天行國際(控股)有限公司*
Simsen International Corporation Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 993)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2011

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of directors (the "Directors") (the "Board") of Simsen International Corporation Limited (the "Company") is pleased to present to the shareholders the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 October 2011 together with the comparative figures on pages 2 to 6. The condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's auditor, HLB Hodgson Impey Cheng, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and by the Company's audit committee (the "Audit Committee").

* *for identification purposes only*

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 31 October 2011

	Notes	For the six months ended 31 October 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited) (Restated)
CONTINUING OPERATIONS			
REVENUE	4	**70,621**	100,263
Other income and gains		**1,666**	2,007
Brokerage and commission expenses		**(9,087)**	(14,672)
Administrative and other operating expenses		**(63,990)**	(56,624)
Loss on disposal of property, plant and equipment		**(710)**	(462)
Write-back of provision for impairment on accounts receivable		**–**	250
Gain on disposal of an associate		**–**	106
Finance costs		**(76)**	(361)
Share of profits of an associate		**–**	2,939
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	5	**(1,576)**	33,446
Income tax expense	6	**(2,100)**	–
(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**(3,676)**	33,446
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	7	**–**	5,511
(LOSS)/PROFIT FOR THE PERIOD		**(3,676)**	38,957
Attributable to:			
Owners of the Company		**(3,676)**	38,957
Non-controlling interests		**–**	–
		(3,676)	38,957
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted			
– For (loss)/profit for the period (cents per share)		**(0.03)**	3.60
– For (loss)/profit for the period from continuing operations (cents per share)		**(0.03)**	3.09

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 October 2011

	For the six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(3,676)**	38,957
Other comprehensive income/(expense) for the period:		
Changes in fair value of available-for-sale investment	**1,680**	–
Exchange differences on translation of foreign operations	**–**	(40)
Reclassification adjustment for reserve reclassified to profit or loss upon disposal of a subsidiary	**–**	(38)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	**1,680**	(78)
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD	**(1,996)**	38,879
Attributable to:		
Owners of the Company	**(1,996)**	38,879
Non-controlling interests	**–**	–
	(1,996)	38,879

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 October 2011

	Notes	31 October 2011 HK$'000 (Unaudited)	30 April 2011 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**16,455**	17,389
Goodwill		**1,498**	1,498
Other long term assets		**4,048**	6,228
Intangible assets		**2,350**	2,350
Available-for-sale investment	9	**48,480**	–
Total non-current assets		**72,831**	27,465
CURRENT ASSETS			
Accounts receivable	10	**659,890**	170,126
Prepayments, deposits and other receivables		**10,505**	16,730
Equity investments at fair value through profit or loss	11	**984**	2,649
Bank trust account balances		**199,126**	245,837
Pledged bank deposits		**10,004**	10,505
Cash and cash equivalents		**418,357**	119,660
Total current assets		**1,298,866**	565,507
CURRENT LIABILITIES			
Accounts payable	12	**260,595**	291,949
Other payables and accruals		**12,421**	9,973
Interest-bearing bank borrowings		**–**	9
Finance leases payable		**183**	198
Tax payable		**2,100**	–
Total current liabilities		**275,299**	302,129
NET CURRENT ASSETS		**1,023,567**	263,378
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,096,398**	290,843
NON-CURRENT LIABILITIES			
Finance leases payable		**282**	377
Deferred tax liabilities		**80**	80
Provision for long service payments		**1,788**	2,995
Provision for reinstatement		**865**	1,413
Total non-current liabilities		**3,015**	4,865
NET ASSETS		**1,093,383**	285,978
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	**272,799**	10,830
Reserves		**820,584**	275,148
TOTAL EQUITY		**1,093,383**	285,978

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2010

	Attributable to owners of the Company					
	Issued capital *HK$'000*	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 May 2010 (audited)	10,830	186,689	5,232	78	5,840	208,669
Changes in equity for the period:						
Profit for the period	–	–	–	–	38,957	38,957
Other comprehensive expense for the period	–	–	–	(78)	–	(78)
Total comprehensive income for the period	–	–	–	(78)	38,957	38,879
Transfer to retained profits	–	–	(5,232)	–	5,232	–
At 31 October 2010 (unaudited)	10,830	186,689	–	–	50,029	247,548

For the six months ended 31 October 2011

		Attributable to owners of the Company				
	Note	**Issued capital** ***HK$'000***	**Share premium account** ***HK$'000***	**Available-for-sale investment revaluation reserve** ***HK$'000***	**Retained profits** ***HK$'000***	**Total** ***HK$'000***
At 1 May 2011 (audited)		**10,830**	**186,689**	**–**	**88,459**	**285,978**
Changes in equity for the period:						
Loss for the period		**–**	**–**	**–**	**(3,676)**	**(3,676)**
Other comprehensive income for the period		**–**	**–**	**1,680**	**–**	**1,680**
Total comprehensive expense for the period		**–**	**–**	**1,680**	**(3,676)**	**(1,996)**
Issue of new shares by way of placement	*13*	**2,160**	**37,800**	**–**	**–**	**39,960**
Issue of new shares by way of rights issue	*13*	**259,809**	**519,617**	**–**	**–**	**779,426**
Transaction costs attributable to issue of new shares		**–**	**(9,985)**	**–**	**–**	**(9,985)**
At 31 October 2011 (unaudited)		**272,799**	**734,121**	**1,680**	**84,783**	**1,093,383**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2011

	For the six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
Net cash flows used in operating activities	**(463,585)**	(178,250)
Net cash flows (used in)/generated from investing activities	**(48,604)**	38,685
Net cash flows generated from financing activities	**810,895**	194,768
Net increase in cash and cash equivalents	**298,706**	55,203
Cash and cash equivalents at beginning of period	**119,651**	43,945
Cash and cash equivalents at end of period	**418,357**	99,148
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**418,357**	99,148

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 October 2011 have 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 of Hong Kong Limited.

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited financial statements of the Company for the year ended 30 April 2011 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those adopted in the annual financial statements of the Company for the year ended 30 April 2011, except for adoption of new and revised standards, amendments and interpretations ("new and revised HKFRSs") which are effective to the Group for accounting period beginning on 1 May 2011 as disclosed below.

In the current period, the Group has adopted, for the first time, the following new and revised HKFRSs issued by HKICPA which are or have become effective.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC) – Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 *Prepayments of a Minimum Funding Requirement*
HK (IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 7 Amendments	*Disclosures – Transfers of Financial Assets*[1]
HKFRS 9	*Financial Instruments*[2]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosures of Interests in Other Entities*[2]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 (Amendment)	*Presentation of Items of Other Comprehensive Income*[4]
HKAS 12	*Deferred Tax – Recovery of Underlying Assets*[3]
HKAS 19 (Revised 2011)	*Employee Benefits*[2]
HKAS 27 (Revised 2011)	*Separate Financial Statements*[2]
HKAS 28 (Revised 2011)	*Investments in Associates and Joint Ventures*[2]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2012
4 Effective for annual periods beginning on or after 1 July 2012

3 OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has reportable operating segments as follows:

(a) the securities segment represents the broking and dealing of securities, futures and options contracts, the provision of margin financing, advisory on corporate finance, asset management and insurance consultancy services, and results of investment holding and proprietary trading of securities;

(b) the bullion segment represents the broking and dealing of bullion contracts;

(c) the forex segment represents the broking and dealing of forex contracts; and

(d) the money lending segment represents provision of loan financing.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue, profit and certain expenditure for the six months ended 31 October 2011 and 2010 and certain assets information for the Group's business segments as at 31 October 2011 and 30 April 2011.

For the six months ended 31 October 2011

	Securities	Bullion	Forex	Money lending	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Revenue from external customers	**35,338**	**4,709**	**11,554**	**19,020**	**70,621**
Other income and gains/(loss), net	**1,629**	**(11)**	**(2)**	**–**	**1,616**
Revenue from continuing operations	**36,967**	**4,698**	**11,552**	**19,020**	**72,237**
Segment results	**(2,074)**	**(5,804)**	**2,759**	**18,836**	**13,717**
Unallocated interest income and other income					**50**
Unallocated expenses					**(14,557)**
Loss on disposal of property, plant and equipment	**(661)**	**–**	**(31)**	**–**	**(710)**
Finance costs					**(76)**
Loss before tax from continuing operations					**(1,576)**
Income tax expense					**(2,100)**
Loss for the period from continuing operations					**(3,676)**

For the six months ended 31 October 2010 (restated)

	Securities *HK$'000*	Bullion *HK$'000*	Forex *HK$'000*	Consolidated *HK$'000*
Segment revenue:				
Revenue from external customers	44,619	9,861	45,783	100,263
Other income and gains	1,024	792	4	1,820
Revenue from continuing operations	45,643	10,653	45,787	102,083
Segment results	(4,106)	3,171	40,230	39,295
Unallocated interest income and other income				187
Unallocated expenses				(8,258)
Loss on disposal of property, plant and equipment	(462)	–	–	(462)
Gain on disposal of an associate				106
Share of profits of an associate				2,939
Finance costs				(361)
Profit before tax from continuing operations				33,446
Income tax expense				–
Profit for the period from continuing operations				33,446

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

	31 October 2011 ***HK$'000*** **(Unaudited)**	30 April 2011 *HK$'000* (Audited)
Securities	**383,617**	449,216
Bullion	**14,342**	9,689
Forex	**84,460**	83,647
Money lending	**525,688**	–
Total segment assets	**1,008,107**	542,552
Corporate and other unallocated assets	**363,590**	50,420
Total assets	**1,371,697**	592,972

4. REVENUE

Revenue, which is also the Group's turnover, represents commission, brokerage and premium income from securities, bullion, forex, futures and options contracts; profit or loss on trading of securities and bullion contracts; advisory fee on advisory services provided; interest income and handling fee income from loan and margin financing activities; and service fee income from consultancy services provided. An analysis of the Group's revenue from continuing operations is as follows:

	For the six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Fees, commission and premium income, net, from bullion, forex, securities, futures and options contracts broking	**26,602**	41,801
Trading gain on bullion, forex, securities and futures contracts, net	**11,316**	48,615
Advisory fee	**6,405**	2,301
Interest income from loan and margin financing activities, net	**24,241**	7,183
Handling fee income	**823**	—
Other service income	**1,234**	363
	70,621	100,263

5. (LOSS)/PROFIT BEFORE TAX

	For the six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
The Group's (loss)/profit before tax from continuing operations is arrived at after charging:		
Depreciation	**3,030**	3,573
Minimum lease payments under operating leases on rental of office premises	**10,952**	11,030
Employee benefit expenses (including directors' remuneration)	**24,322**	23,631
Foreign exchange differences, net	**2**	26

6. INCOME TAX EXPENSE

For the six months ended 31 October 2011, provision for Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

No provision for Hong Kong profits tax had been provided as the Group had no assessable profits arising in Hong Kong during the six months ended 31 October 2010.

	For the six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
Group		
Current – Hong Kong		
Charge for the period	**2,100**	–

7. DISCONTINUED OPERATIONS

During the period ended 31 October 2010, the Group discontinued its corporate and other operations. The effective date of the discontinuance was in October 2010. The results of the discontinued operations were as follows:

	For the six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
		(restated)
Revenue	**–**	2,513
Other income and gains	**–**	146
Share of losses of associates	**–**	(73)
Expenses	**–**	(2,864)
Gain on disposal of subsidiaries	**–**	5,789
Profit before tax from discontinued operations	**–**	5,511
Income tax expense	**–**	–
Profit for the period from discontinued operations	**–**	5,511

The net cash flows attributable to the discontinued operations were as follows:

	For the six months ended 31 October	
	2011	2010
	HK$'000	*HK$'000*
Operating activities	**–**	(110)
Investing activities	**–**	–
Financing activities	**–**	–
Net cash outflow	**–**	(110)

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

From continuing and discontinued operations:

The calculation of basic (loss)/earnings per share for the continuing and discontinued operations is based on the loss for the period from the continuing and discontinued operations attributable to the owners of the Company of approximately HK$3,676,000 (2010: profit of approximately HK$38,957,000) and 11,858,554,870 (2010: 1,083,044,000) weighted average number of ordinary shares in issued during the period.

Diluted loss per share for the continuing and discontinued operations for the six months ended 31 October 2011 has not been disclosed as the exercise of the Company's outstanding warrants would result in a decrease in loss per share.

Diluted earnings per share for the continuing and discontinued operations for the six months ended 31 October 2010 had not been disclosed as no diluting event existed during the period.

From continuing operations

The calculation of basic (loss)/earnings per share for the continuing operations is based on the loss for the period from the continuing operations attributable to the owners of the Company of approximately HK$3,676,000 (2010: profit of approximately HK$33,446,000) (restated) and 11,858,554,870 (2010: 1,083,044,000) weighted average number of ordinary shares in issued during the period.

Diluted loss per share for the continuing operations for the six months ended 31 October 2011 has not been disclosed as the exercise of the Company's outstanding warrants would result in a decrease in loss per share.

Diluted earnings per share for the continuing operations for the six months ended 31 October 2010 had not been disclosed as no diluting event existed during the period.

From discontinued operations

Basic earnings per share for the discontinued operations for the period ended 31 October 2010 was Hong Kong cents 0.51 (restated) per share, based on the profit for the period from the discontinued operations of approximately HK$5,511,000 (restated) and 1,083,044,000 weighted average number of ordinary shares in issued during the period.

Diluted earnings per share for the discontinued operations for the six months ended 31 October 2010 had not been disclosed as no diluting event existed during the period.

9. AVAILABLE-FOR-SALE INVESTMENT

	31 October 2011	30 April 2011
	HK$'000	*HK$'000*
Listed equity investment, at market value:		
– Hong Kong	**48,480**	–

10. ACCOUNTS RECEIVABLE

	31 October 2011	30 April 2011
	HK$'000	*HK$'000*
Accounts receivable		
– from securities, futures, forex and bullion dealing services	**134,856**	170,392
– from money lending operations	**525,185**	575
– from trading operations	**160**	160
– from corporate and other operations	**1,260**	570
	661,461	171,697
Provision for impairment	**(1,571)**	(1,571)
	659,890	170,126

An aged analysis of the accounts receivable at the end of the reporting period, based on the settlement due date and net of provision for impairment, is as follows:

	31 October 2011	30 April 2011
	HK$'000	*HK$'000*
Current to 1 month	**657,567**	169,389
1 to 3 months	**986**	147
3 months to 1 year	**1,130**	590
Over 1 year	**207**	–
	659,890	170,126

The movements in provision for impairment of accounts receivable are as follows:

	31 October 2011	30 April 2011
	HK$'000	*HK$'000*
At beginning of period/year	**1,571**	1,925
Impairment losses recognised	**–**	176
Impairment losses reversed	**–**	(530)
At end of period/year	**1,571**	1,571

11. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 October 2011	30 April 2011
	HK$'000	*HK$'000*
Listed equity investments, at market value:		
– Hong Kong	**984**	2,649

12. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable as at the end of the reporting period, based on the settlement due date, is as follows:

	31 October 2011	30 April 2011
	HK$'000	*HK$'000*
Current to 1 month	**260,595**	291,949

13. SHARE CAPITAL

	Number of shares *'000*	Total value *HK$'000*
Authorised:		
At 1 May 2011	50,000,000	500,000
Additions during the period *(note i)*	50,000,000	500,000
At 31 October 2011	100,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 May 2011	1,083,044	10,830
Issue of new shares by way of placement *(note ii)*	216,000	2,160
Issue of new shares by way of rights issue *(note iii)*	25,980,880	259,809
Ordinary shares of HK$0.01 each at 31 October 2011	27,279,924	272,799

Notes:

(i) Pursuant to an ordinary resolution of the shareholders passed on 6 July 2011, *inter alia*, the authorised ordinary share capital of the Company was increased from HK$500,000,000 divided into 50,000,000,000 ordinary shares of HK$0.01 each to HK$1,000,000,000 divided into 100,000,000,000 ordinary shares of HK$0.01 each.

(ii) In May 2011, the Company placed, through the placing agents, 216,000,000 ordinary shares of HK$0.01 each in the share capital of the Company to six independent investors at a price of HK$0.185 per share for a total subscription price of HK$39,960,000 on 27 May 2011. Details of the placement are disclosed in the Company's announcement dated 6 May 2011.

(iii) In August 2011, the Company issued twenty rights shares for every one existing share in a total of 25,980,880,000 ordinary shares for the qualifying shareholders at a price of HK$0.03 per share. Details of the rights issue are disclosed in the Company's circular and prospectus dated 20 June 2011 and 20 July 2011 respectively.

All shares issued during the period rank *pari passu* with the then existing ordinary shares in all respects.

14. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 October 2011 ***HK$'000***	30 April 2011 *HK$'000*
Within one year	**20,815**	20,267
In the second to fifth years, inclusive	**11,200**	14,228
At end of period/year	**32,015**	34,495

15. COMMITMENTS

In addition to the operating lease commitments detailed in note 14 to the condensed consolidated interim financial statements, the Group had the commitments of approximately HK$41,178,000 (30 April 2011: approximately HK$98,145,000) and approximately HK$191,760,000 (30 April 2011: approximately HK$275,905,000) in respect of the net open position of bullion contracts and forex contracts undertaken in the ordinary course of business existing at the end of the reporting period.

16. DISPOSAL OF SUBSIDIARIES

On 26 October 2010, the Group disposed of 100% equity interest of Tailor Success Limited and Simsen (China) Investment Limited to Chu Fong Wa, an independent third party, at a total consideration of HK$2,000,000 and HK$4,500,000 respectively. By disposing of the entire equity interest in Tailor Success Limited, the Group discontinued its operation in entertainment and snooker businesses and disposed of its interests in a jointly-controlled entity and associates directly or indirectly held by Tailor Success Limited. By disposing of the entire interest in Simsen (China) Investment Limited, the Group discontinued its operation in mining business.

	Tailor Success Limited and its subsidiaries *HK$'000*	Simsen (China) Investment Limited and its subsidiaries *HK$'000*	Total *HK$'000*
Net assets/(liabilities) disposed of:			
Property, plant and equipment	59	49	108
Interests in associates	283	–	283
Accounts receivable	38	–	38
Prepayments, deposits and other receivables	427	81	508
Inventories	130	–	130
Cash and cash equivalents	1,739	542	2,281
Other payables and accruals	(265)	(454)	(719)
Tax payable	(70)	–	(70)
Current account with non-controlling shareholders of a subsidiary	(654)	(1,156)	(1,810)
	1,687	(938)	749
Realisation of reserves:			
Related exchange fluctuation reserve reclassified to profit or loss	(38)	–	(38)
Gain on disposal of subsidiaries	351	5,438	5,789
	2,000	4,500	6,500
Satisfied by:			
Promissory note	2,000	4,500	6,500

17. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group continues its existing principal activities including securities, bullion and forex operations, and the Group has started the business of money lending.

The Group recorded an unaudited loss of approximately HK$3,676,000 (2010: profit of approximately HK$38,957,000) for the six months ended 31 October 2011. Revenue for the period under review was approximately HK$70,621,000 (2010: approximately HK$100,263,000), representing a decrease of approximately 30%.

Global financial markets were adversely affected by the European sovereign debt crisis as well as the austerity measures imposed by Chinese government to curb mounting inflation during the six months ended 31 October 2011. Being one of the participants in the financial market, the businesses of the Group were also adversely affected.

Securities

The securities segment comprises broking and dealing of securities, futures and options contracts, provision of margin financing, advisory on corporate finance, asset management and insurance consultancy services, and results of investment holding and proprietary trading of securities. Revenue from the securities segment was approximately HK$35,338,000 for the period under review (2010: approximately HK$44,619,000) with loss arising therefrom improving to approximately HK$2,074,000 from approximately HK$4,106,000 in the corresponding period last year, mainly on the back of higher income from investment banking.

Bullion

The bullion segment comprises broking and dealing of bullion contracts, which recorded a revenue of approximately HK$4,709,000 and a loss of approximately HK$5,804,000 respectively for the period under review (2010: approximately HK$9,861,000 and a profit of approximately HK$3,171,000 respectively).

Forex

The forex segment comprises broking and dealing of forex contracts, which recorded a revenue of approximately HK$11,554,000 and a profit of approximately HK$2,759,000 respectively for the period under review (2010: approximately HK$45,783,000 and approximately HK$40,230,000 respectively).

Money Lending

Amid tightening credit in Mainland China, our money lending business recorded a robust growth during the period on strong financing demand. Loan amounts from money lending business reached approximately HK$508,000,000 as at 31 October 2011 (30 April 2011: approximately HK$530,000), bolstering a revenue and a profit for the six months ended 31 October 2011 to approximately HK$19,020,000 and approximately HK$18,836,000, respectively. No revenue and profit from money lending segment were reported in the corresponding period last year.

CAPITAL STRUCTURE

During the period under review, the authorised share capital was increased from HK$500,000,000 to HK$1,000,000,000. As at 31 October 2011, the total number of the issued ordinary shares was 27,279,924,000 (30 April 2011: 1,083,044,000) and total equity attributable to owners of the Company was approximately HK$1,093,383,000 (30 April 2011: approximately HK$285,978,000).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had total cash and cash equivalents amounting to approximately HK$418,357,000 (30 April 2011: approximately HK$119,660,000), which already excludes approximately HK$199,126,000 (30 April 2011: approximately HK$245,837,000) of client funds that were kept in separately designated bank accounts, as at 31 October 2011.

The Group's gearing ratio, which is measured on the basis of the Group's total interest-bearing loans net of own cash reserves over the Company's shareholders' equity, did not exist as at 31 October 2011 (30 April 2011: nil) as the Group had net surplus cash as at the reporting date.

The Group's overdraft facilities amounting to HK$10,000,000 (30 April 2011: HK$10,000,000) of which none was utilised and outstanding at the end of the reporting period, are secured by certain of the Group's bank deposits amounting to approximately HK$10,004,000 (30 April 2011: approximately HK$10,003,000).

SIGNIFICANT TRANSACTIONS

During the period under review, the Group had the following significant transactions:

(1) On 20 May 2011, the Company, Modern Series Limited ("Modern") (an indirect wholly-owned subsidiary of the Company) and Power Alliance International Limited (the "Subscriber") entered into the conditional subscription agreement (the "Subscription Agreement") which was subsequently varied and amended by a supplemental agreement dated 24 August 2011 (the "Supplemental Agreement"). Pursuant to the Subscription Agreement and the Supplemental Agreement, Modern shall issue and allot and the Subscriber shall subscribe for 769 new shares of Modern ("Modern Share(s)") at HK$19,990.15 per Modern Share (the "Subscription Price") (the "First Subscription"), and the Company shall grant to the Subscriber the call options in which the Subscriber has the rights to subscribe for additional 970 and 1,247 new Modern Shares respectively at the Subscription Price. Under the Subscription Agreement, the Company will implement reorganisation whereby certain subsidiaries (as defined in the circular of the Company dated 23 September 2011) (the "Subsidiaries") shall/has become the direct wholly-owned subsidiaries of Modern while Modern and the Subsidiaries will remain as the indirect subsidiaries of the Company. The transaction contemplated under the Subscription Agreement constituted a major transaction and deemed disposal of the Company and details were set out in the circular of the Company dated 23 September 2011. The Subscription Agreement has been approved by the shareholders at the special general meeting of the Company held on 11 October 2011.

(2) On 28 June 2011, Simsen Capital Finance Limited (the "Lender") (an indirectly wholly-owned subsidiary of the Company) entered into a loan agreement with Ms. Liu Jia (the "Borrower") and Hong Han Limited (the "Guarantor") in relation to the provision of the loan of HK$50,000,000 (the "Loan Agreement"). On 2 September 2011, the Lender entered into the supplemental loan agreement with the Borrower and the Guarantor to vary and amend certain terms of the Loan Agreement. Details of the transaction were set out in the announcement of the Company dated 2 September 2011.

(3) On 23 August 2011, Simsen Capital Finance Limited (an indirectly wholly-owned subsidiary of the Company) as lender entered into a loan agreement with Glory Sunshine Capital Investment Group Limited as borrower in relation to the provision of the loan of HK$100,000,000. Details of the loan agreement were set out in the announcement of the Company dated 23 August 2011.

(4) On 6 September 2011, Simsen Capital Finance Limited (an indirectly wholly-owned subsidiary of the Company) as lender entered into a conditional loan agreement with Mr. Hsieh Chih Chen as borrower in relation to the provision of the loan of HK$100,000,000. Details of the loan agreement were set out in the announcement of the Company dated 6 September 2011.

(5) On 8 September 2011, Simsen Capital Finance Limited (an indirectly wholly-owned subsidiary of the Company) as lender entered into a loan agreement with Profit Port Investments Limited as borrower in relation to the provision of the loan of HK$100,000,000. Details of the loan agreement were set out in the announcement of the Company dated 8 September 2011.

(6) On 21 September 2011, Simsen Capital Finance Limited (an indirectly wholly-owned subsidiary of the Company) as lender entered into a conditional loan agreement with Global Giant Enterprises Limited as borrower in relation to the provision of the loan of HK$100,000,000. Details of the loan agreement were set out in the announcement of the Company dated 21 September 2011.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

The Company proposes to provide financial assistance in the form of loans or guarantees or other financial assistance of up to HK$1,000 million to Modern and its subsidiaries (the "Modern Group") (the "Financial Assistance") pursuant to the shareholders agreement to be entered into between Firstmount International Limited ("Firstmount"), a wholly-owned subsidiary of the Company, Modern and the Subscriber upon completion of the First Subscription (the "Shareholders Agreement"). Under the Shareholders Agreement, each shareholder of Modern may provide or procure the provision of loans or guarantees or other financial assistance to the Modern Group from time to time as such shareholder may think appropriate and such loan shall bear interest at the prime rate of major banks in Hong Kong (i.e. the best lending rate of The Hongkong and Shanghai Banking Corporation Limited) for such loans.

Considering the Subscriber may become a substantial shareholder of Modern and will have the rights to nominate a director after completion of the First Subscription, the provision of Financial Assistance may constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. The Finance Assistance has been approved by the independent shareholders of the Company at the special general meeting of the Company held on 11 October 2011.

Details of the Financial Assistance were set out in the circular of the Company dated 23 September 2011.

CHARGES ON GROUP ASSETS

As at 31 October 2011, the obligations under finance leases amounted to approximately HK$465,000 (30 April 2011: approximately HK$575,000) were secured by the leased assets acquired under the finance leases.

EMPLOYEE AND REMUNERATION POLICY

As at 31 October 2011, the Group employed a total of about 169 employees as compared to 198 employees in 2010. The Group's staff recruitment and promotion are primarily based on individuals' merits, relevant experiences, development potentials for the positions offered and performance. Staff remuneration and benefit policies, which are formulated by reference to the market, are competitive and performance based.

PROSPECTS

In view of worsening global economy in recent months, which are unlikely to be revived in the short term and shall continue to cast shadows over the financial markets, our core businesses in securities, bullion and forex will inevitably continue to meet challenges that may arise in the second half year of 2011 and the first quarter of 2012.

Nonetheless, ongoing tight grip on credit in China will provide the Group increasing opportunities for money lending business. The Group will devote more efforts in capturing and expanding this business segment.

As disclosed on 7 November 2011, the Company has conditionally agreed to acquire 51% of the issued share capital of AST 3G Limited, a company incorporated in Hong Kong with limited liability, which in turn wholly owns a finance lease company established in China with limited liability. The Directors consider that finance lease in China is a niche market but with positive outlook and therefore the acquisition of the finance lease company shall provide the Group an opportunity to enter into such market to diversify its business and broaden its revenue streams.

Looking ahead, the Group will continue to pursue its business strategies for growth and to tally its business strategies in response to the changing environment and challenges, with an objective to achieve sustained development over the long term.

EVENTS AFTER THE END OF THE REPORTING PERIOD

(1) On 7 November 2011, Wit Sky Limited (the "Purchaser"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ms. Wu, pursuant to which the Company has conditionally agreed to purchase and Ms. Wu has conditionally agreed to sell 5,100 ordinary shares of nominal value of HK$1.00 each in the issued share capital of AST 3G Limited (the "Target Company") at a total consideration of HK$1.00, and the Purchaser has undertaken to contribute up to US$5,100,000 in cash to the Target Company in the period of 2 years from completion, being 51% of the proposed total capital contribution of US$10,000,000 for the registered capital of Solomon International Leasing (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Target Company. Details of the transaction were set out in the announcement of the Company dated 7 November 2011.

(2) On 15 November 2011, Simsen Capital Finance Limited (an indirectly wholly-owned subsidiary of the Company) as lender entered into a loan agreement with Lucky Start Holdings Limited as borrower and its ultimate beneficial owner as guarantor, in relation to the provision of the loan of HK$40,000,000. Details of the loan agreement were set out in the announcement of the Company dated 15 November 2011.

(3) On 23 November 2011, Simsen Capital Finance Limited (an indirectly wholly-owned subsidiary of the Company) as lender entered into a loan agreement with Skillgreat Limited as borrower and its ultimate beneficial owner as guarantor, in relation to the provision of the loan of HK$30,000,000. Details of the loan agreement were set out in the announcement of the Company dated 23 November 2011.

(4) On 28 November 2011, Simsen Capital Finance Limited (an indirectly wholly-owned subsidiary of the Company) as lender entered into a loan agreement with Ms. Xiao Ping as borrower in relation to the provision of the loan of HK$55,000,000. Details of the loan agreement were set out in the announcement of the Company dated 28 November 2011.

(5) On 1 December 2011, the parties to the loan agreements disclosed in the announcements of the Company dated 28 June 2011 and 2 September 2011 in relation to the provision of a loan agreed to extend the loan, which fell due on 1 December 2011, to 30 September 2012. On 7 December 2011, the aforesaid parties agreed to revise the repayment date to 31 May 2012. Details of the above transactions were set out in the announcements of the Company dated 1 December 2011 and 7 December 2011.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2011 (2010: nil).

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 period under review.

CORPORATE GOVERNANCE

The Board has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. During the six months ended 31 October 2011, the Company was in compliance with the code provisions set out in the CG Code except for the deviations from code provision E.1.2.

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting, Mr. Sun Da Rui, the Chairman of the Board, did not attend the 2011 annual general meeting of the Company by the reason of his business trip.

Save as the aforesaid and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code for the six months ended 31 October 2011.

CHANGES IN THE BOARD

The Board welcomes the appointment of Mr. Ji Xiao Bo as an executive Director and Chief Executive Officer of the Company with effect from 28 November 2011, bringing his substantial valuable experience to the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code as set out in Appendix 10 to the Listing Rules ("Model Code"). The Company had made specific enquiries of all Directors regarding any non-compliance with the Model Code during the period, and received confirmations from all Directors that they had fully complied with the standards as set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee of the Company was established in accordance with the requirements of the Rule 3.21 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls systems, and compliance with the relevant rules and regulations. The Audit Committee comprises three independent non-executive Directors of the Company. The unaudited financial statements for the six months ended 31 October 2011 have been reviewed by the Audit Committee.

APPRECIATION

I would like to take this opportunity to thank the shareholders of the Company for their continuing support and all the staff for their dedication and hard work.

By Order of the Board
Simsen International Corporation Limited
Sun Da Rui
Chairman

Hong Kong, 29 December 2011

As at the date of this announcement, the Board comprises the executive directors of the Company are Mr. Sun Da Rui (Chairman), Mr. Ji Xiao Bo (Chief Executive Officer) and Mr. Fu Jiwen and the independent non-executive directors of the Company are Mr. Zhu Chengwu, Mr. Li Haifeng and Mr. Choi Man Chau, Michael.