



2016

INTERIM REPORT



啟迪國際有限公司
TUS International Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 872)

CONTENTS

	Pages
Corporate Information	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Condensed Consolidated Financial Statements	8
Management Discussion and Analysis	24
Other Information	34

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ma Chi Kong Karl (*Chairman*)
Mr. Shen Xiao
Mr. Yang Ming
Mr. Du Peng
Mr. Woo Kar Tung Raymond
Ms. Cheung Joanna Wai Sze

Non-executive Directors

Mr. Tsang Ling Biu, Gilbert
Mr. Sheng Ruzhi

Independent Non-Executive Directors

Hon. Shek Lai Him Abrabam (*GBS, JP*)
Mr. Chen Jin
Mr. Poon Chiu Kwok
Mr. Wong Yuk Lun, Alan

AUTHORIZED REPRESENTATIVES

Mr. Du Peng
Mr. Lau Chi Yuen

COMPANY SECRETARY

Mr. Lau Chi Yuen

AUDIT COMMITTEE

Mr. Poon Chiu Kwok
(*Committee Chairman*)
Mr. Chen Jin
Mr. Tsang Ling Biu, Gilbert
Mr. Wong Yuk Lun, Alan

REMUNERATION COMMITTEE

Mr. Poon Chiu Kwok
(*Committee Chairman*)
Mr. Ma Chi Kong Karl
Mr. Yang Ming
Mr. Chen Jin
Mr. Wong Yuk Lun, Alan

NOMINATION COMMITTEE

Mr. Ma Chi Kong Karl
(*Committee Chairman*)
Mr. Shen Xiao
Mr. Chen Jin
Mr. Poon Chiu Kwok
Mr. Wong Yuk Lun, Alan

REGISTERED OFFICE

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

Room 707, Tower A, SP Tower,
Tsinghua University Science Park,
No.1 Zhongguancun East Road,
Haidian District, Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1301, Prosperity Tower,
39 Queen's Road Central,
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4/F., Royal Bank House, 24 Shedden Road,
George Town, Grand Cayman KY1-1110,
Cayman Islands

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716,
17/F., Hopewell Centre,
183 Queen's Road East,
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower, The Landmark,
11 Pedder Street, Central, Hong Kong

LEGAL ADVISER

As to Hong Kong Law:
Herbert Smith Freehills
23/F., Gloucester Tower,
15 Queen's Road Central,
Hong Kong

As to Cayman Island Law:
Conyers Dill & Pearman, Cayman
Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

STOCK CODE

872

The board of directors (the "Board") of TUS International Limited (the "Company") is pleased to announce the unaudited consolidated interim results for the six months ended 30 June 2016 of the Company and its subsidiaries (collectively the "Group"), together with comparative figures for the previous period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Six months ended 30 June	
	Note	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Revenue	3	131,611,038	33,622,407
Cost of sales		(119,868,809)	(28,820,534)
Gross profit		11,742,229	4,801,873
Other revenue		8,487	3,383,726
Other loss, net	5	(4,387,762)	(48,759,884)
Research and development expenses		–	(30,620,643)
Selling and distribution expenses		(726,105)	(3,332,471)
Administrative expenses		(31,710,104)	(33,481,594)
Finance costs	6	(1,194,492)	(742,525)
Realised and unrealised gain on held-for-trading investments	7	–	23,714,206
Gain on disposal of subsidiaries	20	26,107,896	–
Share of losses of an associate		–	(1,000,000)
Loss before taxation	7	(159,851)	(86,037,312)
Income tax (expenses)/credit	8	(1,109,533)	4,125,050
Loss for the period		(1,269,384)	(81,912,262)
Other comprehensive loss for the period, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		(944,303)	–
Total comprehensive loss for the period		(2,213,687)	(81,912,262)
Loss for the period attributable to:			
Owners of the Company		(354,085)	(59,874,393)
Non-controlling interests		(915,299)	(22,037,869)
		(1,269,384)	(81,912,262)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(885,644)	(59,874,393)
Non-controlling interests		(1,328,043)	(22,037,869)
		(2,213,687)	(81,912,262)
Loss per share			
– Basic (HK cents)	10	(0.04)	(7.92)
– Diluted (HK cents)	10	(0.04)	(7.80)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2016*

	<i>Note</i>	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Non-current assets			
Fixed assets			
– Property, plant and equipment	<i>11</i>	4,807,122	31,172,985
– Interests in leasehold land held for own use under operating leases	<i>11</i>	–	9,665,342
Construction in progress		–	6,369,951
Finance lease receivables	<i>14</i>	23,571,810	4,797,860
Intangible assets		17,942,245	18,997,671
Goodwill		3,380,099	3,380,099
Available-for-sale investments	<i>12</i>	214,500,000	78,500,000
		264,201,276	152,883,908
Current assets			
Inventories		37,505,222	56,563,591
Trade receivables, prepayments and other receivables	<i>13</i>	181,424,921	148,084,846
Finance lease receivables	<i>14</i>	31,712,618	18,085,823
Cash and cash equivalents		92,856,325	240,100,479
		343,499,086	462,834,739
Current liabilities			
Trade and other payables	<i>15</i>	38,048,929	46,449,377
Current tax payable		3,833,386	3,132,768
Borrowings	<i>16</i>	–	33,967,780
		41,882,315	83,549,925
Net current assets		301,616,771	379,284,814
Total assets less current liabilities		565,818,047	532,168,722
Non-current liabilities			
Deferred tax liabilities		12,952,238	14,541,595
Convertible bond	<i>17</i>	38,140,088	–
		51,092,326	14,541,595
Net assets		514,725,721	517,627,127
Capital and reserves			
Share capital	<i>18</i>	9,281,849	9,281,849
Reserves		545,937,315	531,707,336
Total equity attributable to owners of the Company		555,219,164	540,989,185
Non-controlling interests		(40,493,443)	(23,362,058)
Total equity		514,725,721	517,627,127

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2016*

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Statutory surplus reserve	Exchange reserve	Other reserve	Convertible bond equity reserve	Retained profits	Sub-total			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
At 1 January 2015 (Audited)	7,368,209	335,428,960	-	7,893,657	19,802,084	(46,580,259)	-	204,876,196	528,788,847	(31,806,225)	496,982,622	
Loss for the period	-	-	-	-	-	-	-	(59,874,393)	(59,874,393)	(22,037,869)	(81,912,262)	
Other comprehensive loss for the period, net of income tax:												
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive loss for the period	-	-	-	-	-	-	-	(59,874,393)	(59,874,393)	(22,037,869)	(81,912,262)	
Placing of ordinary shares	1,473,640	126,143,584	-	-	-	-	-	-	127,617,224	-	127,617,224	
Transaction costs attributable to placing of ordinary shares	-	(3,345,835)	-	-	-	-	-	-	(3,345,835)	-	(3,345,835)	
Exercise of share options	440,000	18,811,000	(3,411,000)	-	-	-	-	-	15,840,000	-	15,840,000	
Share-based payments	-	-	16,614,803	-	-	-	-	-	16,614,803	-	16,614,803	
At 30 June 2015 (Unaudited)	9,281,849	477,037,709	13,203,803	7,893,657	19,802,084	(46,580,259)	-	145,001,803	625,640,646	(53,844,094)	571,796,552	
At 1 January 2016 (Audited)	9,281,849	477,037,709	16,173,403	7,893,657	17,005,189	(46,580,259)	-	60,177,637	540,989,185	(23,362,050)	517,627,127	
Loss for the period	-	-	-	-	-	-	-	(354,085)	(354,085)	(915,299)	(1,269,384)	
Other comprehensive loss for the period, net of income tax:												
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	-	-	-	-	(531,559)	-	-	-	(531,559)	(412,744)	(944,303)	
Total comprehensive loss for the period	-	-	-	-	(531,559)	-	-	(354,085)	(885,644)	(1,328,043)	(2,213,687)	
Share-based payments (note 19)	-	-	11,619,236	-	-	-	-	-	11,619,236	-	11,619,236	
Cancellation of share option	-	-	(16,173,403)	-	-	-	-	16,173,403	-	-	-	
Issue of convertible bond (note 17)	-	-	-	-	-	-	23,474,434	-	23,474,434	-	23,474,434	
Disposal of subsidiaries (note 20)	-	-	-	(4,929,416)	(11,582,863)	(3,465,768)	-	-	(19,978,047)	(15,803,342)	(35,781,389)	
At 30 June 2016 (Unaudited)	9,281,849	477,037,709	11,619,236	2,964,241	4,890,767	(50,046,027)	23,474,434	75,996,955	555,219,164	(40,493,443)	514,725,721	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2016*

	Six months ended	
	30 June	
	2016	2015
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(85,232,430)	1,179,252
Investing activities		
Purchase of available-for-sale investments	(20,000,000)	(78,500,000)
Net cash outflow on disposal of subsidiaries	(5,023,127)	–
Other net cash flow arising from investing activities	(685,469)	1,926,546
Net cash used in investing activities	(25,708,596)	(76,573,454)
Financing activities		
Proceeds from placing of ordinary shares	–	127,617,224
Proceeds from shares issued under share option scheme	–	15,840,000
Repayment of borrowings	(33,967,780)	–
Other net cash flow arising from financing activities	–	1,935,306
Net cash (used in)/generated from financing activities	(33,967,780)	145,392,530
Net (decrease)/increase in cash and cash equivalents	(144,908,806)	69,998,328
Effect of foreign exchange rate changes	(2,335,348)	–
Cash and cash equivalents at 1 January	240,100,479	105,343,549
Cash and cash equivalents at 30 June	92,856,325	175,341,877

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 30 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by audit committee of the Company.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2015 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2016.

2. New and revised HKFRSs

The Group has adopted the following revised HKFRSs (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA for the first time for these interim financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) HKFRS 14	Investment Entities: Applying the Consolidation Exception Regulatory Deferral Assets
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to 2012-2014	Amendments to numbers of HKFRSs Cycle

The adoption of the revised HKFRSs has had no significant financial effect on these interim financial statements and there have been no significant changes to the accounting policies applied in these interim financial statements.

3. Revenue

The Group is principally engaged in production and sale of automotive related products, car trading and provision of financing service for leasing motor vehicles and equipment.

Revenue recognised during the period is analysed as follows:

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Sales of automotive safety system components and other automotive components	17,489,272	8,891,278
Sales of electronic airbag systems	–	24,731,129
Sales of cars	68,024,524	–
Finance lease income	46,097,242	–
	131,611,038	33,622,407

4. Segment information

Information reported to the Board, being the chief operating decision maker, for purposes of resource allocation and assessment of segment performance focuses on types of goods and services delivered.

The Group is principally engaged in production and sale of automotive related products, car trading and provision of financing service for leasing motor vehicles and equipment.

The three reportable segments of the Group under HKFRS 8 are as follow:

- (a) Automotive electronic products and safety spare parts – sale of automotive electronic products and safety spare parts in the PRC
- (b) Car trading – sale of premium cars in Hong Kong and sale of cars in the PRC
- (c) Finance lease of motor vehicles and equipment – providing financing service for leasing motor vehicles and equipment in the PRC

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Automotive electronic products and safety spare parts		Car trading		Finance lease of motor vehicles and equipment		Total	
	six months ended 30 June		six months ended 30 June		six months ended 30 June		six months ended 30 June	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	17,489,272	33,622,407	68,024,524	-	46,097,242	-	131,611,038	33,622,407
Segment results	4,632,750	(84,322,172)	3,369,914	(232,572)	(52,212)	-	7,950,452	(84,554,744)
Gain on disposal of subsidiaries							26,107,896	-
Unallocated corporate expenses							(33,410,528)	(28,359,031)
Unallocated corporate income							4,406	26,892,534
Finance costs							(812,077)	(16,071)
Loss before taxation							(159,851)	(86,037,312)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$Nil).

4. Segment information (continued)

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

	Automotive electronic products and safety spare parts		Car trading		Finance lease of motor vehicles and equipment		Total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	
Segment assets	17,881,279	132,449,372	185,004,211	76,256,196	119,068,682	26,528,438	321,954,172	235,234,006
Segment liabilities	9,594,042	45,038,309	3,006,325	6,052,430	20,706,727	7,563,942	33,307,094	58,654,681

Reconciliations of reportable segments' assets and liabilities:

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Assets		
Total assets of reportable segments	321,954,172	235,234,006
Unallocated headquarter amounts:		
Prepayments and other receivables	110,352,356	57,751,468
Available-for-sale investments	78,500,000	78,500,000
Cash and cash equivalents	92,856,325	240,100,479
Office equipment and motor vehicles	4,037,509	4,132,694
Consolidated total assets	607,700,362	615,718,647
Liabilities		
Total liabilities of reportable segments	33,307,094	58,654,681
Unallocated headquarter amounts:		
Other payables	21,527,459	18,882,254
Other loans	–	17,500,000
Convertible bond	38,140,088	–
Current tax payable	–	3,054,585
Consolidated total liabilities	92,974,641	98,091,520

5. Other loss, net

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Impairment loss recognised on intangible assets	–	19,237,409
Impairment loss recognised on goodwill	–	5,363,669
Impairment loss recognised on interests in an associate	–	7,515,200
Provision for inventories	–	16,145,421
Impairment loss recognised on other receivables	4,387,762	–
Net foreign exchange loss	–	498,185
	4,387,762	48,759,884

6. Finance costs

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Interest expenses on bank loans	558,016	379,167
Interest expenses on other loans	21,954	16,071
Imputed interest on convertible bond	614,522	–
Discounting charges on discounted bills receivable	–	347,287
	1,194,492	742,525

7. Loss before taxation

Loss before taxation is arrived at after charging/(crediting) the followings:

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Cost of inventories	119,868,809	28,820,534
Depreciation of property, plant and equipment	1,291,683	2,280,517
Share-based payment transactions	11,619,236	16,614,803
Amortisation of leasehold land held for own use under operating leases	51,776	566,461
Amortisation of intangible assets		
– Patents	1,055,426	2,288,643
Impairment loss recognised on other receivables	4,387,762	–
Impairment loss recognised on goodwill	–	5,363,669
Impairment loss recognised on interests in an associate	–	7,515,200
Impairment loss recognised on intangible assets	–	19,237,409
Provision for inventories	–	16,145,421
Realised gain on disposal of held-for-trading investments	–	(24,184,206)
Unrealised loss on fair value change in held-for-trading investments	–	470,000
	–	(23,714,206)

8. Income tax expenses/(credit)

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Current tax		
PRC Enterprise Income Tax	361,654	544,896
Hong Kong Profits Tax	747,879	–
Deferred tax		
Reversal of temporary differences	–	(4,669,946)
Total income tax charged/(credited) to profit or loss	1,109,533	(4,125,050)

Taxes on profits assessable in the PRC have been calculated at the prevailing rates, based on existing legislation, interpretations and practices in respect thereof.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2016. No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2015.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

9. Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$Nil).

10. Loss per share**(a) Basic loss per share**

The calculation of basic loss per share for the six months ended 30 June 2016 is based on the loss for the period attributable to owners of the Company of HK\$354,085 (six months ended 30 June 2015: HK\$59,874,393) and the weighted average of 928,184,888 (six months ended 30 June 2015: 756,400,026) ordinary shares in issue during the period, calculated as follows:

Weighted average number of ordinary shares (basic)

	Six months ended 30 June	
	2016 Number of shares (Unaudited)	2015 Number of shares (Unaudited)
Issued ordinary shares at 1 January	928,184,888	736,820,888
Effect of placing of ordinary shares	–	13,026,652
Effect of exercise of share options	–	6,552,486
Weighted average number of ordinary shares (basic)	928,184,888	756,400,026

(b) Diluted loss per share

The calculation of diluted loss per share for the six months ended 30 June 2016 is based on the loss for the period attributable to owners of the Company of HK\$354,085 (six months ended 30 June 2015: HK\$59,874,393) and the weighted average of 928,184,888 (six months ended 30 June 2015: 767,196,067) ordinary shares in issue during the period, calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2016 Number of shares (Unaudited)	2015 Number of shares (Unaudited)
Weighted average number of ordinary shares (basic)	928,184,888	756,400,026
Effect of deemed issue of shares, under the Company's share option scheme for nil consideration	–	10,796,041
Weighted average number of ordinary shares (diluted)	928,184,888	767,196,067

During the six months ended 30 June 2016, the computation of diluted loss per share does not include the Company's outstanding share options and outstanding convertible bond because the effect were anti-dilutive. Therefore, the diluted loss per share of the Company is the same as the basis loss per share.

11. Fixed assets**(a) Acquisitions and disposals**

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost of approximately HK\$685,469 (six months ended 30 June 2015: HK\$1,256,261). During the six months ended 30 June 2016, there were disposal and written-off of property, plant and equipment with net book value of HK\$Nil (six months ended 30 June 2015: HK\$266,222).

(b) As at 30 June 2016, the Group has no interests in leasehold land and building. As at 31 December 2015, the Group's interests in leasehold land and building are held by a subsidiary in the PRC which represent the land use rights together with the building thereon situated in Shanxi in the PRC.

(c) As at 30 June 2016, leasehold land with carrying amount of HK\$Nil (as at 31 December 2015: HK\$9,665,342) is situated outside Hong Kong under medium-term leases.

12. Available-for-sale investments

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Unlisted equity investments, at cost	214,500,000	78,500,000

(a) On 13 March 2015, the Group entered into a sale and purchase agreement with an independent third party for acquiring 18% of the entire issued share capital of More Cash Limited at a consideration of HK\$73,000,000. More Cash Limited is the owner of the entire issued share capital of a company incorporated in Hong Kong, which in turn owns 75% equity interest in a company established in the PRC of which is principally engaged in estate industry. The principal assets of the PRC company are properties which comprise, among others, car park, shopping mall, office, apartment, hotel and restaurant in a commercial and residential complex located in Guangzhou City, the PRC. The development of such complex has been completed and the sale of which has been commenced since year 2012. Upon completion, the Group becomes indirectly interested in 18% of the entire issued share capital of More Cash Limited and becomes indirectly interested in 13.5% equity interest in the PRC company.

(b) On 25 March 2015, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group acquired 5% of the entire issued share capital of Grand Vision Communications Limited at a consideration of HK\$5,500,000. Grand Vision Communications Limited is the owner of the entire issued share capital of a company incorporated in Hong Kong, which in turn wholly owns the entire equity interest in a company established in the PRC. Grand Vision Communications Limited and its subsidiaries are principally engaged in out-of-home advertising business.

(c) On 16 May 2016, the Group entered into a sale and purchase agreement with an independent third party for acquiring 7.88% of the issued share capital of Sino Partner Global Limited ("Sino Partner") at a consideration of HK\$136,000,000. The consideration of HK\$136,000,000 was settled by (i) disposal of 19 classic and/or premium cars of the Group at a total consideration of HK\$55,000,000; (ii) issue of convertible bond of HK\$61,000,000; and (iii) cash of HK\$20,000,000. Details of which are set at in the announcements of the Company dated 16 May 2016 and 27 May 2016, and in the "Material Acquisitions and Disposals" section in this interim report. Sino Partner is the owner of the entire issued capital of a company incorporated in Hong Kong, which in turn wholly owns the entire equity interest in companies established in Hong Kong and Japan and 80% equity interest in a company established in Germany which is principally engaged in the design, development and manufacture of the Apollo supercars.

13. Trade receivables, prepayments and other receivables

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Trade receivables	26,814,064	62,187,188
Less: allowance for doubtful debts	(10,027,268)	(10,027,268)
	16,786,796	52,159,920
Bills receivable	–	12,114,934
	16,786,796	64,274,854
Deposits and prepayments	60,036,334	20,105,858
Other receivables	104,601,791	63,704,134
	181,424,921	148,084,846

The ageing analysis of trade receivables, based on the invoice date, and net of allowance for doubtful debts, is as follows:

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Within 3 months	786,796	52,097,558
Over 3 months but less than 6 months	–	62,362
Over 6 months but less than 12 months	16,000,000	–
Over 12 months	–	–
	16,786,796	52,159,920

14. Finance lease receivables

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Current portion	31,712,618	18,085,823
Non-current portion	23,571,810	4,797,860
	55,284,428	22,883,683

Certain of the Group's motor vehicles are leased by way of finance leases. All leases are denominated in RMB. The average term of finance leases entered into is 1 to 3 years.

15. Trade and other payables

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Trade payables	3,395,147	19,555,842
Other payables and accruals	34,653,782	26,893,535
	38,048,929	46,449,377

The ageing analysis of trade payables is as follows:

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Within 3 months	728,532	11,053,392
Over 3 months but less than 6 months	–	932,127
Over 6 months but less than 12 months	–	2,352,136
Over 12 months	2,666,615	5,218,187
	3,395,147	19,555,842

16. Borrowings

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Bank loans (note (a) and (b))	–	16,467,780
Other loans (note (c))	–	17,500,000
	–	33,967,780
Secured (note (a) and (b))	–	16,467,780
Unsecured (note (c))	–	17,500,000
	–	33,967,780

16. Borrowings (continued)

As at 30 June 2016 and 31 December 2015, terms of bank loans were summarised as follows:

- (a) As at 30 June 2016, there was no short-term secured bank loan. As at 31 December 2015, the short-term secured bank loan of HK\$6,324,582 carried interest rate of 6.3% per annum.

The loan was fully settled during the six months ended 30 June 2016.

- (b) Included in short-term secured bank loans are discounted bills with recourse of HK\$Nil (as at 31 December 2015: HK\$10,143,198) are secured by the related bills receivable.

- (c) During the six months ended 30 June 2016, other loans were fully settled. As at 31 December 2015, other loans of HK\$17,500,000 were obtained from independent third parties, which were unsecured, repayable within one year and carried interest rate of 8% per annum.

17. Convertible Bond

On 16 May 2016, the Group entered into a sale and purchase agreement with an independent third party for acquiring 7.88% of the issued share capital of Sino Partner at a consideration of HK\$136,000,000, of which HK\$61,000,000 was settled by the issue of convertible bond (the "Convertible Bond"). Completion took place on 27 May 2016. The Convertible Bond initially matures at the third anniversary of the issue date (i.e. 26 May 2019). The initial conversion price was HK\$0.884 per conversion share.

The Convertible Bond contains two components, liability and equity elements. The equity element is presented in equity heading "Convertible bond equity reserve". The effective interest rate of the liability component is 17.58%.

The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in shareholders' equity in Convertible bond equity reserve.

The Convertible Bond issued on 27 May 2016 recognised in the Consolidated statement of financial position was calculated as follows:

	<i>HK\$</i>
Fair value of Convertible Bond issued on 27 May 2016	61,000,000
Equity component	(23,474,434)
Liability component on initial recognition and amortised cost at 27 May 2016	37,525,566
Amortised cost as at 27 May 2016	37,525,566
Interest expense	614,522
As at 30 June 2016	38,140,088

As at 30 June 2016, the outstanding principal amount of the Convertible Bond was HK\$61,000,000.

Interest expense on the Convertible Bond is calculated using the effective interest method by applying the effective interest rate of 17.58% to the liability component.

18. Share capital

	30 June 2016		31 December 2015	
	<i>Number of shares</i> (Unaudited)	<i>HK\$</i> (Unaudited)	<i>Number of shares</i> (Audited)	<i>HK\$</i> (Audited)
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000,000	10,000,000,000	100,000,000
<i>Issued:</i>				
At the beginning of the period/year	928,184,888	9,281,849	736,820,888	7,368,209
Placing of ordinary shares (<i>note (a)</i>)	-	-	147,364,000	1,473,640
Exercise of share options (<i>note (b)</i>)	-	-	44,000,000	440,000
At the end of the period/year	928,184,888	9,281,849	928,184,888	9,281,849

Note:

- (a) On 15 June 2015, the Company, through two placing agents, placed 147,364,000 ordinary shares of HK\$0.01 each at a placing price of HK\$0.866 per share for a total consideration, before expenses, of HK\$127,617,224, which is intended to be used for future business, development and potential investment opportunities and/or general working capital of the Group.
- (b) During the year ended 31 December 2015, the Company allotted and issued 44,000,000 shares of HK\$0.01 each for cash with an exercise price of HK\$0.36 per share.

19. Equity settled share-based transactions

Equity-settled share option scheme

On 19 June 2009, an ordinary resolution was proposed at the annual general meeting to approve the adoption of a share option scheme (“Share Option Scheme”) and termination of the operation of the old share option scheme. The resolution was approved by the shareholders and the Share Option Scheme became effective for a period of 10 years commencing on 19 June 2009. Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company on 11 June 2015, the maximum number of Shares which may be issued upon exercise of all options that may be granted was refreshed to 78,082,088 Shares.

Under the Share Option Scheme, the consideration paid for each grant of share options will be HK\$1.00. The subscription price shall be determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange’s daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share. Details of the principal terms of the Share Option Scheme were summarised and set out in a circular to shareholders dated 29 April 2009.

During the six months ended 30 June 2016, a total of 37,120,000 share options granted on 25 June 2015 and 1 September 2015 were cancelled, whilst a total number of 39,520,000 share options were granted to directors and senior management of the Company (“Share Options”). Details of specific categories of share options are as follows:

	Date of grant	Exercise period	Exercise price	Number of share options granted
Share Options	22 January 2016	22 January 2017 – 21 January 2026 (<i>Note</i>)	HK\$0.82	39,520,000

Note: The exercise period of the share options shall be ten years from the date of grant and the share options shall be exercised at the expiry of the option period or at the expiry of the Share Option Scheme, whichever the earlier.

Save as disclosed above, during the six months ended 30 June 2016, no share options were exercised and lapsed.

19. Equity settled share-based transactions (continued)**Equity-settled share option scheme (continued)**

The fair value of the options granted is estimated at the date of grant using Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. The fair value of options granted during the six months ended 30 June 2016 was estimated on the date of grant using the following assumptions:

	Share Option
Date of grant	22 January 2016
Fair value at measurement date (HK\$)	0.29
Share price (HK\$)	0.72
Exercise price (HK\$)	0.82
Dividend yield (%)	0.00
Expected volatility (%)	56.12
Risk-free interest rate (%)	1.59
Expected life (year)	10.00
Expected dividends (%)	0.00

20. Disposal of subsidiaries

On 1 March 2016, the Company entered into a disposal agreement pursuant to which the Company agreed to dispose of the entire issued share capital of Smooth Ever Limited and its subsidiaries (collectively, the "Smooth Ever Group") with a consideration of HK\$34,000,000. The disposal was completed on 31 March 2016.

Summary of the effects of the disposal of Smooth Ever Group is as follow:

	<i>HK\$</i>
Net assets disposed of:	
Property, plant and equipment	25,872,798
Construction in progress	7,602,460
Interests in leasehold land held for own use under operating leases	9,641,114
Inventories	9,576,761
Trade receivables, prepayments and other receivables	44,202,701
Cash and cash equivalents	5,023,127
Trade and other payables	(56,655,646)
Deferred tax liabilities	(1,589,822)
	43,673,493
Release of statutory surplus reserve	(4,929,416)
Release of exchange reserve	(11,582,863)
Release of other reserve	(3,465,768)
Release of non-controlling interests	(15,803,342)
Gain on disposal	26,107,896
	34,000,000
Consideration receivable in cash and cash equivalents for the disposal of Smooth Ever Group	34,000,000
Net cash outflow on disposal of Smooth Ever Group	(5,023,127)

21. Fair value measurement of financial instruments

The fair value of financial assets and liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively.
- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.
- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the condensed consolidated financial statements approximate to their fair values.

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable data (unobservable inputs).

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

During the six months ended 30 June 2016, there were no transfers between Levels 1 and 2, or transfers into or out of Level 3 (six months ended 30 June 2015: Nil).

22. Events after the reporting period

On 29 July 2016, a wholly-owned subsidiary of the Company, Dynamic Plus Investments Limited, as subscriber, entered into the subscription agreement, pursuant to which the subscriber has conditionally agreed to subscribe for approximately 28.57% of the issued share capital of Tuspark Global Limited (the "Target Company") as enlarged by the allotment and issue of the subscription shares, at the aggregate subscription price of HK\$10,000,000.

As at 29 July 2016, the Target Company was owned as to 40% by City Corporation Limited ("City Corporation") and 60% by Tuspark Venture Investment Ltd. ("Tuspark Venture"). City Corporation was a company which, as at 29 July 2016, was owned as to 50.00% by Ms. Cheung Joanna Wai Sze, an executive Director of the Company, and an aggregate of 50.00% by two companies which were wholly-owned by Mr. Cheung Hon Kit, the father of Ms. Cheung Joanna Wai Sze. Tuspark Venture was a substantial shareholder holding approximately 22.89% of the issued share capital of the Company as at 29 July 2016. As such, each of the Target Company, City Corporation and Tuspark Venture was regarded as a connected person of the Company for the purpose of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and the subscription as contemplated under the subscription agreement constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

Upon completion of the above subscription, the Group will own approximately 28.57% of the issued share capital of the Target Company and will account its interests in the Target Company as investment in an associate. Details of the above connected transaction in relation to the subscription of shares are set out in the announcement of the Company dated 29 July 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2016, the Group recorded revenue of approximately HK\$131.6 million, while it was approximately HK\$33.6 million in the same period of last year. During the current period under review, the Company disposed of the entire equity interest of the Smooth Ever Limited and its subsidiaries (“Smooth Ever Group”), this resulted in the reduction of the turnover amount in relation to sales of automotive electronic products and safety spare parts. The expansion into the automobile inventory financing business and sales of cars bring a promising revenue stream which leads to an increase in revenue for the six months ended 30 June 2016.

Strengthening business structure

Following the commencement of transformation of the Group’s business structure and the change of the Company’s name from “Jinheng Automotive Safety Technology Holdings Limited” to “TUS International Limited” in February 2016, the Group continues to explore new business opportunities and streamline the operational structure. In the first half of this year, the Group has entered into a disposal agreement, pursuant to which the Company disposed of the entire equity interest of the Smooth Ever Group at the consideration of HK\$34.0 million (the “Disposal”). The Smooth Ever Group is principally engaged in the production and sales of automotive components in the PRC. The Board considered that the financial performance of the Smooth Ever Group was not satisfactory and the downturn of the traditional automotive safety products industry had adversely impacted the sales of the Group. Although the Disposal resulted a significant decrease in the segmental revenue of automotive electronic products and safety spare parts in the comparable periods, it also eliminated the segmental operating loss arising from such business segments. In response to the continuing slowdown in the growth of the traditional automotive manufacturing industry, the Group proposes to continue to seek new business opportunities in order to generate more return to the shareholders of the Company. The Directors considered that this Disposal also represented a good opportunity to realize the past investment in the Smooth Ever Group. Details of the Disposal are set in the announcement of the Company dated 1 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Strengthening business structure *(continued)*

The management of the Group is taking a cautious approach in its future growth and has been diversifying its existing business portfolio into other businesses with good prospects, including the expansion of the Group's business into the automobile inventory financing business through the acquisition of Optimus Financial Group Limited in late 2015, which, together with its subsidiaries, are principally engaged in the businesses of providing financing service for leasing motor vehicles and equipment and car trading business in the PRC. As it is a new business segment to the Group, we took a relatively conservative approach in terms of identifying asset class as well as our customer base, especially taking into account the general slowdown in economy in China and the potential foreign exchange risk of the underlying business arising from financing the receivables. We are delighted to report that during the six months ended 30 June 2016, we have made significant progress in increasing and diversifying the leasing portfolio, which brings a promising revenue stream in the respective segment.

As disclosed previously in the previous announcements and annual report of the Company, the Group has been keen on exploring the prospects of developing the business of technology innovation incubator, which includes the business of shared workspace and services for and investments in small technology enterprises in the PRC, Hong Kong or other countries. With the vision to step into the new business so as to achieve sustainable growth, in October 2015, the Group entered into agreements with associates of Tus-Holdings Limited, ("JV partner companies") which wholly owns Tuspark Venture Investment Ltd. (which currently holds approximately 22.89% of the issued share capital of the Company), to form three joint ventures ("JVs") companies in Suzhou, Kunshan, and Nanjing, the PRC. The Group is working closely with the JV partner companies in identifying business opportunities and finalizing the business plans in the business of technology innovation incubator in the PRC in order to provide a sustainable return to the Group. Details of the formation of JVs are set out in the announcement of the Company dated 13 November 2015 and circular of the Company dated 15 December 2015. The said formation of JVs has been approved by the shareholders of the Company at the extraordinary general meeting held on 8 January 2016. In July 2016, the Group also made an investment in Tuspark Global Limited, which, together with its subsidiaries, are principally engaged in the operating and management of workhubs and innovation hubs and ancillary business in Hong Kong and the PRC with total area under management of more than 80,000 square feet. The transaction is expected to complete in the fourth quarter this year and the Group will hold approximately 28% of the issued share capital of Tuspark Global Limited upon completion. Details of the transaction are set out in the announcements of the Company dated 2 November 2015, 29 April 2016 and 29 July 2016, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Strengthening business structure *(continued)*

In June 2016, Fair Glory Limited (an indirect wholly-owned subsidiary of the Company) entered into a capital increase and subscription agreement (the “Subscription Agreement”) with Suzhou Yadu Environmental Protection Technology Co., Limited (“Suzhou Yadu”) and Suzhou Yadu Cloud Technology Co., Limited (“Yadu Cloud”), which is specialized in the research and development of car-carried purifier and related technology. Pursuant to the Subscription Agreement, among others, Fair Glory Limited and Suzhou Yadu shall make capital contribution of RMB40,800,000 and RMB34,200,000, respectively, to Yadu Cloud. Suzhou Yadu and its subsidiaries (“Yadu Group”) is principally engaged in the development, manufacturing, distribution and sales of air purifiers, humidifiers, dehumidifiers, water filtering equipment, air exchangers and air conditioners. In connection with the raising concern of air pollution in the PRC, in particular the tier-1 and tier-2 cities in the PRC, and the in-car air quality, car-carried air purifiers are designed to provide a clean and safe environment for drivers and passengers especially those who spent a prolonged period of time in cars. The car-carried purifiers are capable of reducing the level of PM2.5 in cars, which is the major air pollutants that imposes severe harm to human health. Upon completion of the above transaction, Yadu Cloud will be held as to 51% by Fair Glory Limited and 49% by Suzhou Yadu. Therefore, Yadu Cloud will become a non wholly-owned subsidiary of the Group after completion. Details of the Subscription Agreement are set in the announcement of the Company dated 30 June 2016.

In May 2016, the Group made an approximately 8% investment in Sino Partner Global Limited (“Sino Partner”), which is the ultimate holding company of Apollo Automobil Limited, a company together with its subsidiaries are engaged in the design, development, production and sale of high performance supercars under the brand “Apollo”. The main production facility is located in Germany. The total consideration of the investment amounts to HK\$136,000,000 (“Consideration I”). In the same transaction, we disposed of all of our classic and/or premium cars to the same vendor of Sino Partner at a total consideration of HK\$55,000,000 (“Consideration II”) which is at a slight premium to the cost of the cars. The Group settled the Consideration I and Consideration II in the following manner: (1) a sum of HK\$20,000,000 by cash on the date of completion; and (2) a sum of HK\$61,000,000 (by the issue of the bond convertible with a right to convert into a maximum of 69,004,524 conversion shares the initial conversion price of HK\$0.884 per conversion share in the principal amount of HK\$61,000,000) within 10 business days after completion of the transaction.

Details of the abovementioned transactions are set out in the announcements of the Company dated 16 May 2016 and 27 May 2016, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Maintaining solid capital base

On 2 June 2015, there was a placing of 147,364,000 new ordinary shares of the Company at the placing price of HK\$0.866 per share to not less than six independent placees (who being institutional, professional and/or private investors) by the Company. The placing price represented a discount of approximately 19.81% to the closing price of HK\$1.080 per share as quoted on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 2 June 2015, being the date of the relevant placing agreement. The nominal value per share is HK\$0.01 and the aggregate nominal value of the placing shares is HK\$1,473,640. The placing of 147,364,000 shares of the Company was completed on 15 June 2015. Details of the placing of 147,364,000 shares of the Company are set out in the announcements of the Company dated 2 June 2015 and 15 June 2015, respectively. The Directors considered that the placing represented an opportunity to provide additional working capital for the Group while broadening its shareholder and capital base thereby increasing the liquidity of the shares.

The net proceeds of this placing of shares of the Company is approximately HK\$124.2 million after deducting relevant expenses incurred in relation to the placing. The net placing price is approximately HK\$0.843 per placing share. HK\$10.0 million of the total net proceeds has been used by the Group as subscription of approximately 28.57% of the issued share capital of Tuspark Global Limited for future business expansion and development, details of the subscription are set out in the announcements of the Company dated 2 November 2015, 29 April 2016 and 29 July 2016, respectively. Approximately HK\$71.9 million of the total net proceeds had been further used by the Group for acquisition of 51% of the entire issued share capital of Optimus Financial Group Limited, details of the acquisition are set out in the announcement of the Company dated 3 December 2015. HK\$20.0 million of the total net proceeds had been used by the Group for acquisition of 7.88% of the issued share capital of Sino Partner, details of the acquisition are set out in the announcements of the Company dated 16 May 2016 and 27 May 2016, respectively.

The remaining balance of the proceeds of approximately HK\$22.3 million was kept in the bank for future business operation and expansion, development and potential investment and/or general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial Review

Since the year 2015, the Group has been undergoing business restructuring. In addition to the existing business segment of production and sales of automotive electronic products and safety spare parts, the Group also began to engage in car trading and provision of finance lease of motor vehicles and equipment. Such development led to a change in the segment report for all comparable periods and the number of reportable segments consequently increased. Based on the information reported to the Group's chief operating decision-makers for the allocation of resources and performance of business, the reportable segments of the Group were identified as (i) automotive electronic products and safety spare parts; (ii) car trading; and (iii) finance lease of motor vehicles and equipment. Further information on the segment report is set out in note 4 to the condensed consolidated financial statements.

During the six months ended 30 June 2016, revenue for the period increased by approximately 291.4% to approximately HK\$131.6 million (corresponding period in 2015: approximately HK\$33.6 million) primarily due to new contribution from finance lease income and sale of cars in 2016. The revenue and the average gross profit margin of the Group were approximately HK\$131.6 million and approximately 8.9% respectively, while it was approximately HK\$33.6 million and approximately 14.3% respectively in the same period of last year. The difference was mainly attributable to the downturn of the traditional automotive safety product industry, particularly in the manufacturing sector, while expansion into the automobile inventory financing business and sales of cars bring a promising revenue stream. However, gross profit for the period increased by approximately 144.5% to approximately HK\$11.7 million (corresponding period in 2015: approximately HK\$4.8 million) primarily due to increase in revenue.

During the six months ended 30 June 2016, the Group recorded other loss (net) of approximately HK\$4.4 million, while it was approximately HK\$48.8 million in the same period of last year. The decrease was mainly due to provision for (i) impairment loss on intangible assets of approximately HK\$19.2 million; (ii) impairment loss on goodwill of approximately HK\$5.4 million; (iii) impairment loss on interests in an associate of approximately HK\$7.5 million; and (iv) provision for inventories of approximately HK\$16.1 million were recorded in the same period of last year while there was only provision for impairment loss on other receivables of approximately HK\$4.4 million in the current period under review.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial Review *(continued)*

During the six months ended 30 June 2016, the administrative expenses of the Group were approximately HK\$31.7 million, while it was approximately HK\$33.5 million in the same period of last year. The decrease was mainly due to decrease in share-based payments to certain eligible participants during the six months ended 30 June 2016.

During the current period under review, the Group recorded finance costs of approximately HK\$1.2 million, while it was approximately HK\$0.7 million during the first half of 2015. The increment was mainly due to imputed interest, which is a non-cash item, on convertible bond issued during the current period under review.

During the six months ended 30 June 2016, the Group recorded a gain on disposal of subsidiaries amounting to approximately HK\$26.1 million (six months ended 30 June 2015: HK\$Nil), arising from the disposal of the entire equity interest of Smooth Ever Group which was engaged in the production and sales of automotive components in the PRC.

For the six months ended 30 June 2016, as a result of the above factors, loss for the period decreased by 98.5% to approximately HK\$1.3 million (corresponding period in 2015: HK\$81.9 million). And the Group recorded approximately HK\$0.4 million loss attributable to owners of the Company, while it was approximately HK\$59.9 million in the same period of last year. The decrease in the loss recorded in the current period under review was mainly due to the decrease of other loss (net) in the current period under review.

The Group recorded basic loss per share amounted to HK\$0.04 cents for the six months ended 30 June 2016 (corresponding period in 2015: HK\$7.92 cents).

Outlook and Prospects

Looking forward to the second half of this year, the macro economy remains to be challenging, while it presents opportunities. Both political and economic uncertainties in the western world continue to exist, especially after the BREXIT. However, the Group, after streamlining its business structure, is in a better position to take advantage of the relatively lower asset prices in the western markets. The Group will continue to adjust our business strategy and proactively solicit with industry leaders to seek for suitable merger and acquisition opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Outlook and Prospects *(continued)*

As noted in the past twelve months, the acquisitions of the provision of financing service for leasing motor vehicles and equipment in Shanghai and the minority stake in Sino Partner, are all related to the automobile industry. Although we evidenced the traditional automotive manufacturing industry is shrinking in terms of market size and profit margins, we continue to believe the automobile industry is undergoing a transformation itself. Automotive industry players are not only building better cars to compete in the market but many of them are building a “computer on four wheels”, which will heavily rely on green energy, and more importantly internet of things (“IoTs”) of the industry. We are actively seeking opportunities in such areas where we believe we have comparative advantage in bringing those technologies from overseas and utilizing them through our network in the PRC market.

In June and July 2016, the Group brought in three senior management and executive directors to join the Board, namely Mr. Shen Xiao and Mr. Yang Ming, who also take up the roles as President and Chief Operating Officer of the Company respectively and Mr. Ma Chi Kong Karl who also takes up the role of Chairman of the Company. All of them bring in a wealth of experience in the financial and industrial sectors and with vast business connections which can help the Group to look for appropriate business opportunities and add value to the Group. These significant additions to the management team is a testimony of the Group’s commitment in developing the existing business as well as looking for new business opportunities for the Group in order to generate returns to shareholders in the near future.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2016, the Group had cash and cash equivalents of approximately HK\$92.9 million (31 December 2015: approximately HK\$240.1 million) and net current assets of approximately HK\$301.6 million (31 December 2015: approximately HK\$379.3 million). The total non-current assets of the Group was approximately HK\$264.2 million as at 30 June 2016, while it was approximately HK\$152.9 million as at 31 December 2015.

As at 30 June 2016, the Group had non-current liabilities of approximately HK\$51.1 million (31 December 2015: approximately HK\$14.5 million). The increment was mainly due to the convertible bond of approximately HK\$38.1 million issued during the current period under review. Details of which are set out in the announcements of the company dated 16 May 2016 and 27 May 2016, respectively and the “Material Acquisitions and Disposals” section in this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Liquidity, Financial Resources and Capital Structure *(continued)*

As at 30 June 2016, all borrowings were fully settled (31 December 2015: approximately HK\$34.0 million).

The Group currently intends to principally finance its operations and investing activities with its operating revenue, internal resources and bank facilities. The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement. The Group adopted a treasury policy and allows the Group to invest its surplus funds in different investment grade debt securities or other investment vehicles.

Charge of Group Assets

As at 30 June 2016, no assets of the Group have been pledged.

Gearing Ratio

As at 30 June 2016, the Group's gearing ratio, which was derived from the total liabilities to total assets, decreased to 15.3% from 15.9% as at 31 December 2015.

Material Acquisitions and Disposals

On 1 March 2016, the Company entered into an agreement with an independent third party to dispose the entire issued share capital of Smooth Ever Limited, which is a direct wholly-owned subsidiary of the Company and is principally engaged in production and sales of automotive components in the PRC through its subsidiaries, at a consideration of HK\$34.0 million. Details of which are set out in the announcement of the Company dated 1 March 2016.

On 16 May 2016, Splendid Best International Limited ("Splendid Best") (an indirect wholly-owned subsidiary of the Company), the Company and an independent third party entered into the agreement, pursuant to which (among others) Splendid Best agreed to purchase and an independent third party agreed to sell the Sale Shares (as defined below) at a total consideration of HK\$136.0 million.

Sale Shares represent the 572 issued ordinary shares of US\$1 each in the capital of Sino Partner, approximately 8% of the existing issued share capital of Sino Partner or 7.88% of the issued share capital of the Sino Partner as enlarged by the issue of the conversion shares upon full conversion of the convertible notes under the terms of the agreement.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Material Acquisitions and Disposals *(continued)*

At the same time, Splendid Best agreed to sell and the vendor of Sino Partner agreed to purchase the 19 classic and/or premium cars at a total consideration of HK\$55.0 million.

Completion of sale and purchase of the Sale Shares and the 19 classic and/or premium cars took place on 27 May 2016, details of which are set out in the announcements of the Company dated 16 May 2016 and 27 May 2016, respectively.

On 30 June 2016, Fair Glory Limited (an indirect wholly-owned subsidiary of the Company), Suzhou Yadu and Yadu Cloud entered into the capital increase and subscription agreement pursuant to which Fair Glory Limited and Suzhou Yadu shall make the capital contribution of RMB40,800,000 and RMB34,200,000, respectively, in cash to Yadu Cloud. Upon completion, Yadu Cloud will be held as to 51% by Fair Glory Limited and 49% by Suzhou Yadu.

In addition, Fair Glory Limited has undertaken to provide the shareholder's loan in an amount of RMB15,000,000 to Yadu Cloud after completion. The shareholder's loan will be unsecured, bearing interest at a rate of 5% per annum, and repayable within 3 years. The capital contribution, together with the said shareholder's loan, are intended to replenish liquidity required for the operations of Yadu Cloud. Details of which are set out in the announcement of the Company dated 30 June 2016.

Significant Investment

Save as disclosed herein, there was no significant investment during the period under review.

Contingent Liabilities

As at 30 June 2016, the Directors were not aware of any material contingent liabilities.

Capital Commitment

As at 30 June 2016, the Group's capital commitment were approximately HK\$92,250,000 (equivalent to RMB75,000,000). All the capital commitments were related to capital contribution payable to non-wholly owned subsidiaries of the Company. (31 December 2015: HK\$Nil)

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Events after the reporting period

Details of the events after the reporting period of the Group are disclosed in note 22 of “Note to the Condensed Consolidated Financial Statement” section in this interim report.

Save as disclosed herein, no other subsequent events occurred after 30 June 2016, which may have a significant effect on the assets and liabilities of future operations of the Group.

Foreign Exchange Exposure

Since almost all transactions of the Group are denominated in Renminbi and Hong Kong dollars. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong Dollars, or in the local currency of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 30 June 2016, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Employees and Remuneration Policy

As at 30 June 2016, the Group employed 41 staff in the PRC and Hong Kong, representing a decrease of 248 staff from 31 December 2015 and a decrease of 229 staff from 30 June 2015. The decrease in the number of staff was mainly due to disposal of the entire issued share capital of Smooth Ever Group, which is principally engaged in production and sales of automotive components in the PRC.

Remuneration of employees, including Directors’ emoluments was approximately HK\$20.8 million for the six months period under review as compared with that of approximately HK\$23.1 million for the corresponding period of the preceding financial year.

The Group reviews employee remuneration from time to time and salary increment is normally approved annually or by special adjustment depending on length of services and performance of the employees. In addition to salaries, the Group provides employee benefits including medical insurance and provident fund.

Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests and short positions of the directors and chief executives in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinances (the "SFO") as recorded in the register required to be kept under section 352 of SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

Name of Directors	Capacity	Registered Shareholders	Underlying Interest	Approximate Percentage of Interests
Du Peng	Beneficial Owner	–	9,280,000	1.00%
Woo Kar Tung Raymond	Beneficial Owner	–	9,280,000	1.00%
Cheung Joanna Wai Sze	Beneficial Owner	–	9,280,000	1.00%
Tsang Ling Bui, Gilbert	Beneficial Owner	–	4,640,000	0.50%
Sheng Ruzhi	Beneficial Owner	1,872,000	4,640,000	0.70%

Subsequent to six months ended 30 June 2016, Mr. Ma Chi Kong Karl, the executive Director and Chairman of the Company appointed on 15 July 2016, is beneficially interested in 46,100,000 shares of the Company, representing 4.97% of the total issued shares of the Company.

Apart from the foregoing, none of the Directors and chief executive of the Company or any of their spouses or children under eighteen years of age has interests or short positions in shares, underlying shares or debentures of the Company, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 19 June 2009 ("2009 Share Option Scheme"). A summary of the principal terms of the 2009 Share Option Scheme was disclosed in the circular of the Company published on 29 April 2009.

SHARE OPTION SCHEME (continued)

The purpose of the share option scheme is to enable the Board, at its discretion, to grant options to eligible participants, including the directors of the Company, as incentives or rewards for their contributions to the Group. Details of the 2009 Share Option Scheme are set out in note 19 to the condensed consolidated financial statements.

On 22 January 2016, the Company cancelled a total of 37,120,000 share options and granted a total of 39,520,000 share options to certain Directors, senior management and/or employees of the Group. Details of the cancellation and grant of the said share options are set out in the announcement of the Company dated 22 January 2016 and circular of the Company dated 5 May 2016. The grant of the said share options was approved at general meeting held on 20 June 2016.

During the six months ended 30 June 2016, certain existing executive Directors and other eligible participants have interests in share options to subscribe for shares in the Company. Details of such interests and movement of share options granted by the Company are shown below:

Name	Date of grant	Exercise period	Number of share options					Exercise price per share	
			As at 1 January 2016	Grant during the year	Exercised during the period	Cancelled during the period	Lapsed during the period		As at 30 June 2016
Existing Directors									
Du Peng	25 June 2015	25 June 2015 – 24 June 2016	9,280,000	-	-	(9,280,000)	-	-	1.84
	22 January 2016	22 January 2017 – 21 January 2026	-	9,280,000	-	-	-	9,280,000	0.82
Woo Kar Tung Raymond	1 September 2015	1 September 2015 – 31 August 2016	4,640,000	-	-	(4,640,000)	-	-	0.93
	22 January 2016	22 January 2017 – 21 January 2026	-	9,280,000	-	-	-	9,280,000	0.82
Cheung Joanna Wai Sze	25 June 2015	25 June 2015 – 24 June 2016	9,280,000	-	-	(9,280,000)	-	-	1.84
	22 January 2016	22 January 2017 – 21 January 2026	-	9,280,000	-	-	-	9,280,000	0.82
Tsang Ling Bui, Gilbert	25 June 2015	25 June 2015 – 24 June 2016	4,640,000	-	-	(4,640,000)	-	-	1.84
	22 January 2016	22 January 2017 – 21 January 2026	-	4,640,000	-	-	-	4,640,000	0.82
Sheng Ruzhi	22 January 2016	22 January 2017 – 21 January 2026	-	4,640,000	-	-	-	4,640,000	0.82
Former Director									
Wang Nai (appointed on 1 September 2015 and resigned on 20 November 2015)	1 September 2015	1 September 2015 – 31 August 2016	4,640,000	-	-	(4,640,000)	-	-	0.93
Other eligible participants									
Employees	22 January 2016	22 January 2017 – 21 January 2026	-	2,400,000	-	-	-	2,400,000	0.82
Consultant – Woo Kar Tung Raymond (appointed as executive Director and chief financial officer on 1 September 2015)	25 June 2015	25 June 2015 – 24 June 2016	4,640,000	-	-	(4,640,000)	-	-	1.84
			37,120,000	39,520,000	-	(37,120,000)	-	39,520,000	

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2016, so far as the Company is aware, the following persons (other than the directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholders	Capacity	Number of ordinary shares of the Company held	Approximately percentage of total shares of the Company (Note 4)
Tuspark Venture Investment Ltd. ("Tuspark Venture")	Beneficial owner (Note 1)	212,490,802	22.89%
Tus-Holdings Co., Ltd. ("Tus-Holdings")	Interest of controlled corporation (Note 1)	212,490,802	22.89%
Tsinghua Holdings Co., Ltd. ("Tsinghua Holdings")	Interest of controlled corporation (Note 2)	212,490,802	22.89%
Beijing Baijun Investment Company Limited ("Beijing Baijun")	Interest of controlled corporation (Note 2)	212,490,802	22.89%
Wang Jiwu	Interest of controlled corporation (Note 2)	212,490,802	22.89%
Tsinghua University	Interest of controlled corporation (Note 2)	212,490,802	22.89%
Ideal Team Ventures Limited ("Ideal Team") (Note 3)	Beneficial Owner	69,004,524	7.43%

Note:

1. Tuspark Venture is the beneficial owner of 212,490,802 Shares. The entire issued share capital of Tuspark Venture is beneficially owned by Tus-Holdings. Tus-Holdings is therefore deemed to be interested in the 212,490,802 Shares held by Tuspark Venture pursuant to the SFO.
2. Tus-Holdings is held (i) as to approximately 44.92% by Tsinghua Holdings, which is in turn held as to 100% by Tsinghua University; and (ii) as to approximately 30.08% by Beijing Baijun, which is in turn held as to 100% by Wang Jiwu.
3. Ideal Team is beneficially interested in the convertible bonds in the principal amount of HK\$61,000,000 which is convertible into a maximum of 69,004,542 shares at the initial conversion price of HK\$0.884 per share.
4. The approximate percentage of shareholding is calculated based on 928,184,888 Shares in issue as at 30 June 2016.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN THE SHARE CAPITAL OF THE COMPANY *(continued)*

Short positions in shares

So far as the Company is aware, no short positions of other persons and substantial shareholders in the shares of the Company were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Short positions in underlying shares

So far as the Company is aware, no short positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register. Save as disclosed above, as at 30 June 2016, the Directors or chief executive of the Company were not aware of any other person (other than the directors or chief executive of the Company) who had an interest 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, 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 members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors had an interest in a business which competes or may compete with the businesses of the Group as at 30 June 2016.

DIRECTORS' INTERESTS IN CONTRACTS

During the six months ended 30 June 2016, no contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director had material interest, whether directly or indirectly, subsisted at the end of the period or any time during the six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association although there are no restrictions against such rights under the law in the Cayman Islands.

CORPORATE GOVERNANCE CODE

The Company has complied with all of the code provisions (and the revised code provision on risk management) of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2016, except the following:

Code Provision E.1.2

Code Provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting ("AGM"). Mr. Li Feng, the chairman of the Board (retired as chairman and executive Director on 20 June 2016) was unable to attend the AGM on 20 June 2016 due to other business engagement. However, an executive Director had chaired the AGM on 20 June 2016 and answered questions from the shareholders of the Company.

The AGM provides a channel for communication between the Board and the shareholders of the Company. Other than the AGM, the shareholders may communicate with the Company through the contact information as set out in the Company's annual report dated 31 March 2016.

Chairman and Chief Executive Officer

Mr. Li Feng retired from office as executive director and chairman of the Company on 20 June 2016. On 15 July 2016, Mr. Ma Chi Kong Karl has been appointed as an executive director and to fill the vacancy of the chairman of the Company.

In addition, after the resignation of Mr. Xing Zhanwu as executive Director and chief executive officer of the Company (the "CEO") on 2 June 2015, no individual was formally appointed as CEO to fill his vacancy.

The role of the CEO has been performed collectively by all executive Directors. The Board considers 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 the interest of the shareholders of the Company as a whole.

CORPORATE GOVERNANCE CODE *(continued)*

Audit Committee

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules. The primary duties of the Audit Committee are to review and to provide supervision over the financial reporting process, internal control and risk management system of the Group.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Chen Jin and Mr. Wong Yuk Lun, Alan and one non-executive Director, Mr. Tsang Ling Biu, Gilbert. Mr. Poon Chiu Kwok is the chairman of the Audit Committee.

No change in the composition of the Audit Committee subsequent to the publication of the annual report of the Company for the year ended 31 December 2015.

The Audit Committee reviewed the condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016. The Audit Committee has also reviewed this interim report and has provided advice and comments thereon to the Board. The Audit Committee is of the opinion that this interim report complied with applicable accounting standards, the Listing Rules, and that adequate disclosures have been made.

Remuneration Committee

The Company established a remuneration committee (the “Remuneration Committee”) in November 2005. The primary duties of the Remuneration Committee are to assist the Board in the overall management of the remuneration practices of the Company to ensure that effective policies, processes and practices are implemented in respect of the incentives for the directors and senior management of the Company.

Subsequent to the six months ended 30 June 2016, on 25 August 2016, Mr. Woo Kar Tung Raymond ceased to be a member of the Remuneration Committee. Mr. Ma Chi Kong Karl and Mr. Yang Ming were appointed as members of the Remuneration Committee.

The Remuneration Committee currently comprises two executive Directors, namely Mr. Ma Chi Kong Karl and Mr. Yang Ming and three independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Chen Jin and Mr. Wong Yuk Lun, Alan. Mr. Poon Chiu Kwok is the chairman of the Remuneration Committee.

CORPORATE GOVERNANCE CODE *(continued)*

Nomination Committee

The Company established a nomination committee (the “Nomination Committee”) in November 2005. The primary duties of the Nomination Committee are to assist the Board in the overall management of the nomination practices of the Company to ensure that effective policies, processes and practices are implemented in respect of the appointment and removal of Directors.

Subsequent to the six months ended 30 June 2016, on 25 August 2016, Mr. Woo Kar Tung Raymond ceased to be a member of the Nomination Committee. Mr. Ma Chi Kong Karl was appointed as a member and also chairman of the Nomination Committee. Mr. Shen Xiao was appointed as a member of the Nomination Committee.

The Nomination Committee currently comprises two executive Directors, namely Mr. Ma Chi Kong Karl and Mr. Shen Xiao and three independent non-executive Directors, namely, Mr. Chen Jin, Mr. Poon Chiu Kwok and Mr. Wong Yuk Lun, Alan. Mr. Ma Chi Kong Karl is the chairman of the Nomination Committee.

Adopted Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors of the Company adopted by the Company throughout the six months ended 30 June 2016.

Board Composition

The Board currently comprises six executive Directors, two non-executive Directors and four independent non-executive Directors. The non-executive Directors (including the independent non-executive Directors) have a wide range of experience and calibre and could provide valuable advice to the Board on strategic development and resource management of the Group.

CORPORATE GOVERNANCE CODE *(continued)***Board Composition** *(continued)*

The changes in the composition of the Board subsequent to publication of the annual report of the Company for the year ended 31 December 2015 are set out below:

Mr. Li Feng retired as an executive Director and the Chairman of the Company on 20 June 2016.

On 21 June 2016, Mr. Shen Xiao has been appointed as an executive Director and President of the Company and Mr. Yang Ming has been appointed as an executive Director and Chief Operating Officer of the Company.

On 15 July 2016, Mr. Ma Chi Kong Karl has been appointed as an executive Director and the Chairman of the Company and Mr. Lam Wai Hung resigned as an executive Director.

Changes in information of Directors

Pursuant to Rule 13.51(B) of the Listing Rules, the changes to information of Directors subsequent to the date of the annual report of the Company for the year ended 31 December 2015 are set out below:

- (1) Hon. Shek Lai Him Abraham (*GBS, JP*) ceased to be an independent non-executive director of Dorsett Hospitality International Limited (delisted on 16 October 2015) from 11 March 2016. He also ceased to be a director of the Hong Kong Mortgage Corporation Limited from 25 April 2016.
- (2) Mr. Poon Chiu Kwok has been appointed as independent non-executive director of Greentown Service Group Co. Ltd. (Stock Code: 2869) on 3 June 2016.
- (3) Mr. Wong Yuk Lun, Alan has been appointed as independent non-executive director of Bolina Holding Co., Ltd. (Stock Code: 1190) on 7 July 2016.

CORPORATE GOVERNANCE CODE *(continued)*

Independence of Independent non-executive Directors

The Company has complied with the requirement to appoint a sufficient number of independent non-executive directors as set out in Rule 3.10(1) of the Listing Rules.

Hon. Shek Lai Him Abraham (*GBS, JP*), Mr. Poon Chiu Kwok, Mr. Chen Jin and Mr. Wong Yuk Lun, Alan, being the independent non-executive Directors, are also appointed for a fixed term of three years. All the non-executive Directors and independent non-executive Directors are subject to normal retirement and re-election by shareholders of the Company pursuant to the articles of association of the Company at the annual general meeting or, as the case may be, general meeting of the Company.

Independent non-executive Directors possess extensive expertise, experience and judging capability in various fields, in particular the appropriate accounting qualifications possessed by Mr. Poon Chiu Kwok.

By order of the Board
TUS International Limited
Ma Chi Kong Karl
Chairman

Hong Kong, 30 August 2016