

TAI SHING

Tai Shing International (Holdings) Limited

泰盛國際(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

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

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

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

* for identification purpose only

HIGHLIGHTS

- Revenue for the six months ended 30 September 2013 amounted to approximately HK\$20.9 million representing a decrease of approximately 29% over the corresponding period in 2012.
- Loss attributable to the shareholders for the six months ended 30 September 2013 amounted to approximately HK\$129.7 million representing an increase in loss of approximately 362% as compared to that of the corresponding period in 2012 (2012 restated: loss of HK\$28.1 million).
- Loss per share for the six months ended 30 September 2013 was approximately 13.67 HK cents (2012 restated: loss per share 7.43 HK cents).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

The board of Directors (“Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 September 2013, together with the unaudited comparative figures for the corresponding periods in 2012, are as follows:–

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

	Notes	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2013 HK\$'000	2012 restated HK\$'000	2013 HK\$'000	2012 restated HK\$'000
Revenue	4	7,533	13,620	20,881	29,529
Cost of services		(9,369)	(4,246)	(18,268)	(12,768)
Gross profit/(loss)		(1,836)	9,374	2,613	16,761
Other income	6	5	401	377	513
Selling and distribution expenses		(13)	(152)	(18)	(407)
Administrative expenses		(1,730)	(8,369)	(9,484)	(17,623)
Other expenses, gains and losses	7	(99,664)	281	(118,316)	(26,763)
Finance costs	8	(2,702)	(307)	(4,865)	(564)
Profit/(loss) before taxation		(105,940)	1,228	(129,693)	(28,083)
Income tax expenses	9	–	–	–	–
Profit/(loss) for the period	10	(105,940)	1,228	(129,693)	(28,083)
Other comprehensive expenses for the period – exchange difference arising on translation		(103)	(60)	(229)	(147)
Total comprehensive income/(expenses) for the period		(106,043)	1,168	(129,922)	(28,230)
Profit/(loss) for the period attributable to: Owners of the Company		(105,940)	1,228	(129,693)	(28,083)
Total comprehensive income/(expense) attributable to: Owners of the Company		(106,043)	1,176	(129,922)	(28,207)
Non-controlling interest		–	(8)	–	(23)
		(106,043)	1,168	(129,922)	(28,230)
Earnings/(loss) per share – Basic (HK cents)	11	(10.51)	0.33	(13.67)	(7.43)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2013 <i>HK\$'000</i>	Audited 31 March 2013 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Plant and equipment		3,383	4,230
Intangible assets		31,375	34,500
Interests in associates		18,105	18,105
Available-for-sale investments		4,864	4,864
Deposits paid for acquisition of subsidiaries		–	40,000
Deposit paid for acquisition of investment		25,000	25,000
		82,727	126,699
Current assets			
Inventories		15,420	15,420
Trade and other receivables	12	87,703	48,582
Deposits and prepayments		19,460	17,167
Amounts due from customers for contract work		20,458	18,882
Financial assets at fair value through profit or loss	13	566	519
Pledged bank deposits		188	1,248
Cash and bank balances		6,175	9,725
		149,970	111,543
Assets classified as held for sale	14	20,500	20,500
		170,470	132,043
Current liabilities			
Amounts due to customers for contract work		29,019	21,828
Trade and other payables	15	73,225	64,891
Receipts in advance		10,116	7,689
Amount due to minority shareholder of a subsidiary		17,751	17,435
Bank borrowings		17,652	–
Promissory note payable	16	10,800	10,124
Convertible note	17	15,123	14,287
Derivative financial instruments	21	–	379
Obligations under finance leases		1,129	1,096
Income tax payable		6,265	6,262
		181,080	143,991
Net current liabilities		(10,610)	(11,948)
Total assets less current liabilities		72,117	114,751

		Unaudited	Audited
		30 September	31 March
		2013	2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves			
Share capital	<i>18</i>	54,161	35,597
Share premium and reserves	<i>19</i>	(29,785)	75,197
		<hr/>	<hr/>
Equity attributable to owners of the Company		24,376	110,794
Non-controlling interest		2,693	2,693
		<hr/>	<hr/>
Total equity		27,069	113,487
Non-current liabilities			
Convertible bonds	<i>20</i>	20,504	–
Derivative financial instruments	<i>21</i>	23,819	–
Obligations under finance leases		725	1,264
		<hr/>	<hr/>
		45,048	1,264
		<hr/>	<hr/>
		72,117	114,751
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	General reserve <i>HKS'000</i>	Capital reserve <i>HKS'000</i>	Share option reserve <i>HKS'000</i>	Exchange translation reserve <i>HKS'000</i>	Warrants reserve <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Total <i>HKS'000</i>	Non- controlling Interest <i>HKS'000</i>	Total <i>HKS'000</i>
At 1 April 2012 (audited)	15,847	356,466	3,056	1,200	12,269	5,103	-	(74,305)	319,636	2,683	322,319
Loss for the period (restated)	-	-	-	-	-	-	-	(28,083)	(28,083)	-	(28,083)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(124)	-	-	(124)	(23)	(147)
Total comprehensive expense for the period	-	-	-	-	-	(124)	-	(28,083)	(28,207)	(23)	(28,230)
Issue of share upon											
- Placement of shares	13,000	16,900	-	-	-	-	-	-	29,900	-	29,900
- Unlisted warranties	-	-	-	-	-	-	1,148	-	1,148	-	1,148
Shares issue expenses	-	(940)	-	-	-	-	-	-	(940)	-	(940)
Unlisted warrants issue expenses	-	(151)	-	-	-	-	-	-	(151)	-	(151)
At 30 September 2012 (unaudited)	<u>28,847</u>	<u>372,275</u>	<u>3,056</u>	<u>1,200</u>	<u>12,269</u>	<u>4,979</u>	<u>1,148</u>	<u>(102,388)</u>	<u>321,386</u>	<u>2,660</u>	<u>324,046</u>
At 1 April 2013 (audited)	35,597	385,477	3,056	1,200	1,810	6,884	1,147	(324,377)	110,794	2,693	113,487
Loss for the period	-	-	-	-	-	-	-	(129,693)	(129,693)	-	(129,693)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(229)	-	-	(229)	-	(229)
Total comprehensive expense for the period	-	-	-	-	-	(229)	-	(129,693)	(129,922)	-	(129,922)
Issue of shares upon											
- Placing of shares	2,850	5,130	-	-	-	-	-	-	7,980	-	7,980
- Zero coupon convertible bonds	15,714	20,199	-	-	-	-	-	-	35,913	-	35,913
Shares placement expenses	-	(389)	-	-	-	-	-	-	(389)	-	(389)
At 30 September 2013 (unaudited)	<u>54,161</u>	<u>410,417</u>	<u>3,056</u>	<u>1,200</u>	<u>1,810</u>	<u>6,655</u>	<u>1,147</u>	<u>(454,070)</u>	<u>24,376</u>	<u>2,693</u>	<u>27,069</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

	Six months ended	
	30 September	
	2013	2012
		Restated
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	1,355	(43,089)
Net cash outflow from investing activities	(24,502)	(16,174)
Net cash inflow from financing activities	19,872	44,394
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(3,275)	(14,869)
Effects of foreign exchange rate	(275)	(121)
Cash and cash equivalents at 1 April	9,725	23,855
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	6,175	8,865
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	6,175	8,865
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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

1. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the financial results are consistent with those used in the audited annual accounts for the year ended 31 March 2013. These unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except that certain financial instruments are carried at their fair values.

3. COMPARATIVE FIGURES

During the six months ended 30 September 2012, the 20% equity interest in Shanghai Wanquan Insurance Brokers Limited (“上海萬全保險經紀有限公司”) (currently known as 上海君翊保險經紀有限公司 or Shanghai Junyi Insurance Brokers Limited) (the “Relevant Interest”) which was previously classified as an associate of the Company, had been reclassified as available-for-sale investment and subsequently transferred to an independent third party on 14 August 2012 without the consent of the Company. The management of the Company was in the view that the transfer of the Relevant Interests without the consent of the Company constitutes a breach of the terms under the Declaration of Trust. Having taken all necessary steps to investigate the matter and sought all necessary legal advices concerning the incident, without prejudice to all the legal rights the Company may have, the Company and the Trustee have entered into a deed of settlement on 9 September 2013.

In view of the matters that happened subsequent to 31 March 2012, including (i) the transfer on 14 August 2012; (ii) the execution of the settlement agreement; and (iii) the doubts over the recoverability of the remaining HK\$27 million under the settlement agreement, the Company is of the view that the Relevant Interests should be impaired in full in April 2012 and a restatement for the six months ended 30 September 2012 has been made accordingly.

4. REVENUE

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

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

	UNAUDITED			
	Three months ended 30 September		Six months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Systems development	4,170	5,687	16,051	15,046
Professional services fees	3,363	1,599	4,830	2,016
Software licensing	–	6,334	–	12,467
	<u>7,533</u>	<u>13,620</u>	<u>20,881</u>	<u>29,529</u>

5. SEGMENT INFORMATION

(a) Operating segments

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

An analysis of the Group's revenue and results for the six months ended 30 September 2013 and 2012 by operating segment is as follows:

	System development		Professional services		Insurance brokerage business		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012 restated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER								
Revenue from external customers	<u>16,051</u>	<u>27,513</u>	<u>4,830</u>	<u>2,016</u>	<u>–</u>	<u>–</u>	<u>20,881</u>	<u>29,529</u>
RESULT								
Segment results	<u>1,493</u>	<u>5,387</u>	<u>1,117</u>	<u>1,818</u>	<u>–</u>	<u>(1,493)</u>	<u>2,610</u>	<u>5,712</u>
Interest income							22	28
Unallocated income							355	68
Unallocated expenses, gains and losses							(127,815)	(33,327)
Finance costs							(4,865)	(564)
Loss for the period							<u>(129,693)</u>	<u>(28,083)</u>
Assets								
Segment assets	75,129	253,211	23,310	1,471	–	31,557	98,439	286,239
Unallocated assets							<u>154,758</u>	<u>172,050</u>
Total assets							<u>253,197</u>	<u>458,289</u>
Liabilities								
Segment liabilities	53,640	49,958	22,626	3,031	–	–	76,266	52,989
Unallocated liabilities							<u>149,862</u>	<u>81,254</u>
Total liabilities							<u>226,128</u>	<u>134,243</u>
Other segment information								
Depreciation of plant and equipment								
– Segment	30	200	9	5	–	–	39	205
– Unallocated							<u>868</u>	<u>832</u>
							<u>907</u>	<u>1,037</u>
Amortisation of intangible assets								
– Segment	3,125	8,844	–	–	–	1,493	3,125	10,337
– Unallocated							<u>–</u>	<u>–</u>
							<u>3,125</u>	<u>10,337</u>

5. SEGMENT INFORMATION (continued)

(b) Geographical information

For the six months ended 30 September 2013 and 2012, over 90% of the Group's revenue and assets were derived from customers and operations based in the People's Republic of China (the "PRC").

6. OTHER INCOME

	UNAUDITED			
	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	4	8	22	28
Value added tax refunded	1	393	335	485
Others	–	–	20	–
	<u>5</u>	<u>401</u>	<u>377</u>	<u>513</u>

Certain figures have been reclassified to conform with current period presentation.

7. OTHER EXPENSES, GAINS AND LOSSES

	UNAUDITED			
	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>restated HK\$'000</i>
Loss/(Gain) on financial assets at fair value through profit or loss	(28)	57	128	67
Impairment loss in respect of				
– trade receivables	21	–	21	–
– investments (i), (iii)	102,507	–	102,507	27,783
– deposit paid for acquisition of subsidiary (ii)	–	–	20,000	–
Loss/(Gain) on disposal of financial assets at fair value through profit or loss	–	(9)	(22)	(68)
Reversal of impairment loss in respect of				
– trade receivables	(1,861)	(111)	(2,210)	(588)
– retention receivables	–	(129)	–	(129)
– other receivables	(596)	(89)	(1,729)	(302)
Gain on change in fair value of the derivative components of convertible note	(379)	–	(379)	–
	<u>99,664</u>	<u>(281)</u>	<u>118,316</u>	<u>26,763</u>

Certain figures have been reclassified to conform with current period presentation.

7. OTHER EXPENSES, GAINS AND LOSSES (continued)

- (i) The Company completed the acquisition of the entire issued share capital of Tirack Holdings Corporation (“Tirack”) in April 2013. Upon completion, the Company indirectly owns 55% of 淘淘通航空服務有限公司 (unofficial English translation being Shenzhen Taoaoto Air Services Co., Ltd) (“Taoaoto”), the operating subsidiary of Tirack, which subsequently ceased its operations in August 2013. Furthermore, the controlling shareholder of the vendor who sold Tirack to the Company, Mr. Zhao Tuanjie (趙團結) (“Zhao”), was arrested in the PRC in or about the third quarter of 2013 due to his personal financial matters. The key personnel of Taoaoto left Taoaoto within a few months after the acquisition. Matters were in a state of complete disarray.

Due to the events mentioned above and the long lapse of time since such events, despite having pursued the matter vigorously, a significant amount of documents and accounting records of Taoaoto cannot be located, and the Company has not been able to obtain and retrieve complete and sufficient records of Tirack for the purposes of applying acquisition accounting in accordance with HKFRS 3 Business Combinations at the completion date of the acquisition, and consolidation of Tirack in accordance with HKFRS 10 Consolidated Financial Statements. Accordingly, the Company has measured its investment in Tirack at cost less impairment.

Furthermore, in view of all the above, the Company has decided to impair in full the acquisition cost of Tirack, being a cash consideration of HK\$25 million and convertible bonds with a principal amount of HK\$85 million (fair value of HK\$77,507,000 as of the completion date of the Tirack acquisition), which resulted in recognition of an impairment loss of HK\$102,507,000 to the Group during the six months ended 30 September 2013. The Company also decided not to invest any further into Tirack and/or Taoaoto. Nonetheless, despite having made such impairment, the Company will continue to explore aggressively every possible means to recover the amount spent on acquiring Tirack.

As a result of the failure to consolidate Taoaoto, the revenue and total comprehensive expense for the period of the first quarterly results of the three months ended 30 June 2013 of the Group should be restated as HK\$13,348,000 and HK\$23,879,000 respectively.

- (ii) The amount represents the impairment loss made for the deposit paid for possible acquisition of Fame Thrive Limited. For details, please refer to p.24, 25 of this announcement.
- (iii) The impairment loss in respect of investments for the six months ended 30 September 2012 mainly includes the impairment of the investment in the Relevant Interests disclosed in note 3.

8. FINANCE COSTS

	UNAUDITED			
	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowing				
due within one year	322	237	567	466
Interest on promissory note payable	376	–	676	–
Interest on convertible note	835	–	835	–
Interest on convertible bonds	1,142	–	2,729	–
Finance costs on finance leases	27	70	58	98
	<u>2,702</u>	<u>307</u>	<u>4,865</u>	<u>564</u>

9. INCOME TAX EXPENSES

- (a) Hong Kong profit tax has not been provided for in the unaudited condensed consolidated financial statements as there was no estimated assessable profit derived from Hong Kong during the six months ended 30 September 2013 and 2012.
- (b) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the standard tax rate is 25%.

10. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period has been arrived at after charging:

	UNAUDITED			
	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs				
Salaries and other benefits	800	1,950	1,624	4,313
Retirement benefits scheme contributions	99	382	193	941
	<u>899</u>	<u>2,332</u>	<u>1,817</u>	<u>5,254</u>
Auditors' remuneration	140	125	280	250
Amortisation of intangible assets	1,563	4,970	3,125	10,337
Depreciation of plant and equipment	378	489	907	1,037
Operating leases rentals in respect of land and buildings	146	195	341	244
	<u>146</u>	<u>195</u>	<u>341</u>	<u>244</u>

11. LOSS PER SHARE

The calculation of basic loss per share for the three months and six months ended 30 September 2013 were based on the loss attributable to the shareholders of approximately of HK\$105,940,000 and loss of HK\$129,693,000 (2012: profit of HK\$1,228,000 and restated losses of HK\$28,083,000) respectively divided by the weighted average number of 1,008,689,696 shares, 950,678,191 shares for the three months and six months ended 30 September 2013 (2012: 378,245,000 shares) respectively in issue during the period.

During the six months ended 30 September 2013 and 2012, the conversion of all potential ordinary shares outstanding would have an anti-dilutive effect on the loss per share. Hence, there was no dilutive effect on calculation of the diluted loss per share for the three months and six months ended 30 September 2013 and 2012.

12. TRADE AND OTHER RECEIVABLES

	Unaudited At 30 September 2013 <i>HK\$'000</i>	Audited At 31 March 2013 <i>HK\$'000</i>
Trade and bills receivables	86,723	69,241
Less: Impairment loss recognised in respect of trade receivables	(42,803)	(44,627)
	43,920	24,614
Retention receivables	2,515	2,382
Less: Impairment loss recognised in respect of retention receivables	(948)	(931)
	1,567	1,451
Other receivables	79,073	60,392
Less: Impairment loss recognised in respect of other receivables	(36,857)	(37,875)
	42,216	22,517
	87,703	48,582

- (a) Trade receivables are due for settlement in accordance with the terms of the underlying agreements with the customers. Trade receivables with balances that are more than 9 months overdue are requested to settle all outstanding balances before any further credit is granted.

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

	Unaudited At 30 September 2013 <i>HK\$'000</i>	Audited At 31 March 2013 <i>HK\$'000</i>
0-30 days	27,001	9,859
31-90 days	4,413	3,023
Over 90 days	12,506	11,732
	<u>43,920</u>	<u>24,614</u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited At 30 September 2013 <i>HK\$'000</i>	Audited At 31 March 2013 <i>HK\$'000</i>
Equity securities listed in the PRC, at fair value	566	519

The financial assets are held for trading purposes. The fair values of these financial assets are based on quoted market price.

14. ASSETS CLASSIFIED AS HELD FOR SALE

On 28 March 2013, the Group entered into an agreement with the purchaser (a third party) for the disposal of the Company's 51% equity interest in a subsidiary, 上海景福保險經紀有限公司 (「上海景福」, formerly known as 青島博達保險經紀有限公司) for a cash consideration of RMB20,000,000. The completion of the disposal took place subsequent to 31 March 2013 and part of the consideration amounted to RMB5,000,000 was received by the Group in 2013. On 3 July 2014, the Company and the purchaser reached an agreement for the revision of terms of settlement of the outstanding disposal consideration, under which the outstanding consideration of RMB15,000,000 will be paid by the purchaser to the Company in five equal instalments of RMB3,000,000 each. Reference is made to the announcement dated 21 July 2014. As of the date of this announcement, HK\$ 1.2 million has been received by the Group under the revised terms of settlement, and the Company will continue to follow up proactively with the purchaser for payment of the remaining amount.

15. TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2013 <i>HK\$'000</i>	Audited At 31 March 2013 <i>HK\$'000</i>
Trade payables	24,812	21,326
Accrued expenses and other payables	48,413	43,565
	<hr/> 73,225 <hr/>	<hr/> 64,891 <hr/>

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

	Unaudited At 30 September 2013 <i>HK\$'000</i>	Audited At 31 March 2013 <i>HK\$'000</i>
0-30 days	4,890	2,388
31-90 days	336	2,619
Over 90 days	19,586	16,319
	<hr/> 24,812 <hr/>	<hr/> 21,326 <hr/>

16. PROMISSORY NOTE PAYABLE

On 12 July 2012, the Company issued a promissory note with an aggregate principal amount of HK\$10,000,000 (“Promissory Note”) to Mr. Dai Yuanxin, a non-executive director of the Company (the “Promissory Note Holder”). The Promissory Note was interest free and was wholly payable on 11 January 2013, being the date which is six months after the date of issue of the Promissory Note. In January 2013, the Company entered into an agreement with the Promissory Note Holder for the revision of terms of the Promissory Note, under which the maturity date of the Promissory Note has been extended to 11 July 2013 and interest is chargeable on the Promissory Note at 1% per month effective from February 2013.

The Promissory Note matured on 11 July 2013 and became repayable on demand as at 30 September 2013. The carrying amount was measured at principal together with applicable accrual interests.

The arrangement (which has been accepted by the Promissory Note Holder) for the payment of the principal and interest of the Promissory Note, being HK\$13,040,000 (the “PN Settlement Amount”) will be as follows: (a) HK\$2 million shall be paid by the Company on or before 30 April 2015, being the first installment of the PN Settlement Amount; (b) HK\$2 million shall be paid by the Company on or before 30 June 2015, being the second installment of the PN Settlement Amount; (c) HK\$3 million shall be paid by the Company on or before 31 August 2015, being the third installment of the PN Settlement Amount; (d) HK\$3 million shall be paid by the Company on or before 31 October 2015, being the fourth installment of the PN Settlement Amount; and (e) HK\$3.04 million shall be paid by the Company on or before 31 December 2015, being the last installment of the PN Settlement Amount.

17. CONVERTIBLE NOTE

On 3 May 2012, the Company issued Hong Kong dollar denominated convertible note with principal amount of HK\$15,000,000 (“Convertible Note”) to a third party. The Convertible Note, which is unsecured and interest free, matured on 2 August 2013 which is fifteen months from the date of issue of the Convertible Note.

As at 30 September 2013, the Convertible Note became repayable on demand and interest-bearing and the conversion option has lapsed. Details of the conversion option is stated out in note 21.

The holder of the Convertible Note has indicated that it will withhold from taking any action against the Company pending resumption of trading.

18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$ 0.05 each at 31 March 2013 and 30 September 2013	4,000,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK\$0.05 each at 31 March 2013	711,938,145	35,597
Issue of shares upon		
Share placements (<i>Note a</i>)	57,000,000	2,850
Zero coupon convertible bonds (<i>Note b</i>)	314,285,712	15,714
Ordinary shares of HK\$0.05 each at 30 September 2013	1,083,223,857	54,161

Notes:

- (a) On 15 April 2013, the Company allotted and issued a total of 57,000,000 shares to certain independent parties at the price of HK\$0.14 per share for a cash consideration of HK\$7.59 million (after all relevant expenses).
- (b) On 10 April 2013, 3 July 2013 and 29 August 2013, the holders of convertible bonds exercised their right to convert in total amount HK\$55 million out of HK\$85 million in principal amount of the convertible bonds issued as result of the acquisition of Tirack by the Company into 314,285,712 shares of the Company, further details of which were disclosed in the circular of the Company dated 28 February 2013.

19. SHARE PREMIUM AND RESERVES

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

20. CONVERTIBLE BONDS

On 2 April 2013, the Company issued the three-year zero coupon convertible bonds at the principal amount of HK\$85,000,000 as part of the consideration for the acquisition of Tirack. The convertible bonds, which are interest free and unsecured, can be converted into maximum of 485,714,285 shares at HK\$ 0.175 per share of the Company. The convertible bonds are freely transferable and each holder of the convertible bonds has the right to convert the outstanding principal amount on any business day after the date of issuance. The Company may redeem the convertible bonds at

100% of the principal outstanding amount at any time from the date of issue to the maturity date. The debt component is measured at amortised cost at an effective interest rate of 16.547% p.a. The derivative components are measured at fair value as stated at in note 21.

	Debt component <i>Hk\$'000</i>
At the beginning of the period	–
Issue of the convertible bonds	53,688
Conversion	(35,913)
Imputed interest for the period	2,729
	<hr/>
	20,504
	<hr/> <hr/>

21. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprised the embedded derivatives (conversion option and redemption option of the Company) of the Company's convertible note and convertible bonds.

	Convertible note <i>(Note 17)</i> <i>HK\$'000</i>	Convertible bonds <i>(Note 20)</i> <i>HK\$'000</i>	Total <i>HK\$'000</i>
At the beginning of the period	379	–	379
At issuance	–	23,819	23,819
Change in fair value (Note 7)	(379)	–	(379)
	<hr/>	<hr/>	<hr/>
At the end of the period	–	23,819	23,819
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The embedded derivatives of the convertible note expired during the six months ended 30 September 2013. The embedded derivatives of the convertible bonds are classified as non-current based on an assessment of the cash flows of the convertible bonds as a whole which is not required to be settled within twelve months from the end of the reporting period.

22. COMMITMENTS

(a) Capital commitments

	Unaudited At 30 September 2013 <i>HK\$'000</i>	Audited At 31 March 2013 <i>HK\$'000</i>
Intangible assets	4,000	4,000
Acquisition of subsidiary	–	90,000
	<hr/>	<hr/>
	4,000	94,000
	<hr/> <hr/>	<hr/> <hr/>

(b) Commitment under operation lease

The Group leases certain of its office premises under operating lease. Leases for properties are negotiated for a term ranging from one to two years and rentals are fixed, with an option to renew the lease. At 30 September 2013 the total future minimum lease payments under non-cancellable operating leases payable are as follows:

	Unaudited At 30 September 2013 <i>HK\$'000</i>	Audited At 31 March 2013 <i>HK\$'000</i>
Within one year	342	586
In the second to fifth years inclusive	–	49
	<hr/> 342 <hr/>	<hr/> 562 <hr/>

23. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

24. LITIGATION

- (a) On 12 March 2012, a High court Action No.1861 of 2011 was commenced by Joint China Value Investment Fund Limited (“Joint China”) against the Company regarding a dishonoured cheque amounted to HK\$16,500,000 issued by the Company. In October 2013, the Company obtained a court judgement under which the action taken by Joint China was dismissed.
- (b) On 19 April 2006, a High court Action No. 858 of 2006 was commenced by Chan Kar Kui, Wong Calvin Ting Chi, Chan Wai Phan, Chan Man Wan and Kwok King Chuen (the “Plaintiffs”) against the Company for specific performance of the agreement entered into between the Plaintiffs and the Company’s former director, To Cho Kei, on behalf of the Company, in 2000 to purchase from the Plaintiffs all their shareholdings in Epplication. Net Limited (“Epplication.Net”) at a consideration of HK\$6,800,000, being twice of the actual amount that the Plaintiffs expended on Epplication.Net by way of transfer or allotment of the shares of the Company of the equivalent value, or alternatively, damages with interests and costs. The Company has filed a defence denying the allegation as the Company has no record of any agreement for the purchase of the Plaintiffs’ shareholdings in Epplication.Net and the Plaintiffs have not produced any documentary evidence to support their claim. The action has been dormant since the end of 2008. The Directors believe that the Company has a strong defence in this action, accordingly, no provision for liabilities has been made in the unaudited condensed consolidated financial statements.
- (c) On 4 April 2014, the Company was served with a petition issued by a third party, Metal Winner Limited (“MWL”), under which MWL claimed that the Company was indebted to MWL in the sum of HK\$5,700,000 and petitioned that the Company be wound up. On 8 April 2014, the Company was informed by MWL’s representative that MWL intended to withdraw the winding-up against the Company and has written to the official receiver with regard to the withdrawal. However, no action was taken by the petitioner to withdraw the petition and the Company has applied to court to strike out or dismiss the petition on 10 June 2014 and the strike-out application will be heard by the Court in March 2015. Separately, the Company commenced legal proceedings in the High Court (the “Injunction Proceedings”) against two parties seeking an injunction to restrain them from presenting any petition for the winding-up of the Company or to apply to substitute MWL as petitioner in that winding-up proceedings (the “Restrained Acts”) based on the ground that the claims by these two parties against the Company are of the same or very similar nature to that of MWL. The two parties gave an undertaking to the court not to do the Restrained Acts until the resolution of the Injunction Proceedings.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue for the six months ended 30 September 2013 amount to approximately HK\$20.9 million representing a decrease of approximately 29% as compared to that of the corresponding period in 2012. Notwithstanding the decrease in the revenue of system development of approximately HK\$1 million due to the declining demand, the Group still recorded an increase in revenue from professional services at approximately 140% as compared to that of the corresponding period in 2012.

FINANCIAL PERFORMANCE

During the six months ended 30 September 2013, the Group recorded a revenue of approximately HK\$20.9 million (2012: HK\$29.5 million) representing a decrease of approximately 29% as compared to that of the corresponding period in 2012. Administrative expenses decreased to approximately HK\$9.5 million as compared to approximately HK\$17.6 million of the previous corresponding period, representing a decrease of approximately 46% as compared to that of the corresponding period in 2012. Loss attributable to the shareholders was approximately HK\$129.7 million (2012: restated loss of HK\$28.1 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2013, shareholders' funds of the Group amounted to approximately HK\$24 million (2012 restated: HK\$321 million). Current assets amounted to approximately HK\$170 million (2012 restated: HK\$182 million), of which approximately HK\$6 million (2012: HK\$9 million) were cash and bank balances and approximately HK\$88 million (2012: HK\$49 million) were trade and other receivables. Current liabilities of HK\$181 million (2012: HK\$107 million) were mainly trade and other payables.

GEARING RATIO

The gearing ratio calculated on the basis of total liabilities over the total shareholders' fund as at 30 September 2013 was 928% (2012 restated: 41.4%).

FOREIGN CURRENCY EXPOSURE

During the six months ended 30 September 2013, the Group experienced only immaterial exchange rate fluctuations as the functional currencies of the Group's operations were mainly Hong Kong dollars and Renminbi. As the risk on exchange rate difference was considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

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

During the period under review, the Company has been involved in the following material acquisitions and disposal:

- (i) The Company completed the acquisition of the entire issued share capital of Tirack Holdings Corporation (“Tirack”) on 2 April 2013. The total consideration for the acquisition of HK\$110,000,000 was settled by (i) payment in cash of HK\$25,000,000 by the Company; and (ii) issue by the Company of convertible bonds with an aggregate principal amount of HK\$85,000,000. As of the date of this announcement, convertible bonds with the principal amount of HK\$55,000,000 have been converted into 314,285,712 new shares of the Company of HK\$0.05 each. Subsequent to the date of acquisition of Tirack, the Company is unable to provide financial support, as originally planned, to enable Tirack and its subsidiaries (“Tirack Group”) to carry out their principal operations of sale of air tickets, hotel reservations and travel products online in the PRC. As a result, Tirack Group has suspended its principal operations and become inactive as at the date of this announcement.

Please refer to the announcements of the Company dated 21 November 2012 and 2 April 2013 and the circular of the Company dated 28 February 2013 for further details of the acquisition of Tirack.

- (ii) Save as disclosed above, the Company has not completed any other material acquisitions or disposal.

NEW PRODUCTS AND SERVICES

The Group completed the acquisition of Tirack during the period under review which was engaged in electronic air-ticket and payment system business.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2013, the Group hired 18 and 8 employees in Hong Kong and the PRC respectively (2012: a total of 29 including the executive Directors). Total staff costs including Directors’ remuneration for the six months period under review amounting to approximately HK\$1.8 million (2012: HK\$5.3million). The Group’s remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees. The Group provides mandatory provident fund scheme for the employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

The Company has conditionally adopted a share option scheme (the “Scheme”) pursuant to which the executive Directors and full-time employees of the Group may be granted options to subscribe for the shares of the Company. During the six months ended 30 September 2013, no options had been granted under such Scheme and the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 1,145,000 as at 30 September 2013. All the options were lapsed as at the date of this announcement.

CONTINGENT LIABILITIES

As at 30 September 2013 other than those disclosed in note 24 to the unaudited condensed consolidated financial statements, the Group did not have any material contingent liabilities (2012: Nil).

FUTURE PROSPECTS

The Group will continue to look for opportunities to create shareholders' value through making investments into and/or acquiring companies or projects that have promising outlooks and prospects. The Group intends to broaden its perspective beyond the IT sector and potentially also invests into and/or make acquisitions in other industries (including renewable energy and other "green" businesses, the financial industry, and more traditional non-IT businesses) so long as such investments/acquisitions can bring value and are beneficial to the Company and its shareholders as a whole. In addition, as stated previously, the Group intends to enter into the financial and financial services sector. Firstly, the Group will expand into proprietary trading, including the trading of marketable equity, equity-related and/or debt securities in listed companies in Hong Kong and/or other major global securities markets for potential capital upside. In addition, the Group intends to diversify its business scope by entering into the money lending business to capture opportunities in the thriving personal and corporate loan market.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2013, none of the Directors and chief executive of the Company were interested in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the required standard of dealing by the Directors under the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 30 September 2013, the person (other than a director or chief executive of the Company) who have interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:

Name of the shareholder	Capacity	Number of shares held	Approximate percentage of shareholding (note 3)
Mr. Zhao Tuanjie (note 1)	Beneficial owner	126,461,497	11.67%
Questex Development Inc. (notes 1 and 2)	Interest of controlled corporation	114,285,715	10.55%
Ms. Lam Chi Wai, Tammy	Beneficial owner	57,142,857	5.28%

Notes:

1. Questex Development Inc. is a company incorporated under the laws of the Republic of Vanuatu and is held as to 100% by Mr. Zhao Tuanjie.
2. As at 30 September 2013, Questex Development Inc. held the convertible bonds issued by the Company with the principal amount of HK\$20,000,000, which could be convertible into 114,285,715 shares of the Company.
3. As at 30 September 2013, the issued share capital of the Company is 1,083,233,857 shares.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the six months ended 30 September 2013 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As of 30 September 2013, none of the Directors or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an audit committee on 18 May 2000 with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of audit committee are to review and supervise the financial reporting process and internal control system of the Group and to provide advice and comments to the Board.

As at the date of this announcement, the audit committee comprises five independent non-executive directors, namely, Mr. Chan Yee Sze (Chairman of the committee), Ms. Hu Yun, Mr. Lui Wai Ming, Mr. Koh Kwing Chang and Mr. Lai Chi Leung.

The audit committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2013 and has provided advice and comments thereon and discussed financial reporting matters including a review of the unaudited consolidated accounts of the Group for the six months ended 30 September 2013 with the Directors of the Company.

CORPORATE GOVERNANCE CODE

Save as disclosed below, the Company has complied with the code provisions set out in the Corporate Governance Code (“Code”) contained in the Appendix 15 of the GEM Listing Rules throughout the six months ended 30 September 2013.

Pursuant to code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the period under review, the role of chief executive officer was assumed by Mr. Liu Bo, who was an executive Director and the chairman of the Board.

As at the date of this announcement, the role of chairman and chief executive officer has been separated to Dr. Chew Chee Wah and Mr. Tam Kwok Leung respectively.

OTHER MATTERS

1. Wanquan – Wang Yu Sha (王雨莎)

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

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

The Company will continue to take aggressive actions, and has commenced legal proceedings in the High Court of Hong Kong against the trustee to recover the outstanding amount. The overall strategy of the Company is to take all reasonable and economical measures to recover the settlement fees in full. The Company will keep shareholders informed promptly on the progress in recovering the settlement fees.

2. Fame Thrive – Tse Wing Yan (謝泳欣)

On 30 December 2010, the Company and an independent third party, namely Ms. Tse Wing Yan (謝泳欣), entered into a memorandum of understanding in respect of the possible acquisition of the entire issued share capital of Fame Thrive Limited, a company incorporated in the British Virgin Islands with limited liability. Pursuant to the memorandum of understanding, Fame Thrive Limited will implement a reorganisation whereby it will, directly or indirectly, establish a wholly-foreign owned enterprise in the PRC and such wholly-foreign owned enterprise will enter into a co-operation arrangement with Dongda Insurance Brokerage Company Limited (“Dongda” or “東大保險經紀有限責任公司”), a company established in the PRC. Dongda provides property and life insurance professional insurance brokers services (such as engineering insurance, cargo transportation insurance, liability, insurance and group life insurance) and reinsurance brokers service.

Subsequently on 6 May 2011, the Company entered into an addendum to the memorandum of understanding with the prospective seller to provide for the payment of HK\$20 million to the prospective seller as an interest-free refundable earnest money for the possible acquisition of the entire issued share capital of Fame Thrive Limited and as part payment of the consideration if the formal acquisition agreement is entered into between the Company and the prospective seller. The earnest money was paid by the Company to the prospective seller upon signing of the addendum.

Pursuant to the addenda entered into between the prospective seller and the Company on 30 June 2011, 30 December 2011, 29 February 2012, 31 May 2012, 31 July 2012, 28 September 2012, 30 November 2012, 30 January 2013, 27 March 2013, 30 May 2013, 31 July 2013, 30 September 2013, 29 November 2013 and 30 January 2014, the exclusivity period in which the prospective seller shall not, whether by herself or through other third parties, discuss with any other third parties in relation to the possible acquisition has been extended to 30 April 2014.

Details of the above possible acquisition are disclosed in the announcements of the Company dated 30 December 2010, 6 May 2011, 30 June 2011, 30 December 2011, 6 March 2012, 31 May 2012, 31 July 2012, 28 September 2012, 30 November 2012, 30 January 2013, 27 March 2013, 30 May 2013, 31 July 2013, 30 September 2013, 29 November 2013 and 30 January 2014.

As mentioned above, the exclusivity period for the acquisition of Fame Thrive Limited expired on 30 April 2014.

Negotiations of the acquisition have terminated. Pursuant to the memorandum of understanding, within 3 days after expiry of the exclusivity period, the vendor shall refund the HK\$20 million earnest money to the Company. The prospective seller has failed to repay the same as at the date hereof. On 17 June 2014, the Company by immediate notice terminated the memorandum of understanding and demanded the immediate repayment of the earnest money of HK\$20 million. On 3 July 2014, the Company has again demanded the immediate payment and despite the Company's repeated demands, the prospective seller still fail to repay the earnest money.

Accordingly, the Company has instructed its legal adviser to take legal action against the prospective seller (i.e. Ms. Tse Wing Yan (謝泳欣)) and a bankruptcy petition was issued against the prospective seller in the High Court of Hong Kong on 18 November 2014. The overall strategy of the Company is to take all reasonable and economical steps to recover the earnest money. The Company will keep shareholders informed promptly on the progress in recovering the earnest money. In view of the fact that the Company has not received any repayment of the earnest money, nor any settlement agreement has been agreed, the earnest money receivable of HK\$20 million had been impaired in full in the period under review.

3. Gold Tycoon Limited

On 20 April 2011, the Company and Gold Tycoon Limited, a company incorporated in the British Virgin Islands with limited liability, entered into the memorandum of broad terms in relation to the proposed acquisition of not less than 50% of the entire issued share capital of the Gold Depot Investments Limited, a company incorporated in the British Virgin Islands with limited liability, in which the Company understood that Gold Depot Investments Limited directly or indirectly owns an exploration right and a mining right of a gold mine located in Guizhou, the PRC. Subsequently on 17 May 2011, the Company and Gold Tycoon Limited entered into an addendum to the memorandum of broad terms to provide for the payment of HK\$25 million to Gold Tycoon Limited as an interest-free refundable earnest money for the possible acquisition of not less than 50% of the entire issued share capital of Gold Depot Investments Limited and as part payment of the consideration if the definitive agreement is entered into between the Company (or its nominee) and Gold Tycoon Limited. The earnest money was paid by the Company to Gold Tycoon Limited upon signing of the addendum.

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

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

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

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

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

In view of the fact that a settlement agreement was being executed and the Company has assessed the financial capability of the vendor by examining the documents and information provided by the vendor and understood that the vendor is the major beneficial owner of the target gold mine. The Directors are of the view that the vendor would be able to repay the earnest money. The overall strategy of the Company is to take all reasonable and economical steps to recover the earnest money (including possible legal actions should the vendor fail to honor its obligations to return the earnest money). The Company will keep shareholders informed promptly on the progress in recovering the earnest money.

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

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

SUSPENSION OF TRADING

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

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

Hong Kong, 15 January 2015

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

Executive Directors:

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

Non-executive Directors:

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

Independent non-executive Directors:

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

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