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Ngai Shun Holdings Limited

毅信控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01246)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The board (the “Board”) of directors (the “Directors”) of Ngai Shun Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2015 (the “Interim Period”), together with the comparative figures for the corresponding period in 2014 as follows. These interim condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		Six months ended	
		30 September	
		2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		Unaudited	Unaudited
Revenue	6	227,432	293,697
Cost of sales		(188,281)	(222,806)
Gross profit		39,151	70,891
Other income and other (losses)/gains, net	8	(82,402)	2,430
Administrative and other operating expenses		(33,493)	(22,219)
Operating (loss)/profit		(76,744)	51,102
Finance costs		(3,345)	(438)
(Loss)/profit before income tax	9	(80,089)	50,664
Income tax expense	10	(1,826)	(8,798)
(Loss)/profit for the period		(81,915)	41,866

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (continued)**

For the six months ended 30 September 2015

		Six months ended	
		30 September	
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
		Unaudited	Unaudited
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Net gain on revaluation of available-for-sale financial assets		<u>1,650</u>	–
Other comprehensive income for the period		<u>1,650</u>	–
Total comprehensive (expense)/income for the period		<u>(80,265)</u>	<u>41,866</u>
Basic and diluted (loss)/earnings per share (<i>HK cents</i>)	11	<u>(0.34)</u>	(Restated) <u>0.20</u>
(Loss)/profit attributable to owners of the Company		<u>(81,915)</u>	<u>41,866</u>
Total comprehensive (expense)/income attributable to owners of the Company		<u>(80,265)</u>	<u>41,866</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	30 September 2015 HK\$'000 Unaudited	31 March 2015 HK\$'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	13	89,065	58,972
Investment properties		–	41,400
Available-for-sale financial assets		6,000	4,350
		<u>95,065</u>	<u>104,722</u>
Current assets			
Trade and other receivables	14	132,418	119,914
Financial assets at fair value through profit or loss		274,434	65,320
Cash and cash equivalents		39,259	254,815
		<u>446,111</u>	<u>440,049</u>
Total assets		<u>541,176</u>	<u>544,771</u>
EQUITY			
Capital and reserves			
Share capital	18	24,900	4,150
Other reserves		275,254	317,274
Total equity		<u>300,154</u>	<u>321,424</u>
LIABILITIES			
Non-current liabilities			
Provision for long service payments		5,291	4,730
Deferred taxation		6,789	6,281
		<u>12,080</u>	<u>11,011</u>
Current liabilities			
Trade and other payables	16	80,630	78,629
Loan from a related company	17	120,000	120,000
Borrowings	15	26,135	12,333
Tax payable		2,177	1,374
		<u>228,942</u>	<u>212,336</u>
Total liabilities		<u>241,022</u>	<u>223,347</u>
Total equity and liabilities		<u>541,176</u>	<u>544,771</u>
Net current assets		<u>217,169</u>	<u>227,713</u>
Total assets less current liabilities		<u>312,234</u>	<u>332,435</u>

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company is a limited liability company incorporated in the Cayman Islands and listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is Clifton House, PO Box 1350, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is Unit 2102, 21/F, West Tower Shun Tak Center, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

The Group is principally engaged in the foundation business in Hong Kong as a foundation subcontractor and securities investments.

This unaudited condensed consolidated interim financial information is presented in Hong Kong Dollars, unless otherwise stated.

This unaudited condensed consolidated interim financial information was approved by the Board on 25 November 2015.

2. BASIS OF PREPARATION

This unaudited condensed interim financial information for the Interim Period has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the Interim Period has been prepared under the historical cost convention as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and available-for-sale financial assets, which are carried at fair values.

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 March 2015 except for the following:

In the Interim Period, the Group has applied, for the first time, the following new or revised HKAS, HKFRS, amendments or interpretation (hereinafter collectively reference to as the “new or revised HKFRSs”) issued by the HKICPA.

Amendments to HKAS 19	Employee Benefits: Defined Benefit Plans — Employee Contributions
Annual Improvements Project	Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements Project	Annual Improvements to HKFRSs 2011–2013 Cycle

The adoption of these new or revised HKFRSs does not have significant impact to the results and financial position of the Group.

The Group has not early adopted the following new and revised standards, amendments or interpretation that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

4. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to a variety of financial risks: interest rate risk, credit risk, liquidity risk and price risk.

There have been no change in major risk factors that may significantly affect the Group's business nor any change in risk management policies since the year ended 31 March 2015. These unaudited condensed consolidated interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements of the Company for the year ended 31 March 2015 ("2015 Annual Financial Statements"), and should be read in conjunction with the relevant disclosures in the 2015 Annual Financial Statements.

There have been no changes in the risk management department nor in any risk management policies since the year ended 31 March 2015.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2015.

6. REVENUE

Revenue, which is also the Group's turnover, represents contract receipts on construction contracts in the ordinary course of business. Revenue recognised during the Interim Period and six months ended 30 September 2014 respectively are as follows:

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Turnover		
Contracts income	227,432	293,697

7. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable and operating segments under HKFRS 8 for the Interim Period are as follows:

1. Foundation Piling — business of foundation subcontracting
2. Securities Investments — trading of securities and investment in long-term securities

For the six months ended 30 September 2014 and as at 31 March 2015, the Board regarded the Group's business as a single operating segment and reviews financial statements accordingly. Also, the Group generated revenue only in Hong Kong during the six months ended 30 September 2014 and for the year ended 31 March 2015, therefore, no segment information is presented for prior periods.

Segment revenue and results

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

Six months ended 30 September 2015 (Unaudited)	Foundation Piling HK\$'000	Securities Investments HK\$'000	Total HK\$'000
Segment revenue from external customers	<u>227,432</u>	<u>—</u>	<u>227,432</u>
Segment results	<u>10,827</u>	<u>(84,313)</u>	(73,486)
Unallocated corporate expenses			(7,073)
Unallocated corporate income			<u>470</u>
Loss before income tax			<u>(80,089)</u>

Six months ended 30 September 2014 (unaudited): the Board regarded the Group's business as a single operating segment and thus no segment information is presented.

Segment assets and liabilities

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

As at 30 September 2015 (Unaudited)	Foundation Piling HK\$'000	Securities Investments HK\$'000	Total HK\$'000
Assets			
Segment assets	249,106	291,990	541,096
Unallocated corporate assets			<u>80</u>
Total assets			<u>541,176</u>
Liabilities			
Segment liabilities	116,833	—	116,833
Unallocated corporate liabilities			<u>124,189</u>
Total liabilities			<u>241,022</u>

As at 31 March 2015 (audited): the Board regarded the Group's business as a single operating segment and thus no segment information is presented.

8. OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Dividend income	66	–
Commission income	–	583
Property management service income	–	720
Rental income	1,096	961
Interest income	1	111
Loss on disposal of subsidiaries (<i>Note 20</i>)	(80)	–
Fair value loss on financial assets at fair value through profit or loss	(84,313)	–
Gain on disposal of property, plant and equipment	500	23
Others	328	32
	<u>(82,402)</u>	<u>2,430</u>

9. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit for the period has been arrived after charging:

	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Auditors' remuneration	228	–
Staff costs, including directors' emoluments	67,511	56,420
Depreciation of owned assets (<i>Note 13</i>)	12,802	7,630
Depreciation of assets under finance leases (<i>Note 13</i>)	150	1,246
Operating lease rental on premises	868	387
Impairment loss on available-for-sale investment	–	2,105
	<u>–</u>	<u>2,105</u>

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30 September 2014 and the Interim Period on the estimated assessable profit arising in or derived from Hong Kong for the respective periods.

	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Hong Kong profits tax:		
– Current period	880	8,547
– Over-provision in prior years	–	(345)
Deferred income tax	946	596
	<u>1,826</u>	<u>8,798</u>
Income tax expense	<u>1,826</u>	<u>8,798</u>

11. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to owners of the Company was based on (i) the (loss)/profit attributable to owners of the Company; and (ii) the weighted average number of ordinary shares of the Company of HK\$0.001 each (the “Shares”) issued during the six months ended 30 September 2014 and the Interim Period.

	Six months ended 30 September	
	2015	2014
	Unaudited	Unaudited
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>(81,915)</u>	<u>41,866</u>
		(Restated)
Weighted average number of Shares for the purpose of calculating basic earnings per Share (<i>in thousand</i>) (<i>Note</i>)	<u>24,401,092</u>	<u>20,750,000</u>
		(Restated)
Basic (loss)/earnings per Share (<i>HK cents</i>)	<u>(0.34)</u>	<u>0.20</u>

The diluted (loss)/earnings per Share is equal to the basic (loss)/earnings per Share as there were no dilutive potential Shares in issue during the respective periods.

Note: The weighted average number of Shares for the purpose of calculating basic earnings per Share has been restated to reflect the share subdivision and bonus issue as detailed in Note 18 to the unaudited condensed consolidated financial statements.

12. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 September 2015, nor has any dividend been proposed since the end of the reporting period (six months ended 30 September 2014: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment <i>HK\$'000</i>
Six months ended 30 September 2015 (Unaudited)	
Net book value	
Opening amount as at 1 April 2015	58,972
Additions	43,051
Disposal of subsidiaries (<i>Note 20</i>)	(6)
Depreciation (<i>Note</i>)	<u>(12,952)</u>
Closing amount as at 30 September 2015	<u>89,065</u>
Six months ended 30 September 2014 (Unaudited)	
Net book value	
Opening amount as at 1 April 2014	44,730
Additions	17,781
Depreciation	<u>(8,876)</u>
Closing amount as at 30 September 2014	<u>53,635</u>

Note: It includes depreciation in aggregate of motor vehicles, leasehold improvement, office equipment and furniture & fixtures amounting to approximately HK\$648,000 (six months ended 30 September 2014: HK\$457,000) in administrative and other operating expenses and approximately HK\$12,304,000 (six months ended 30 September 2014: HK\$8,419,000) depreciation of plant and machinery in cost of sales for the Interim Period.

14. TRADE AND OTHER RECEIVABLES

	30 September 2015 HK\$'000 Unaudited	31 March 2015 HK\$'000 Audited
Contract receivables	84,736	70,426
Retention receivables	44,841	46,767
	<hr/>	<hr/>
Total trade receivables	129,577	117,193
Other receivables, deposits and prepayments	2,841	2,721
	<hr/>	<hr/>
	132,418	119,914
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 30 days. Trade receivables are denominated in Hong Kong dollars.
- (b) The ageing analysis of the contract receivables based on invoice date is as follows:

	30 September 2015 HK\$'000 Unaudited	31 March 2015 HK\$'000 Audited
0–30 days	79,641	28,818
31–60 days	–	41,015
61–90 days	4,578	–
91–365 days	517	593
	<hr/>	<hr/>
	84,736	70,426
	<hr/> <hr/>	<hr/> <hr/>

Contract receivables of approximately HK\$79,641,000 and approximately HK\$28,818,000 as at 30 September 2015 and 31 March 2015 respectively were not yet past due and approximately HK\$5,095,000 and approximately HK\$41,608,000 as at 30 September 2015 and 31 March 2015 respectively were past due but not impaired. These relate to contract receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Retention receivables were not yet past due as at 30 September 2015 and were settled in accordance with the terms of respective contracts.

- (c) The other classes of assets within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

15. BORROWINGS

	30 September 2015 HK\$'000 Unaudited	31 March 2015 HK\$'000 Audited
Current		
Bank borrowings (<i>Note (a)</i>)	26,135	12,070
Finance lease liabilities (<i>Note (b)</i>)	–	263
	<hr/>	<hr/>
Total borrowings	26,135	12,333
	<hr/> <hr/>	<hr/> <hr/>

Notes:

(a) Bank borrowings

Bank borrowings mature until 2018 and bear interest at 1.25% below the current prime rate per annum and 2% to 2.80% below the best lending rate per annum.

The bank borrowings are denominated in Hong Kong dollars.

The bank borrowings are classified as current liabilities according to the HK Interpretation 5, *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* issued by the HKICPA. According to the repayment schedule, the bank borrowings are repayable as follows:

	30 September 2015 HK\$'000 Unaudited	31 March 2015 HK\$'000 Audited
Within a period not exceeding one year	16,383	10,310
Within a period of more than one year but not exceeding two years	7,426	1,760
Within a period of more than two years but not exceeding five years	2,326	–
	<u>26,135</u>	<u>12,070</u>

(b) Finance lease liabilities

Lease liabilities are secured as the rights to the leased assets revert to the lessors in the event of default.

	30 September 2015 HK\$'000 Unaudited	31 March 2015 HK\$'000 Audited
Gross finance lease liabilities – minimum lease payments		
Within a period not exceeding one year	–	264
Within a period of more than one year but not exceeding two years	–	–
	–	264
Future finance charges on finance leases	–	(1)
Present value of finance lease liabilities	<u>–</u>	<u>263</u>

The present value of finance lease liabilities is as follows:

	30 September 2015 HK\$'000 Unaudited	31 March 2015 HK\$'000 Audited
Within a period not exceeding one year	–	263
Within a period of more than one year but not exceeding two years	–	–
	<u>–</u>	<u>263</u>

The carrying amounts of all finance lease liabilities are denominated in Hong Kong dollars.

- (c) As at 30 September 2015, the banking facilities bore interest at 1.25% to 2.8% below the current prime rate per annum and 2% to 2.8% below the best lending rate per annum.

As at 30 September 2015 and 31 March 2015, the undrawn banking facilities amounted to approximately HK\$75,800,000 and HK\$200,000 respectively.

These banking facilities were secured by personal guarantees of directors of a subsidiary of the Company as at 30 September 2015.

16. TRADE AND OTHER PAYABLES

	30 September 2015	31 March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Trade payables	49,594	35,626
Other payables and accruals	31,036	43,003
	<u>80,630</u>	<u>78,629</u>

The ageing analysis of trade payables based on the invoice date is as follows:

	30 September 2015	31 March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
0–30 days	41,840	29,396
31–60 days	5,332	4,848
More than 60 days	2,422	1,382
	<u>49,594</u>	<u>35,626</u>

Notes:

- (a) The carrying amounts of trade payables are denominated in Hong Kong dollars.
- (b) Payment terms granted by suppliers are 30 to 45 days from the invoice date of the relevant purchases.
- (c) More than 60 days represented the retention payable held for the subcontractors, which is payable 6 months after the projects completed.

17. LOAN FROM A RELATED COMPANY

The loan is due to Excellent Speed Limited (“Excellent Speed”). Excellent Speed is owned by Dr. Wong Sai Chung, Albert as to 50% and owned by Mr. Lam Wing Sum as to the remaining 50%. Dr. Wong and Mr. Lam were common directors of the Group and Excellent Speed as at 31 March 2015. Despite the resignation of Dr. Wong and Mr. Lam as directors of the Company with effect from 15 July 2015, they remain the directors of a principal subsidiary of the Company and are considered as the key management personnel of the Group, thus the loan due to Excellent Speed is classified as a loan from a related company as at 30 September 2015 and 31 March 2015. The loan is unsecured, bear interest at 5% per annum and repayable at a date falling twelve months from the drawdown date which shall be automatically extended for a further term of twelve months unless advance notice for not less than one month is given by the lender to the borrower in writing.

The loan from a related company is classified as current liabilities according to the HK Interpretation 5, *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* issued by the HKICPA.

18. SHARE CAPITAL

	Par Value HK\$	Number of shares	Nominal value of Shares HK\$'000
Authorised:			
As at 1 April 2014, 31 March 2015 and 1 April 2015	0.01	1,000,000,000	10,000
Share subdivision (<i>Note (b)</i>)	0.001	9,000,000,000	–
Increase in authorised share capital (<i>Note (c)</i>)	0.001	190,000,000,000	190,000
As at 30 September 2015	0.001	<u>200,000,000,000</u>	<u>200,000</u>
	Par Value HK\$	Number of Shares	Nominal value of Shares HK\$'000
Issued and fully paid:			
As at 1 April 2014, 31 March 2015 and 1 April 2015	0.01	415,000,000	4,150
Shares issued pursuant to the placing (<i>Note (a)</i>)	0.01	83,000,000	830
Share subdivision (<i>Note (b)</i>)	0.001	4,482,000,000	–
Bonus Issue (<i>Note (c)</i>)	0.001	19,920,000,000	19,920
As at 30 September 2015	0.001	<u>24,900,000,000</u>	<u>24,900</u>

Notes:

- (a) On 23 April 2015, the Company issued 83,000,000 shares of HK\$0.01 each to not less than six places at a price of HK\$0.73 pursuant to the terms and conditions of the placing agreement entered into between the Company and Kingston Securities Limited on 13 April 2015. After netting off share issue expenses of approximately HK\$1,595,000, approximately HK\$59 million net proceeds were recognised. Details of the placing were set out in the announcements of the Company dated 13 April 2015 and 23 April 2015.
- (b) On 3 June 2015, ordinary resolution was duly passed at the extraordinary general meeting of the Company pursuant to which each issued and unissued share of par value of HK\$0.01 each being subdivided into ten (10) subdivided shares of par value of HK\$0.001 each with effective from 4 June 2015. Details of the share subdivision were set out in the circular of the Company dated 15 May 2015.
- (c) On 19 August 2015, ordinary resolutions were duly passed at the extraordinary general meeting of the Company pursuant to which the authorised share capital of the Company was increased from HK\$10,000,000.00 divided into 10,000,000,000 shares of HK\$0.001 each to HK\$200,000,000.00 divided into 200,000,000,000 shares of HK\$0.001 each and issue and allotment of bonus shares on the basis of four (4) bonus shares for every one (1) share held by the qualifying shareholders on the record date of 27 August 2015. 19,920,000,000 bonus shares of HK\$0.001 each were allotted and issued on 2 September 2015. Details of the bonus issue were set out in the circular of the Company dated 3 August 2015.

19. COMMITMENTS

(a) Capital commitments

Capital Commitments outstanding at the end of the Interim Period not provided for in the unaudited condensed consolidated financial statements were as follows:

	30 September 2015 HK\$'000 Unaudited	31 March 2015 HK\$'000 Audited
Contracted but not provided for property, plant and equipment	<u>2,878</u>	<u>2,760</u>

(b) Operating lease commitments – The Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 September 2015 HK\$'000 Unaudited	31 March 2015 HK\$'000 Audited
No later than one year	1,509	1,610
Later than one year and no later than five years	<u>1,738</u>	<u>2,378</u>
	<u>3,247</u>	<u>3,988</u>

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

(c) Operating lease rental receivables – The Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	30 September 2015 HK\$'000 Unaudited	31 March 2015 HK\$'000 Audited
No later than one year	–	1,051
Later than one year and no later than five years	<u>–</u>	<u>646</u>
	<u>–</u>	<u>1,697</u>

During the Interim Period, the office units leased out by the Group under various agreements are being terminated upon the disposal of subsidiaries and thus, there is no rental receivables at the period end. As at 31 March 2015, the Group leased out office units under various agreements which would be terminated between 2015 and 2017. None of the leases included contingent rentals.

20. DISPOSAL OF SUBSIDIARIES

On 10 July 2015, the Group entered into a sale and purchase agreement with Fair Jade Group Limited, pursuant to which the Group disposed 100% equity interest in Achieved Success Company Limited and its subsidiary (“Achieved Success Group”) for a consideration of HK\$42,000,000.

The loss on disposal of subsidiaries was calculated as follow:

	<i>HK\$'000</i>
Consideration:	
On disposal	
Total consideration — Cash	<u>42,000</u>
Recognised amounts of identifiable assets and liabilities assumed	
Cash and cash equivalents	1,543
Property, plant and equipment	6
Investment properties	41,400
Trade and other receivables	39
Trade and other payables	(393)
Tax payables	(77)
Deferred taxation	(438)
Total identifiable net assets	<u>42,080</u>
Loss on disposal of subsidiaries	<u>(80)</u>
Satisfied by:	
Cash and cash equivalents received as consideration	42,000
Less: Cash and cash equivalents sold	(1,543)
Total net cash consideration received	<u><u>40,457</u></u>

21. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group did not have any significant related party transaction with related parties during the Interim Period and the six months ended 30 September 2014.

(b) **Key management compensation**

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Salaries, wages and allowances	3,066	2,236
Retirement benefits expenses	37	34
	<u>3,103</u>	<u>2,270</u>

22. CONTINGENT LIABILITIES

(a) The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

(b) Pending Litigation

As at 30 September 2015, there were two outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employee of the Group. The claims were related to the employee of the subcontractor and the employee of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The Directors assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases as at 31 March 2015 and 30 September 2015.

On 30 October 2014, a summon has been issued to the Group in relation to an offence arising from the incident occurred on 2 May 2014 which involved the Group failure to ensure that every part of the load, namely THE H-PILE which was to be raised or lowered by the lifting appliance was securely suspended or supported; and adequately secured so as to prevent danger arising to persons or properties as a result of the slipping or displacement of any part of the load. The case is adjourned to 7 December 2015 for trial hearing. In the event the Group is convicted, the Group's may be subject to an aggregated amount of the maximum possible fines of HK\$200,000, which will not be covered by the Group's insurance policies and full provision for the maximum potential fine in the sum of HK\$200,000 has been made. The Directors are of the view that this case will not cause any material adverse impact on the Group.

As at 30 September 2015, saved as disclosed above the Group did not have any significant contingent liabilities.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 25 November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is honoured to present the unaudited consolidated results of the Group for the Interim Period to our valued shareholders. The Group's revenue was approximately HK\$227.4 million (30 September 2014: HK\$293.7 million), representing decrease of 22.6% over the previous reporting period. Net loss of approximately HK\$81.9 million was incurred for the Interim Period, compared to net profit of approximately HK\$41.9 million for the six months ended 30 September 2014. Loss per share was HK0.34 cents (30 September 2014: earnings per share of HK0.20 cents (restated)).

BUSINESS REVIEW

Foundation Piling

During the Interim Period, 7 foundation projects were completed, 20 projects were in progress which included 13 public projects and 7 private projects, and the Group acquired 11 new contracts that worth approximately HK\$263.5 million. The total contract sum in hand was approximately HK\$911.3 million but the outstanding contract sum dropped to approximately HK\$239.5 million only representing a decline of 45.1% over the previous interim period (30 September 2014: HK\$436.6 million).

The Group's major public contracts in hand include West Kowloon Cultural District M+ Museum and Carpark, Shatin Central Link Contract 1121 NSL Cross Harbour Tunnels, Hong Kong Housing Authority Public Rental Housing Development at Pak Tin Estate Redevelopment Phase 7, 8 and Phase 11, Fung Shing Street and Drainage Department Stonecutters Island Sewage Treatment Works. Major Private Contracts in hand include Commercial Development at North Point Estate, Property Redevelopment at No. 123 Hoi Bun Road, Kwun Tong and Residential Development at Stubbs Road.

Securities Investments

During the Interim Period, we recorded a realised loss and an unrealised loss of Hong Kong listed securities of approximately HK\$24.8 million and HK\$59.5 million respectively (30 September 2014: Nil) in profit or loss representing the loss on disposal and fair value loss on financial assets at fair value through profit or loss respectively. The Group also recorded a net gain on revaluation of Hong Kong listed securities of approximately HK\$1.7 million (30 September 2014: Nil) recognised in other comprehensive income, representing the change in fair value of available-for-sale financial assets. In addition, dividend income of approximately HK\$66,000 received from the investment in Hong Kong listed securities was recognised in profit or loss. In view of the current securities market sentiment, the Group intends to take more active approach in gaining returns. The Group decided to include the securities investments as one of its principal business activities.

FINANCIAL REVIEW

Revenue

For the Interim Period, revenue of the Group which represented the revenue of foundation business amounted to approximately HK\$227.4 million, representing a decrease of approximately HK\$66.3 million or 22.6% as compared with approximately HK\$293.7 million for the corresponding period in 2014. The decrease was primarily due to the drop of the foundation business. Revenue of approximately HK\$140.6 million was mainly contributed by four major projects, namely Stonecutters Island Sewage Treatment work of approximately HK\$22.7 million, office complex development at Taikoo Place of approximately HK\$44.8 million, office complex development at Wong Chuk Hang

Road of approximately HK\$25.5 million and Western Kowloon Culture District M+ Museum and Carpark of approximately HK\$47.6 million, represented 61.8% of the total revenue. Among the aforesaid projects, 50% of revenue was contributed by public contracts (Western Kowloon Culture District M+ Museum and Carpark and Stonecutters Island Sewage Treatment work) while 50% of revenue was generated by the other two private contracts (office complex development at Taikoo Place and Wong Chuk Hang).

Gross Profit and Gross Profit Margin

Gross profit for the Interim Period was approximately HK\$39.2 million, representing a decrease of approximately HK\$31.7 million or 44.7% from approximately HK\$70.9 million for the corresponding period in 2014. In addition, the gross profit margin decreased from 24.1% for the six months ended 30 September 2014 to 17.2% for the Interim Period. It was mainly due to the decrease in revenue associated with the increase in depreciation costs in cost of sales during the Interim Period. In view of the slowdown of infrastructure projects funding approval by the government, many public projects are postponed. There is an increase in competition of the private projects in the foundation industry. In order to maintain the market share, the Group has reduced the rate of the projects which resulted in an adverse effect on the gross profit margin.

During the Interim Period, depreciation costs in cost of sales increased by approximately 46.4% to approximately HK\$12.3 million from approximately HK\$8.4 million for the six months ended 30 September 2014. It was mainly due to the increase in purchase of plant and machinery to equip the Group with more advanced machineries, so as to improve our operating efficiency.

Administrative and Other Operating Expenses

The Group's general and administrative expenses increased to approximately HK\$33.5 million for the Interim Period from approximately HK\$22.2 million for the six months ended 30 September 2014, which represented an increase of approximately 50.9%. Such increase was mainly due to the increase in staff costs.

Other Income and Other (Losses)/Gains, Net

The other losses of approximately HK\$82.4 million for the Interim Period (30 September 2014: other income of approximately HK\$2.4 million) mainly consisted of approximately HK\$59.5 million of unrealised fair value loss of financial assets at fair value through profit or loss and approximately HK\$24.8 million of realised loss on disposal of financial assets at fair value through profit or loss.

Net Loss

The Group's net loss for the Interim Period was approximately HK\$81.9 million as compared to the net profit of approximately HK\$41.9 million in the corresponding period in 2014. The net loss was mainly due to the drop of our revenue of approximately 22.6% associated with the increase of the fair value loss of the financial assets at fair value through profit or loss as well as the loss on disposal of the financial assets at fair value through profit or loss mentioned above.

Use of Net Proceeds from the Share Offer

The net proceeds from the share offer of the Company in connection with its listing on 16 October 2013 was approximately HK\$99.9 million. According to the section “Future Plans and Use of Proceeds” set out in the prospectus of the Company dated 30 September 2013 (the “Prospectus”), the Group has used the net proceeds as follows:

	Estimated Net Proceeds as per the Prospectus <i>(approximately HK\$' million)</i>	Actual Net Proceeds <i>(approximately HK\$' million)</i>	Used amount <i>(approximately HK\$' million)</i> (as at 30 September 2015)	Unused amount <i>(approximately HK\$' million)</i> (as at 30 September 2015)
Acquisition of machineries and equipments	51.9	64.9	64.9	–
Hiring additional staff	12.0	15.0	8.1	6.9
Partial bank loan repayment	8.0	10.0	10.0	–
General working capital	8.0	10.0	10.0	–
Total	<u>79.9</u>	<u>99.9</u>	<u>93.0</u>	<u>6.9</u>

BUSINESS PROSPECTS

The foundation industry in Hong Kong dropped significantly during the Interim Period as the major infrastructures had completed their foundations and proceeded to building superstructure stage while new infrastructure projects had been postponed due to the slow approval progress of infrastructure projects by the Legislative Council and Legco Finance Committee. The Group expects that the foundation business in public sectors may decrease further. The escalation of labour costs continued as unions recently raised the standard salaries of steel bending, formwork, welding and concreting skilled labour significantly. Under such market sediment, we shall be pessimistic in the business prospects of foundation business in the year of 2015–2016. In the meantime, the Group will continue to adjust its existing portfolio and diversify its revenue stream, in order to enhance the shareholders' value and benefit the Group.

Proposed Acquisition

On 17 July 2015, the Company entered into the memorandum of understanding with three individuals from the People's Republic of China (the “PRC”) as vendors, pursuant to which the Company intended to purchase from the vendors the entire issued shares of a company incorporated in the British Virgin Islands (“BVI”) with limited liability (the “BVI Company”) at the proposed consideration of not less than HK\$6,500 million and shall be satisfied by way of issuing consideration shares and the convertible notes of the Company at the issue price and conversion price of not less than HK\$1.00 (the “Proposed Acquisition”). The BVI Company, upon completion of the reorganisation, will be directly or indirectly holding 100% equity interest and/or economic benefit in the Anhui LaiWang Technology Limited* (安徽來網科技有限公司), a company established in the PRC and is principally engaged in the provision of (i) an online e-commerce platform to link up suppliers, distributors and domestic retailers for over 72 industries in the Anhui Province; (ii) an online P2P (peer to peer) lending platform to provide finance solutions to suppliers and manufacturers in Anhui Province; and (iii) provision of logistic and storage services in relation to the e-commerce services. The Proposed Acquisition may or may not proceed and as at the date of this announcement, the

* For identification purpose only

Company has not entered into any binding agreement in relation to the Proposed Acquisition. If the Proposed Acquisition materialises, it will constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The details of the Proposed Acquisition have been disclosed in the announcement of the Company dated 20 July 2015.

Very Substantial Acquisition

On 29 September 2015, the Company entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) with Landing International Development Limited (whose shares are listed on the main board of the Stock Exchange with stock code of 582) as vendor (the “Vendor”), pursuant to which the Company as purchaser, has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, the entire issued share capital of Double Earn Holdings Limited, a company incorporated in BVI with limited liability (the “Target Company”), and all indebtedness, obligations and liabilities due, owing or incurred by Mass Spring (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability at the consideration (the “Consideration”) of HK\$1,000 million (the “Very Substantial Acquisition”). The Target Company, through its subsidiaries, is principally engaged in the development and operation of the property project, which is located on the western shores of 南湖 (Nanhu Lake)*, Yueyang, Hunan province, the PRC (the “Property Project”). Subsequently on 4 November 2015, the Company and the Vendor entered into a supplemental agreement to the Sale and Purchase Agreement (the “Supplemental Agreement”) pursuant to which, among other things, the Consideration is to be satisfied by the Company (i) as to HK\$755 million in cash and paid as designated by the Vendor; and (ii) as to HK\$245 million through issuance of promissory notes by the Company at the aggregate principal amount of HK\$245 million, to the Vendor or its nominee(s).

The Very Substantial Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Pursuant to the ordinary resolution being duly passed on the extraordinary general meeting of the Company held on 23 November 2015, the Very Substantial Acquisition has been approved by the shareholders of the Company and completion of it took place on 24 November 2015. The details of the Very Substantial Acquisition have been disclosed in the announcements of the Company dated 29 September 2015, 4 November 2015 and 24 November 2015 and the circular of the Company dated 6 November 2015.

The Group has always been seeking opportunity in property investment segment. The Very Substantial Acquisition is in line with the Group’s long term development plan and provides an opportunity for the Group to tap into the property market in the PRC and to generate diversified income and additional cash flow for the Group’s continuous development. The Property Project has nearly completed its first phase of construction, and some of the first phase residential property units available for pre-sale have been contracted. These contracted residential property units will be delivered to customers in the near future. Due to its completion level, the Property Project demands less input in its construction or daily operation, and is therefore less risky and appropriate as the Group’s first investment in the property industry in the PRC. Following the completion of the Very Substantial Acquisition on 24 November 2015, the Group expects that property investment would become a significant portion of business of the Group in the coming years.

DEBTS AND CHARGE ON ASSETS

During the Interim Period, the Group repaid approximately HK\$0.3 million and HK\$8.0 million of finance leases and bank borrowings respectively (30 September 2014: HK\$2.1 million and HK\$4.9 million respectively). As at 30 September 2015, the interest-bearing borrowings of the Group consisted of a loan from a related company of HK\$120 million (31 March 2015: HK\$120 million) and bank

* For identification purpose only

loans of approximately HK\$26.1 million (31 March 2015: HK\$12.0 million). There was no finance lease as at 30 September 2015 (31 March 2015: HK\$0.3 million). As at 30 September 2015, interest payable of approximately HK\$3.4 million for the loan from a related company was included in other payables (31 March 2015: HK\$0.4 million). As at 30 September 2015, the Group did not pledge any assets to banks or other financial institutions nor did the Group have any corporate guarantee given to any entity (31 March 2015: finance leases facilities were secured by the Group's plant and machinery with an aggregated net book value of approximately HK\$2.8 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2015, the Group had cash and bank deposits of approximately HK\$39.3 million (31 March 2015: HK\$254.8 million), representing a decrease of approximately 84.6% when compared with the balance as at 31 March 2015. The share capital of the Company as at 30 September 2015 was HK\$24.9 million (31 March 2015: HK\$4.2 million).

As at 30 September 2015, the gearing ratio of the Group (defined as total interest-bearing liabilities divided by the Group's total equity) was approximately 48.7% (31 March 2015: 41.2%).

CAPITAL STRUCTURE

Placing of Shares Under General Mandate

The Company conditionally agreed to place 83,000,000 new shares to not less than six places at a price of HK\$0.73 pursuant to the terms and conditions of the placing agreement entered into between the Company and Kingston Securities Limited on 13 April 2015. All the conditions of the placing were fulfilled and completion of the placing took place on 23 April 2015. The net proceeds from the placing, after deducting the placing commission and other expenses in connection with such placing from the gross proceeds, is approximately HK\$59 million which is intended to be used for general working capital and/or future investment of the Group. The Company's issued shares capital thus increased to HK\$4,980,000 with 498,000,000 Shares. Details of which were set out in the announcements of the Company dated 13 April 2015 and 23 April 2015.

Share Subdivision and Change in Board Lot Size

On 11 May 2015, the Company proposed that each of the issued and unissued share of the Company of HK\$0.01 each in the share capital of the Company be subdivided into ten (10) subdivided shares of HK\$0.001 each ("Share Subdivision"). The Board further proposed to change the board lot size for trading from 4,000 existing shares to 10,000 subdivided shares after the Share Subdivision becoming effective. The relevant ordinary resolution was passed at the extraordinary general meeting of the Company held on 3 June 2015 and such Shares Subdivision and change in board lot size has become effective on 4 June 2015. As a result, the number of the Company's authorised and issued shares changed to 10,000,000,000 and 4,980,000,000 respectively with par value of HK\$0.001 each. For further details of the Share Subdivision, please refer to the announcements of the Company dated 11 May 2015 and 3 June 2015, and the circular of the Company dated 15 May 2015.

Bonus Issue, Increase in Authorised Share Capital and Further Change in Board Lot Size

On 26 July 2015, the Company proposed allotment and issue of bonus shares to the qualifying shareholders whose names appear on the register of member of the Company on Thursday, 27 August 2015 on the basis of four (4) bonus shares ("Bonus Shares") for every one (1) existing share ("Bonus Issue"). And in order to facilitate the Bonus Issue and allow any possible further issues of Shares,

the Company proposed to increase the authorised share capital of the Company from HK\$10,000,000 divided into 10,000,000,000 Shares of HK\$0.001 each to HK\$200,000,000 divided into 200,000,000,000 Shares of HK\$0.001 each (“Increase in Authorised Share Capital”).

On 29 July 2015, in order to comply with the Listing Rules for the minimum value of each board lot of Shares upon completion of the Bonus Issue, the Company further proposed to change the board lot size for trading in the Shares from 10,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Friday, 4 September 2015.

After passing of the ordinary resolutions by the shareholders of the Company to approve the Bonus Issue and Increase in Authorised Share Capital at an extraordinary general meeting of the Company held on 19 August 2015, the Bonus Shares have been despatched on 2 September 2015.

For the further details of Bonus Issue, Increase in Authorised Share Capital and further change in board lot size, please refer to the announcements of the Company dated 26 July 2015, 29 July 2015 and 19 August 2015, and the circular of the Company dated 31 July 2015.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and most of the operating transactions, revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group’s risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if it arises. Therefore, the Group has not engaged in any derivative to hedge its exposure to foreign exchange risk.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 10 July 2015, Laurel Stars Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Fair Jade Group Limited, an independent third party, to dispose of the entire issued share capital of Achieved Success Company Limited and all obligations, liabilities and debts owed by Achieved Success Group at a consideration of HK\$42 million (the “Disposal”). The principal assets of Achieved Success Group are the rental properties located in Nathan Road, Kowloon, Hong Kong with latest valuation at HK\$41.4 million. The Group recorded approximately HK\$80,000 loss on disposal of Achieved Success Group, being the difference between the consideration of HK\$42 million and the book value of Achieved Success Group, net of commission and other related expenses as at completion date of 10 July 2015. The Disposal constituted a discloseable transaction of the Company under the Listing Rules, and was therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. For further details of this transaction, please refer to the announcement of the Company dated 10 July 2015 and Note 20 to the unaudited condensed consolidated financial statements.

Save as disclosed above and the Very Substantial Acquisition which completed on 24 November 2015, the Group has no other material acquisition and disposal of subsidiaries during the Interim Period and up to the date of this announcement.

CAPITAL COMMITMENTS

Save as disclosed in Note 19 to the unaudited condensed consolidated financial statements, the Group had no other capital commitments as at 30 September 2015 and 31 March 2015.

SIGNIFICANT INVESTMENTS

Save as disclosed above, the Company did not hold any significant investment during the Interim Period.

CONTINGENT LIABILITIES

Save as disclosed in Note 22 to the unaudited condensed consolidated financial statements, the Group had no significant contingent liabilities as at 30 September 2015 and 31 March 2015.

DISPOSAL OF SHARES BY CONTROLLING SHAREHOLDER

On 24 April 2015 and 9 July 2015, Fabulous Business Limited (“Fabulous Business”) disposed 49,000,000 shares and 1,100,000,000 shares of the Company at the price of HK\$1.20 per share and HK\$0.23 per share to third parties independent of the Group respectively (the “Disposals of Shares”). Following the Disposals of Shares and after taking into account of the effect of the Share Subdivision and Bonus Issue, the Shares held by Fabulous Business reduced to 2,650,000,000 Shares, representing approximately 10.64% of the issued share capital of the Company as at the date of this announcement. For further details of which were set out in the announcements of the Company dated 24 April 2015 and 10 July 2015.

CHANGE OF COMPANY SECRETARY

Ms. Yim Sau Ping resigned from her position as the company secretary of the Company with effect from 8 May 2015. Mr. Yeung Siu Keung was appointed as the company secretary of the Company with effect from 8 May 2015.

CHANGE OF CHAIRMAN, DIRECTORS AND AUTHORISED REPRESENTATIVES

Resignation

Mr. Tao Chi Keung has resigned as an executive Director and Mr. Pai Hao has resigned as an independent non-executive Director with effect from 7 July 2015. Details of which were set out in the announcement of the Company dated 7 July 2015.

With effect from 15 July 2015, Dr. Wong Sai Chung, Albert has resigned as an executive Director, the chairman of the Board (the “Chairman”) and the authorised representative of the Company (the “Authorised Representative”), Mr. Lam Wing Sum has resigned as an executive Director, the vice chairman of the Board, the chief executive officer of the Company (the “Chief Executive Officer”) and the Authorised Representative. Mr. Lam Wing Tai has resigned as an executive Director and Mr. Tam Tak Kei, Raymond, Mr. Chiu Sai Chuen Nicholas and Mr. Foo Tin Chung, Victor have resigned as independent non-executive Directors.

Appointment

Mr. Chu Bai Qing and Mr. Zou Wei Dong have been appointed as the executive Directors with effect from 23 June 2015. Details of which were set out in the announcement of the Company dated 23 June 2015.

Mr. Mock Wai Yin has been appointed as an executive Director, the Chairman and the Authorised Representative, Mr. Yeung Siu Keung, the company secretary of the Company, has been appointed as the Authorised Representative and Mr. Lam Chi Wai, Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh have been appointed as independent non-executive Directors with effect from 15 July 2015.

The composition of the nomination committee, the remuneration committee and the audit committee of the Company changed following the above changes, details of which were set out in the announcement of the Company dated 15 July 2015.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG AND COMPANY'S WEBSITE

The Company's principal place of business in Hong Kong has been changed to Unit 2102, 21/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong with effect from 8 September 2015.

The website of the Company has been changed to <http://www.1246.com.hk> with effect from 15 October 2015.

EVENTS AFTER THE REPORTING PERIOD

On 13 October 2015, the Company obtained a third party loan (the "Third Party Loan") of US\$100 million (representing approximately HK\$780 million) from an independent third party for paying the cash portion of the Consideration upon completion of the Very Substantial Acquisition aforesaid.

On 4 November 2015, the Company and the Vendor entered into the Supplemental Agreement pursuant to which, among other things, the Consideration is to be satisfied by the Company (i) as to HK\$755 million in cash and paid as designated by the Vendor; and (ii) as to HK\$245 million through issuance of promissory notes by the Company at the aggregate principal amount of HK\$245 million, to the Vendor or its nominee(s).

On 23 November 2015, the ordinary resolution in relation the Very Substantial Acquisition aforesaid has been duly passed by the shareholders of the Company on the extraordinary general meeting.

On 24 November 2015, the Very Substantial Acquisition has been completed after fulfilment of all conditions under the Sale and Purchase Agreement and the Supplemental Agreement. The Third Party Loan was then utilised to pay the cash portion of the Consideration.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2015, the Group employed 256 staff (30 September 2014: 216 staff). Total employee costs for the Interim Period including Directors' emoluments, amounted to approximately HK\$67.5 million (2014: HK\$56.4 million).

The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group provides adequate job training to the employees to equip them with practical knowledge and skills.

INTERIM DIVIDEND

The Board does not recommend an interim dividend for the Interim Period (2014: Nil).

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with all the code provisions (the “Code Provision(s)”) set out in the Corporate Governance Code as stated in Appendix 14 to the Listing Rules throughout the Interim Period except the following deviations:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 15 July 2015, Dr. Wong Sai Chung, Albert resigned as the Chairman and Mr. Lam Wing Sum resigned as the Chief Executive Officer. Mr. Mock Wai Yin was then appointed to act as the Chairman and the Company does not have any offices with title of “Chief Executive Officer”. Mr. Mock together with other executive Directors are responsible for the overall business strategy and development and management of the Group. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Company. However, the Board will also review regularly the board composition and appoint a Chief Executive Officer if a suitable person is identified.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to personal commitments, Mr. Chui Kwong Kau, the non-executive Director was unable to attend the extraordinary general meeting of the Company held on 19 August 2015; Mr. Lam Chi Wai and Ms. Lau Mei Ying, the independent non-executive Directors were unable to attend the extraordinary general meetings of the Company held on 19 August 2015 and 29 September 2015, and the annual general meeting of the Company held on 27 September 2015; Ms. Thadani Jyoti Ramesh, the independent non-executive Director was unable to attend the extraordinary general meetings of the Company held on 19 August 2015 and 29 September 2015.

CODE OF CONDUCT REGARDING DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding directors’ transactions of the listed securities of the Company.

The Company has made specific enquiry to all Directors, and all Directors confirmed that they have complied with the Model Code throughout the Interim Period.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Interim Period.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Company established an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the Group’s internal control and financial reporting process and to maintain an appropriate relationship with the Group’s independent auditors.

The audit committee comprises of three independent non-executive Directors, namely Mr. Lam Chi Wai (chairman), Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh.

The audit committee had reviewed the unaudited condensed interim financial results of the Group for the Interim Period and this interim results announcement. The audit committee had confirmed that this interim results announcement complied with all the applicable rules and regulations, including but not limited to the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

By Order of the Board
Ngai Shun Holdings Limited
Mock Wai Yin
Executive Director and Chairman

Hong Kong

25 November 2015

As at the date of this announcement, the Company has (i) three executive Directors, namely Mr. Mock Wai Yin, Mr. Chu Bai Qing and Mr. Zou Wei Dong; (ii) one non-executive Director, namely Mr. Chui Kwong Kau and (iii) three independent non-executive Directors, namely Mr. Lam Chi Wai, Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.