the Group, the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2015.

Purchase, Sale or Redemption of Shares

There was no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries during the period.



Corporate Governance and Other Information (Continued)

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30th June, 2015, the interests and short positions of the Directors and the chief executives of the Company 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 ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity	Number of shares ⁽¹⁾	Number of underlying shares	Total number of shares	Approximate percentage of the issued shares
Lin Caihuo	Beneficial owner	104,139,473	–	104,139,473	26.92%

Notes:

(1) Interests in shares stated above represent long positions.

Save as disclosed above, as at 30th June, 2015, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



Corporate Governance and Other Information (Continued)

Share Option Scheme

On 25th June, 2005, a share option scheme (the “Share Option Scheme”) was approved and adopted by the shareholders of the Company, under which, options may be granted to any eligible participants (including any executive Directors of the Company) to subscribe for shares in the Company subject to the terms and conditions stipulated in the Share Option Scheme.

A total of 23,100,000 share options were granted under the Share Option Scheme during the six months ended 30th June, 2015. Details of the movement of the outstanding share options under the Share Option Scheme during the six months ended 30th June, 2015 are as follows:

Name	Date of grant (dd/mm/yyyy)	Exercise price HK\$	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options					
					As at 01/01/2015	Granted	Exercised	Forfeited	As at 30/06/2015	
Eligible employees ⁽¹⁾	19/6/2015	5.13	19/06/2015	19/06/2015 – 18/06/2025	-	23,100,000	-	-	-	23,100,000

Note:

Eligible employees are working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance.



Corporate Governance and Other Information (Continued)

Substantial Shareholders' Interests

As at 30th June, 2015, according to the register kept by the Company under Section 336 of the SFO, the corporations or persons (other than a Director or chief executive of the Company) had interests of 5% or more in the shares or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number of shares held⁽¹⁾	Approximate percentage of the issued shares
Lin Caihuo	Beneficial owner	104,139,473	26.92%
Cheung Chi Mang ⁽²⁾	Interest of a controlled corporation	21,516,000	5.56%

Notes:

- (1) Interests in shares stated above represent long positions.
- (2) 21,516,000 shares were held by Hong Kong Investments Group Limited, a company wholly owned by Mr. Cheung Chi Mang. By virtue of the SFO, Mr. Cheung Chi Mang is deemed to be interested in all the Shares held by Hong Kong Investments Group Limited.

Save as disclosed above, as at 30th June, 2015, no other person (other than a Director or chief executive of the Company) had registered an interest or short position in the shares, underlying shares and debentures of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.



Corporate Governance and Other Information (Continued)

Update on Directors' Information Under Rule 13.51B(1) of the Listing Rules

Since May 2015, Mr. Liu Yang has been appointed as independent director of Xiamen Academy of Building Research Group Co., Ltd, whose shares listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange.

Mr. Lum Pak Sum has been appointed as independent non-executive director of i-Control Holdings Limited, whose shares listed on the GEM Board of the Stock Exchange (stock code: 8355), with effective from 11th May, 2015. Besides, he has resigned the position of non-executive director of Orient Securities International Limited, whose shares listed on the GEM Board of the Stock Exchange (stock code: 8001), with effective from 1st July, 2015.

Save as disclosed in the announcement of the Company dated 15th July, 2015 and aforesaid, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the period under review.



Report on Review of Condensed Consolidated Financial Statements



CHENG & CHENG LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

鄭鄭會計師事務所有限公司

10/F., Allied Kajima Building,
138 Gloucester Road, Wanchai, Hong Kong

TO THE BOARD OF DIRECTORS OF YUHUA ENERGY HOLDINGS LIMITED (FORMERLY KNOWN AS SHINHINT ACOUSTIC LINK HOLDINGS LIMITED)

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Yuhua Energy Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 14 to 39, which comprise the condensed consolidated statement of financial position as of 30th June, 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.



Report on Review of Condensed Consolidated Financial Statements (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Cheng & Cheng Limited

Certified Public Accountants

Hong Kong, 21st August, 2015

Y. Y. Li, Alice

Practising Certificate number P03373



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th June, 2015

	Notes	Six months ended	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Continuing operations			
Revenue	3	1,068,916	250,912
Cost of sales		(1,033,054)	(229,783)
Gross profit		35,862	21,129
Other income		5,018	539
Selling and distribution costs		(2,598)	(1,399)
Administrative expenses		(69,968)	(13,781)
Research and development expenses		(1,471)	(1,479)
Other gains and losses		–	174
Finance costs		(534)	–
(Loss)/profit before tax		(33,691)	5,183
Income tax expenses	4	(3,991)	(1,105)
(Loss)/profit for the period from continuing operations	6	(37,682)	4,078
Discontinued operations			
Profit for the period from discontinued operations	5	–	2,297
(Loss)/profit for the period		(37,682)	6,375



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30th June, 2015

	Notes	Six months ended 30th June,	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Other comprehensive (expenses)/income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		333	(574)
Total comprehensive (expenses)/income for the period		(37,349)	5,801
(Loss)/earnings per share	8		
From continuing and discontinued operations			(Restated)
Basic (HK cents)		(5.47)	0.99
Diluted (HK cents)		(5.47)	0.99
From continuing operations			
Basic (HK cents)		(5.47)	0.63
Diluted (HK cents)		(5.47)	0.63



Condensed Consolidated Statement of Financial Position

At 30th June, 2015

	<i>Notes</i>	30th June, 2015 HK\$'000 (Unaudited)	31st December, 2014 HK\$'000 (Audited)
Non-current Assets			
Property, plant and equipment	<i>9</i>	13,736	14,992
Intangible assets		978	978
Rental deposits		647	643
		15,361	16,613
Current Assets			
Inventories		130,190	39,218
Trade debtors, deposits and prepayments	<i>10</i>	460,535	182,664
Bank balances and cash		59,509	228,063
		650,234	449,945
Current Liabilities			
Trade creditors and accrued charges	<i>11</i>	182,318	197,238
Tax liabilities		2,823	828
Obligations under finance lease		47	50
Interest-bearing borrowings	<i>12</i>	138,154	–
		323,342	198,116
Net Current Assets		326,892	251,829
Total Assets less Current Liabilities		342,253	268,442



Condensed Consolidated Statement of Financial Position (Continued)

At 30th June, 2015

	<i>Notes</i>	30th June, 2015 HK\$'000 (Unaudited)	31st December, 2014 HK\$'000 (Audited)
Non-current Liabilities			
Obligations under finance lease		–	22
Deferred tax liabilities		1,329	983
		1,329	1,005
Net Assets			
		340,924	267,437
Capital and Reserves			
Share capital	<i>13</i>	3,868	3,224
Reserves		337,056	264,213
Total Equity			
		340,924	267,437



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2015

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1st January, 2014 (audited)	3,215	89,714	4,950	1,737	5,005	1,292	155,032	260,945
Profit for the period	-	-	-	-	-	-	6,375	6,375
Other comprehensive income for the period:								
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(574)	-	-	(574)
Total comprehensive income for the period	-	-	-	-	(574)	-	6,375	5,801
Disposal of subsidiaries	-	-	-	-	(2,273)	-	-	(2,273)
Exercise of share options	3	364	-	-	-	(88)	-	279
Lapse of share options	-	-	-	-	-	(1,027)	1,027	-
At 30th June, 2014 (unaudited)	3,218	90,078	4,950	1,737	2,158	177	162,434	264,752
At 1st January, 2015 (audited)	3,224	90,807	4,950	2,035	3,088	-	163,333	267,437
Loss for the period	-	-	-	-	-	-	(37,682)	(37,682)
Other comprehensive income for the period:								
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	333	-	-	333
Total comprehensive expenses for the period	-	-	-	-	333	-	(37,682)	(37,349)
Placing of shares	644	60,849	-	-	-	-	-	61,493
Transfer from retained profits	-	-	-	401	-	-	(401)	-
Recognition of equity-settled share-based payments	-	-	-	-	-	49,343	-	49,343
At 30th June, 2015 (unaudited)	3,868	151,656	4,950	2,436	3,421	49,343	125,250	340,924



Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2015

	Six months ended	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (outflow)/from operating activities	(366,606)	24,512
Investing activities		
Proceeds on disposal of subsidiaries	–	37,995
Interest received	53	717
Purchase of property, plant and equipment	(1,423)	(2,125)
Net cash (used in)/from investing activities	(1,370)	36,587
Financing activities		
Proceeds from issue of shares	61,493	279
Proceeds from new bank borrowings	138,154	–
Payment of finance lease liabilities	(25)	–
Interest paid	(534)	–
Net cash from financing activities	199,088	279
Net (decrease)/increase in cash and cash equivalents	(168,888)	61,378
Effect of foreign exchange rate changes	334	(489)
Cash and cash equivalents at beginning of the period	228,063	103,702
Cash and cash equivalents at end of the period, represented by bank balances and cash	59,509	164,591



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

During the year ended 31st December, 2014, the group disposed of its interests in the headphones and speaker systems segment (as defined in Note 3) and shift its focus on to the speaker units segment (as defined in Note 3). The headphones and speaker systems segment had been discontinued and presented as discontinued operations in the Group's consolidated financial statements for the year ended 31st December, 2014. Accordingly, in preparing the condensed consolidated financial statements for the six month ended 30th June, 2015, the comparative figures of the condensed consolidated statement of profit or loss and other comprehensive income and related disclosure notes have been restated to reflect the presentation of headphones and speaker systems segment as a discontinued operation.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months period ended 30th June, 2015 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31st December, 2014.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The application of the above new interpretations and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amount received and receivable for goods sold by the Group to outside customers, less returns and allowances, during the period.

The information reported to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of performance is focused on the type of products sold. During 2014, the Group commenced the business of energy trading (including but not limited to fuel oil, oil and natural gas). Prior-period figures have been re-presented to conform with current period presentation.

Due to the disposal of Tai Sing Industrial Company Limited ("TSI" or the "Disposal Group") as described in note 5, which has the headphones and speaker systems businesses and the addition of energy trading business, the Group's reportable and operating segments from continuing operations under HKFRS 8 "Operating Segments" are as follows:

Continuing operations

- Speaker units mainly comprise speaker drivers for automotive, flat-panel TV and audio applications.
- Energy trading mainly comprises fuel oil, oil and natural gas.

Discontinued operations

- Headphones mainly comprise wireless and wired headphones.
- Speaker systems mainly comprise portable and stationary speaker systems.

In accordance with HKFRS 5, headphones and speaker systems are regarded as discontinued operations in preceding interim period. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 5.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

Reconciliation of segment results reviewed by CODM which are different from the Group's results are as follows:

For the six months ended 30th June, 2015

The segment results for the six months ended 30th June, 2015 are as follows:

Unaudited	Speaker units HK\$'000	Energy trading HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	246,748	822,168	1,068,916
Segment results	8,633	(39,287)	(30,654)
Reconciliation:			
Unallocated expense			(2,508)
Unallocated income			5
Finance costs	(1)	(533)	(534)
Loss before tax from continuing operations			(33,691)
Income tax expenses			(3,991)
Loss for the period from continuing operations			(37,682)



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

As at 30th June, 2015

The segment assets and liabilities as at 30th June, 2015 are as follows:

Unaudited	Speaker units HK\$'000	Energy trading HK\$'000	Total HK\$'000
Segment assets	196,608	468,009	664,617
Reconciliation:			
Unallocated assets			978
Total assets			665,595
Segment liabilities	147,515	173,004	320,519
Reconciliation:			
Unallocated liabilities			4,152
Total liabilities			324,671



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30th June, 2014

The segment results for the six months ended 30th June, 2014 are as follows:

Unaudited	Speaker units HK\$'000	Energy trading HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	250,912	–	250,912
Segment results	6,619	–	6,619
Reconciliation:			
Unallocated expense			(1,436)
Unallocated income			–
Finance costs	–	–	–
Profit before tax from continuing operations			5,183
Income tax expenses			(1,105)
Profit for the period from continuing operations			4,078



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

As at 31st December, 2014

The segment assets and liabilities as at 31st December, 2014 are as follows:

Audited	Speaker units HK\$'000	Energy trading HK\$'000	Total HK\$'000
Segment assets	424,039	41,541	465,580
Reconciliation: Unallocated assets			978
Total assets			466,558
Segment liabilities	196,437	873	197,310
Reconciliation: Unallocated liabilities			1,811
Total liabilities			199,121



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

4. INCOME TAX EXPENSES – CONTINUING OPERATIONS

	Six months ended 30th June,	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current tax for the period		
Hong Kong	513	695
People's Republic of China (the "PRC")		
Enterprise Income Tax	2,718	410
	3,231	1,105
Under provision in prior years		
PRC Enterprise Income Tax	414	–
Deferred tax for the period	346	–
Income tax expense for the periods	3,991	1,105

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Pursuant to the PRC Enterprise Income Tax Law and its detailed implementation rules, distribution of the profits earned by the PRC subsidiaries since 1st January, 2008 shall be subject to PRC withholding tax. Deferred tax liability in respect of the withholding tax on the undistributed earnings of the Group's PRC subsidiaries during the period has been provided at the applicable tax rate of 5%.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

5. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

On 18th November, 2013, the Group entered into a disposal agreement with Metro Star Investments Limited, which is 100% beneficially owned by Mr. Cheung Wah Keung, who is an ex-substantial shareholder, an ex-Executive Director and the ex-Chairman of the Company, to dispose of 100% equity interest in Tai Sing Industrial Company Limited ("TSI Group" or the "Disposal Group"), a subsidiary of the Group, which is engaged in the manufacturing and trading of headphones and speaker systems for an consideration of HK\$122.2 million (the "Disposal"). The Disposal was completed on 28th February, 2014, on which date the Group lost control of the Disposal Group. The Group's headphones and speaker systems manufacturing and trading operations have been treated as discontinued operations in the preceding interim period.

The profit from the discontinued operations for the preceding interim period is analysed as follows:

	Two months ended 28th February, 2014 HK\$'000 (Unaudited)
Loss of discontinued operations for the period	(2,970)
Gain on disposal of TSI Group, net of transaction costs	5,267
	<hr/> 2,297



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

5. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

(Continued)

The results of headphones and speaker systems businesses for preceding interim period is as follows:

	Two months ended 28th February, 2014 HK\$'000 (Unaudited)
Revenue	83,320
Cost of sales	(74,322)
Other income	232
Selling and distribution costs	(1,408)
Administrative expenses	(7,177)
Research and development expenses	(3,181)
Other gains and losses	(69)
Loss before tax	(2,605)
Income tax expenses	(365)
Loss for the period	(2,970)



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

5. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

(Continued)

The net assets of Disposal Group at the date of disposal were as follows:

	As at 28th February, 2014 HK\$'000
Net assets disposed of (<i>Note</i>)	118,373
Reclassification of cumulative translation reserve	(2,273)
	116,100
Transaction cost directly associated with the disposal	833
Gain on disposal, net of transaction costs	5,267
Total consideration	122,200
Satisfied by:	
Cash	122,200
Net cash inflow arising on disposal:	
Total cash consideration received	122,200
Less: transaction costs paid	(833)
Less: bank balance and cash disposed of	(83,372)
	37,995

Note: Intergroup balance due from TSI Group to the Group amounting to approximately HK\$44,390,000 as at 28th February, 2014 was included in the net assets disposed and is repayable by TSI Group within six months from 28th February, 2014.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

5. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

(Continued)

Cash flows for the period from the discontinued operation were as follows:

	Two months ended 28th February, 2014 HK\$'000
Net cash inflows from operating activities	28,990
Net cash inflows from investing activities	1,087
Net cash outflows used in financing activities	–
Net cash flows	30,077

6. (LOSS)/PROFIT FOR THE PERIOD – CONTINUING OPERATIONS

	Six months ended 30th June,	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period from continuing operations has been arrived at after charging/ (crediting) the following items:		
Depreciation	2,671	2,438
Net foreign exchange gain	4,965	194
Provision/(reversal) of write-down of inventories (included in cost of sales)	51	(43)
Share-based payment expense	49,343	–
Interest income	(53)	(536)

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

8. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30th June,	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
(Loss)/Earnings		
(Loss)/earnings for the purpose of basic and diluted earnings per share:		
(Loss)/profit for the period attributable to owners of the Company	(37,682)	6,375
	'000	'000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	688,989	643,271

The computation of diluted earnings per share does not assume the exercise of share options granted under the share option scheme (Note 14) since their exercise would result in an anti-dilutive effect on the loss per share for the six months ended 30th June, 2015 (six months ended 30th June, 2014: increase in earnings per share).

The weighted average numbers of ordinary shares for the purpose of calculating basic earnings per share have been retrospectively adjusted to reflect the share subdivision with effect from 8th July, 2015.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

8. (LOSS)/EARNINGS PER SHARE (Continued)

From continuing operations

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

	Six months ended 30th June,	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/earning figures are calculated as follow:		
(Loss)/profit for the period attributable to owners of the Company	(37,682)	6,375
Less: Profit for the period from discontinued operations	–	(2,297)
(Loss)/profit for the purposes of basic and diluted earnings per share from continuing operations	(37,682)	4,078

From discontinued operations

Basic and diluted earnings per share from discontinued operations is nil per share (30th June, 2014: HK0.36 cent per share (restated)) based on the profit for the period from discontinued operations of HK\$Nil (30th June, 2014: HK\$2,297,000) and the denominators detailed above for both basic and diluted earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred approximately HK\$1,423,000 (six months ended 30th June, 2014: approximately HK\$2,125,000) for acquisition of property, plant and equipment.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

10. TRADE DEBTORS, DEPOSITS AND PREPAYMENTS

	30th June, 2015	31st December, 2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade debtors (<i>Note i</i>)	130,776	133,096
Other receivable and deposits	21,629	8,876
Trade prepayments (<i>Note ii</i>)	308,130	40,692
	460,535	182,664

Notes:

- (i) The Group normally allows a credit period of 30 to 90 days to its trade customers, and may further extend the credit period to selected customers depending on their trade volume and settlement with the Group.

The following is an analysis of trade debtors by age, presented based on the invoice date, which approximated the revenue recognition date:

	30th June, 2015	31st December, 2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within 30 days	38,827	49,086
31 to 60 days	39,379	33,365
61 to 90 days	32,496	37,215
91 to 120 days	3,578	2,535
Over 120 days	16,496	10,895
	130,776	133,096

- (ii) Trade prepayments mostly consist of advance payments made to suppliers for purchases of finished goods in accordance with the contract terms.
- (iii) All of the current trade debtors, deposits and prepayments are expected to be recovered or recognized as expense within one year.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

11. TRADE CREDITORS AND ACCRUED CHARGES

All of the trade creditors and accrued charges are expected to be settled or recognized as income within one year or are repayable on demand. The following is an analysis of the trade creditors by age, presented based on the invoice date:

	30th June, 2015 HK\$'000 (Unaudited)	31st December, 2014 HK\$'000 (Audited)
Within 30 days	26,599	60,154
31 to 60 days	36,129	40,600
61 to 90 days	31,951	31,306
91 to 120 days	22,475	35,301
Over 120 days	3,816	13,904
Total trade creditors	120,970	181,265
Accrued charges	61,348	15,973
Trade creditors and accrued charges	182,318	197,238

12. INTEREST-BEARING BORROWINGS

	30th June, 2015 HK\$'000 (Unaudited)	31st December, 2014 HK\$'000 (Audited)
Bank borrowings	138,154	–

As at 30th June, 2015, the Group's bank borrowings of approximately HK\$138,154,000 (31st December, 2014: Nil) were secured personal guarantee from a director of the Company and corporate guarantees from two related companies in which a director of the Company has beneficial interests.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

12. INTEREST-BEARING BORROWINGS (Continued)

The interest rates of the borrowings are 5.61% per annum during the period (the year ended 31st December, 2014: Nil).

Movements in borrowings are analysed as follows:

	Six months ended 30th June,	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Opening amount at 1st January (audited)	–	–
Additions during the period	138,154	–
Closing amount at 30th June (unaudited)	138,154	–

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 31st December, 2014 and 1st January, 2015	500,000,000	5,000
Increase in authorised share capital	1,500,000,000	15,000
At 30th June, 2015 (Unaudited)	2,000,000,000	20,000
Issued and fully paid:		
At 31st December, 2014 (Audited)	322,445,564	3,224
Issue of ordinary shares	64,369,112	644
At 30th June, 2015 (Unaudited)	386,814,676	3,868



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

14. SHARE OPTION SCHEME

On 25th June, 2005, a share option scheme (the “Share Option Scheme”) was approved and adopted by the shareholders of the Company to enable the Company to grant options to selected eligible participants as incentives or rewards for their contributions to the Group.

The total number of ordinary shares available for issue under the Share Option Scheme and any other schemes must not, in aggregate, exceed 30,000,000 ordinary shares, representing approximately 10% of the issued share capital of the Company on 25th June, 2005. The vesting periods and exercisable period of the options granted are determined by the board of directors of the Company at the date of grant and no option may be exercised more than 10 years from the date of grant.

The following table discloses movements of the share options held by directors and employees during the current and prior periods:

For the period from 1st January, 2015 to 30th June, 2015

	Grant date	Exercise price HK\$	Vesting date	Exercisable period	Number of share option				
					As at 01/01/2015	Granted	Exercised	Forfeited	As at 30/06/2015
Employees	19/06/2015	5.13	19/06/2015	19/06/2015 – 18/06/2025	-	23,100,000	-	-	23,100,000
					-	23,100,000	-	-	23,100,000



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

14. SHARE OPTION SCHEME (Continued)

For the period from 1st January, 2014 to 30th June, 2014

	Grant date	Exercise price HK\$	Vesting date	Exercisable period	Number of share option			As at 30/06/2014
					As at 01/01/2014	Exercised	Forfeited	
Directors	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	1,353,000	(99,000)	(1,056,000)	198,000
			15/01/2013	15/01/2013 – 27/12/2020	1,353,000	(99,000)	(1,056,000)	198,000
			15/01/2014	15/01/2014 – 27/12/2020	1,394,000	(102,000)	(1,088,000)	204,000
					4,100,000	(300,000)	(3,200,000)	600,000
Employees	28/12/2010	0.93	15/01/2012	15/01/2012 – 27/12/2020	99,000	–	(99,000)	–
			15/01/2013	15/01/2013 – 27/12/2020	99,000	–	(99,000)	–
			15/01/2014	15/01/2014 – 27/12/2020	102,000	–	(102,000)	–
					300,000	–	(300,000)	–

During the current interim period, no share options (30th June, 2014: 3,500,000) were forfeited after the vesting period due to the resignation of a director and several employees. When the share options are forfeited after the vesting date, the amount previously charged to profit or loss is transferred to retained profits, with a corresponding adjustment to the share option reserve. During the current interim period, HK\$Nil was credited to retained profits due to forfeiture of share options (30th June, 2014: HK\$1,027,000).

15. CAPITAL COMMITMENTS

The Group had no commitments for capital expenditure for both periods ended 30th June, 2015 and 31st December, 2014 respectively.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

16. RELATED PARTY TRANSACTION

During the period, the Group entered into the following transactions with related parties:

Name of related party	Nature of transaction	Six months ended 30th June,	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Directors and key management	Salaries and other benefits	1,190	3,054
	Retirement benefit schemes contributions	–	43
		1,190	3,097
TSI Group (Note)	Technical service income	3,951	1,967
	Reimbursement of administrative supporting service expenses	420	1,510
	Sales of goods	9,438	9,340
		13,809	12,817
Fujian Yuhua Petrochemical	Crude oil jetty and storage services	1,395	–

Note: The amounts represent transactions with TSI Group after the Disposal. TSI Group was formerly a subsidiary of the Company and now become a related company of the Group.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30th June, 2015

17. EVENTS AFTER REPORTING PERIOD

Share subdivision

Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 7th July, 2015, each of the issued and unissued shares of HK\$0.01 in the share capital of the Company was subdivided into two subdivided shares of par value of HK\$0.005 each with effect from 8th July, 2015. After the completion of share subdivision, total number of shares issuable is 46,200,000, with effect from 8th July, 2015, for the share option granted on 19th June, 2015.

Termination of the R&D Service Agreement

On 6th August, 2015, Shinhint Technology (Shenzhen) Limited (“Shinhint Technology”) and Tai Sing Audio Technology Limited (“TSAT”) mutually agreed and entered into a termination deed to terminate the R&D Service Agreement with effect from 6th August, 2015. The Directors confirm that neither Shinhint Technology nor TSAT has to pay the other party any penalty and/or compensation as a result of the termination.