TAI SHING

# Tai Shing International (Holdings) Limited
# 泰盛國際(控股)有限公司*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8103)**

## FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

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

* *For identification purpose only*

## RESULTS

The board of Directors (the "Board") presents the audited consolidated financial statements of the Group for the year ended 31 March 2016, together with the audited comparative figures for the corresponding year in 2015.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2016*

| | Notes | 2016 HK$'000 | 2015 HK$'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 4 | **63,289** | 73,210 |
| Cost of services | | **(61,184)** | (67,756) |
| Gross profit | | **2,105** | 5,454 |
| Net (loss)/gain on change in fair value of financial assets at fair value through profit or loss | | **(139)** | 1,502 |
| Other income and gains | 4 | **34,684** | 13,354 |
| Selling and distribution expenses | | **(171)** | (293) |
| Administrative expenses | | **(23,406)** | (11,613) |
| Other losses and expenses | 5 | **(24,793)** | (2,408) |
| Finance costs | 6 | **(8,025)** | (6,935) |
| Share of profit/(loss) of an associate | | **20** | (99) |
| Loss before tax | | **(19,725)** | (1,038) |
| Income tax expenses | 8 | **(11)** | 578 |
| Loss for the year from continuing operations | 9a | **(19,736)** | (460) |
| **Discontinued operation** | | | |
| Loss for the year from discontinued operation | 9b & 21 | **(66)** | – |
| Loss for the year attributable to owners of the Company | | **(19,802)** | (460) |
| Other comprehensive income/(expense) | | | |
| Exchange difference arising on translation of foreign operations | | **2,206** | (54) |
| Total comprehensive expenses for the year attributable to owners of the Company | | **(17,596)** | (514) |
| Loss per share | 11 | | |
| From continuing and discontinued operations | | | |
| – Basic | | **HK26 cents** | HK0.80 cents |
| – Diluted | | **N/A** | N/A |
| From continuing operations | | | |
| – Basic | | **HK26 cents** | HK0.80 cents |
| – Diluted | | **N/A** | N/A |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2016*

| | Notes | 2016 HK$'000 | 2015 HK$'000 |
|---|---|---|---|
| **Non-current Assets** | | | |
| Plant and equipment | | **3,949** | 4,826 |
| Interest in an associate | | – | 18,057 |
| Available-for-sale investments | | **6,600** | 4,864 |
| Deposit paid for acquisition of investment | | – | 11,318 |
| | | **10,549** | 39,065 |
| **Current Assets** | | | |
| Trade and other receivables | *12* | **38,527** | 33,089 |
| Disposal receivables | | **11,400** | 15,058 |
| Deposit paid for acquisition of investment | | **15,796** | 10,723 |
| Deposits and prepayments | | **12,865** | 12,879 |
| Amounts due from customers for contract work | | **7,311** | 9,196 |
| Financial assets at fair value through profit or loss | *13* | **3,465** | 34,002 |
| Pledged bank deposits | | – | 1,457 |
| Bank balances and cash | | **26,986** | 6,880 |
| | | **116,350** | 123,284 |
| Assets classified as held for sale | *14* | – | 7,000 |
| | | **116,350** | 130,284 |
| **Current Liabilities** | | | |
| Amounts due to customers for contract work | | **8,619** | 5,145 |
| Trade and other payables | *15* | **86,058** | 96,471 |
| Receipts in advance | | **1,269** | 5,647 |
| Bank borrowings | | – | 18,938 |
| Promissory notes | *16* | – | 42,521 |
| Amount due to noteholder | *17* | – | 15,000 |
| Tax payable | | **4,397** | 6,907 |
| | | **100,343** | 190,629 |
| **Net Current Assets/(Liabilities)** | | **16,007** | (60,345) |
| **Total Assets less Current Liabilities** | | **26,556** | (21,280) |

| | Notes | **2016** | 2015 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **Capital and Reserves** | | | |
| Share capital | *18* | **99,351** | 54,161 |
| Share premium and reserves | | **(85,091)** | (101,179) |
| Equity/(Deficit) attributable to owners of the Company | | **14,260** | (47,018) |
| **Non-current Liabilities** | | | |
| Bonds | *19* | **12,296** | – |
| Convertible bonds | | **–** | 25,729 |
| Derivative financial instruments of convertible bonds | | **–** | 9 |
| | | **12,296** | 25,738 |
| | | **26,556** | (21,280) |

## NOTES

### 1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Room M2B2, 7/F., Kaiser Estate, Phase 3, No.11 Hok Yuen Street, Hung Hom, Kowloon, Hong Kong. The Company's shares are listed on GEM.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollar ("HK$") as the directors of the Company consider that HK$ is the appropriate presentation currency for the users of the Group's financial statements given that the shares of the Company are listed on the Stock Exchange.

### 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

**Statement of compliance**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("Cap 622").

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to Cap 622 regarding certain provisions relating to preparation of accounts and directors' reports and to streamline with HKFRSs and became effective for the Company for the financial year ended 31 March 2016. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Hong Kong Company Ordinance or Listing Rules but not under the Cap 622 or amended Listing Rules are not disclosed in these consolidated financial statements.

**Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in the exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out in Note 4 below.

## 3. APPLICATION OF NEW AND REVISED HKFRSS

**New and revised HKFRSs applied in current year**

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA:

| | |
|---|---|
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010-2012 Cycle |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011-2013 Cycle |

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in the Group's consolidated financial statements.

**New and revised HKFRSs in issue but not yet effective**

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

| | |
|---|---|
| HKFRS 9 | Financial Instruments[1] |
| HKFRS 15 | Revenue from Contracts with Customers[1] |
| HKFRS 16 | Leases[3] |
| 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 Statement[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[4] |
| 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.
[3] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[4] Effective for annual periods beginning on or after a date to be determined.

**HKFRS 9 Financial Instruments**

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued on 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset and give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designed as at fair value through profit or loss, HKFRS 9 requires that amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types or transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have significant impacts on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

**HKFRS 15 Revenue from Contracts with Customers**

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of other new and revised HKFRSs in issue but not yet effective will have no material impact on the consolidated financial statements.

## 4. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the turnover of the Group, represents income from systems development, professional services rendered, money lending business, printing services, and trading activities, net of sales related taxes if any.

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | |
| Revenue from provision of | | |
| Systems development | **46,263** | 41,398 |
| Professional services fees | **17,000** | 22,342 |
| Sales of goods | **–** | 9,470 |
| Interest income arising from money lending business | **26** | – |
| | **63,289** | 73,210 |
| **Discontinued operation** | | |
| Revenue from provision of printing services | **4,770** | – |
| | **68,059** | 73,210 |
| **Continuing operations** | | |
| Other income and gains | | |
| Bank interest income | **32** | 29 |
| Imputed interest income | **3,897** | 4,583 |
| Value added tax refunded | **–** | 181 |
| Sundry income | **1,949** | 1,265 |
| Gain on disposal of financial assets at fair value through profit or loss | **–** | 483 |
| Gain on disposal of subsidiaries | **246** | – |
| Gain on disposal of plant and equipment | **–** | 655 |
| Waive of current account with subsidiaries | **632** | – |
| Reversal of impairment loss in respect of: | | |
| – intangible assets | **–** | 445 |
| – trade receivables | **2,859** | 1,604 |
| – other receivables | **25,069** | 4,109 |
| | **34,684** | 13,354 |
| **Discontinued operation** | | |
| Other income and gain | | |
| Gain on disposal of the discontinued operation | **452** | – |
| | **35,136** | 13,354 |

## 5. OTHER LOSSES AND EXPENSES

| | 2016<br>*HK$'000* | 2015<br>*HK$'000* |
|---|---|---|
| **Continuing operations** | | |
| Impairment loss recognised in respect of: | | |
| – Trade and other receivables | **1,515** | 2,401 |
| Loss on disposal of financial assets at fair value through profit or loss | **22,498** | – |
| Loss on disposal of available-for-sale investments | **664** | – |
| Loss on change in fair value of derivative financial instruments of convertible bonds | **–** | 7 |
| Loss on redemption of convertible bonds | **116** | – |
| | **24,793** | 2,408 |

## 6. FINANCE COSTS

| | 2016<br>*HK$'000* | 2015<br>*HK$'000* |
|---|---|---|
| **Continuing operations** | | |
| Interest on bank borrowings repayable within one year | **203** | 1,406 |
| Imputed interest on promissory notes | **2,179** | 1,122 |
| Imputed interest on convertible bonds | **3,203** | 3,653 |
| Interest on amount due to noteholder | **1,404** | 752 |
| Interest on bonds | **735** | – |
| Finance costs on finance leases | **–** | 2 |
| Others | **301** | – |
| | **8,025** | 6,935 |
| **Discontinued operation** | | |
| Interest on bank borrowings repayable within one year | **64** | – |
| Finance costs on finance leases | **127** | – |
| | **191** | – |
| | **8,216** | 6,935 |

## 7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

During the current year, the Group commenced its money lending business in Hong Kong which formed a separate operating division of the Group. Therefore, the Group is currently organised into four operating divisions – systems development, professional services, proprietary trading and money lending which represent the Group's four operating segments. During the year ended 31 March 2015, the Group has three operating divisions – systems development, professional services and proprietary trading which represent the Group's three operating segments.

| | | |
|---|---|---|
| Systems development | – | Provision of systems development, maintenance and installation as well as consulting service and software licensing. |
| Professional services | – | Provision of information technology engineering and technical support services. |
| Proprietary trading | – | Trading of listed securities in Hong Kong. |
| Money lending | – | Provision of financing services in Hong Kong. |

### (a) Segment revenues and results

The following is an analysis of the Group's revenues and results by its operating and reportable segments.

| | For the year ended 31 March | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Systems development | | Professional services | | Proprietary trading | | Money lending | | Segment total | | Unallocated | | Consolidated | |
| | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | | | | | | | | | | | | | |
| **REVENUE** | | | | | | | | | | | | | | |
| Revenue from external customers | **46,263** | 41,398 | **17,000** | 22,342 | **–** | – | **26** | – | **63,289** | 63,740 | **–** | 9,470 | **63,289** | 73,210 |
| **RESULT** | | | | | | | | | | | | | | |
| Segment results | **(5,308)** | 388 | **7,297** | 3,081 | **(23,036)** | 1,502 | **26** | – | **(21,021)** | 4,971 | **–** | – | **(21,021)** | 4,971 |
| Interest income | | | | | | | | | | | | | **3,929** | 4,612 |
| Unallocated income and gains | | | | | | | | | | | | | **27,897** | 5,249 |
| Unallocated expenses and losses | | | | | | | | | | | | | **(22,525)** | (8,836) |
| Finance costs | | | | | | | | | | | | | **(8,025)** | (6,935) |
| Share of profit/(loss) of an associate | | | | | | | | | | | | | **20** | (99) |
| Loss before tax | | | | | | | | | | | | | **(19,725)** | (1,038) |

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of interest income, certain other income and gains and other expenses and losses (including central administration costs and directors' remunerations and finance costs) and share of results of an associate. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance.

(b) **Segment assets and liabilities**

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

| | At 31 March | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Systems development | | Professional services | | Proprietary trading | | Money lending | | Consolidated | |
| | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **ASSETS** | | | | | | | | | | |
| **Segment assets** | **32,020** | 35,911 | **3,168** | 3,455 | **3,465** | 34,002 | **3,157** | – | **41,810** | 73,368 |
| Unallocated corporate assets | | | | | | | | | | |
| – Plant and equipment | | | | | | | | | **11** | 48 |
| – Interest in an associate | | | | | | | | | **–** | 18,057 |
| – Available-for-sale investments | | | | | | | | | **6,600** | 4,864 |
| – Disposal receivables | | | | | | | | | **11,400** | 15,058 |
| – Deposit paid for acquisition of investment | | | | | | | | | **15,796** | 22,041 |
| – Other receivables, deposits and prepayments | | | | | | | | | **24,296** | 20,576 |
| – Pledged bank deposits | | | | | | | | | **–** | 1,457 |
| – Bank balances and cash | | | | | | | | | **26,986** | 6,880 |
| – Assets classified as held for sale | | | | | | | | | **–** | 7,000 |
| Total assets | | | | | | | | | **126,899** | 169,349 |
| **LIABILITIES** | | | | | | | | | | |
| Segment liabilities | **50,585** | 46,655 | **7,686** | 8,358 | **–** | – | **–** | – | **58,271** | 55,013 |
| Unallocated corporate liabilities | | | | | | | | | | |
| – Other payables | | | | | | | | | **37,675** | 52,250 |
| – Bank borrowings | | | | | | | | | **–** | 18,938 |
| – Bonds | | | | | | | | | **12,296** | – |
| – Promissory notes | | | | | | | | | **–** | 42,521 |
| – Convertible bonds | | | | | | | | | **–** | 25,729 |
| – Derivative financial instruments of convertible bonds | | | | | | | | | **–** | 9 |
| – Amount due to noteholder | | | | | | | | | **–** | 15,000 |
| – Tax payable | | | | | | | | | **4,397** | 6,907 |
| Total liabilities | | | | | | | | | **112,639** | 216,367 |

For the purposes of monitoring segment performance and allocating resources between segments:

- all major assets are allocated to reportable segments other than interest in an associate, available-for-sale investments, disposal receivables, deposits paid for acquisition of investment, other receivables, deposits and prepayments, pledged bank deposits, bank balances and cash and assets classified as held for sale. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all major liabilities are allocated to reportable segments other than certain other payables, bank borrowings, bonds, promissory notes, convertible bonds, derivative financial instruments of convertible bonds, amount due to noteholder and tax payable. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

**(c) Geographical information**

For the two years ended 31 March 2016 and 2015, over 90% of the Group's revenue are derived from customers and operations based in the PRC, no further analysis of the Group's revenue by geographical location.

Information about the Group's non-current assets (excluding interests in an associate, available-for-sale investments, disposal receivables and deposits paid for acquisition of investment) presented based on the location is as below:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **34** | 49 |
| PRC | **3,915** | 4,777 |
| | **3,949** | 4,826 |

**(d) Other segment information**

Amounts included in the measure of segment profit or loss or segment assets:

| | For the year ended 31 March | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Systems development | | Professional services | | Proprietary trading | | Money lending | | Segment total | | Unallocated | | Consolidated | |
| | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **Continuing Operations** | | | | | | | | | | | | | | |
| **Other segment information** | | | | | | | | | | | | | | |
| Depreciation of plant and equipment | **(695)** | (440) | **–** | (237) | **–** | – | **(6)** | – | **(701)** | (677) | **(8)** | (37) | **(709)** | (714) |
| Impairment loss recognised in respect of: | | | | | | | | | | | | | | |
| – available-for-sale investments | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – | **(664)** | – | **(664)** | – |
| – trade and other receivables | **(1,515)** | (2,401) | **–** | – | **–** | – | **–** | – | **(1,515)** | (2,401) | **–** | – | **(1,515)** | (2,401) |
| Gain on disposal of: | | | | | | | | | | | | | | |
| – plant and equipment | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – | **–** | 644 | **–** | 644 |
| Gain/(loss) on change in fair value of: | | | | | | | | | | | | | | |
| – financial assets at fair value through profit or loss | **–** | – | **–** | – | **–** | 1,502 | **–** | – | **–** | 1,502 | **(139)** | – | **(139)** | 1,502 |
| – derivative financial instruments of convertible bonds | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – | **–** | (7) | **–** | (7) |
| Reversal of impairment loss in respect of: | | | | | | | | | | | | | | |
| – intangible assets | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – | **–** | 445 | **–** | 445 |
| – trade receivables | **2,859** | 1,104 | **–** | 500 | **–** | – | **–** | – | **2,859** | 1,604 | **–** | – | **2,859** | 1,604 |
| – other receivables | **25,069** | 1,334 | **–** | – | **–** | – | **–** | – | **25,069** | 1,334 | **–** | 2,775 | **25,069** | 4,109 |
| Gain/(loss) on disposal of financial assets at fair value through profit or loss | **1** | – | **–** | – | **–** | – | **–** | – | **1** | – | **(22.499)** | 483 | **(22,498)** | 483 |
| Gain on disposal of subsidiaries/associate | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – | **395** | – | **395** | – |
| Additions to non-current assets *(Note)* | **–** | – | **–** | – | **–** | – | **–** | – | **–** | – | **–** | (31) | **–** | (31) |

*Note:* Non-current assets excluded financial instruments.

**(e) Information about major customers**

Revenue from customers contributing over 10% of the total revenue of the Group as follows:

| | **Revenue generated from** | **2016** | 2015 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | | |
| Customer A | System development | **11,942** | N/A* |
| Customer B | Professional service | **N/A^** | 14,284 |
| Customer C | Sale of goods | **N/A^** | 9,040 |

* Revenue from the customer A for the corresponding prior year did not contribute over 10% of the total revenue for that year.

^ Revenue from the customer B and C for the current year did not contribute over 10% of the total revenue for that year.

## 8. INCOME TAX EXPENSES

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | |
| Current tax | | |
| – PRC Enterprise Income Tax | **–** | (2) |
| – (Under)/Over provision in prior year | **(11)** | 580 |
| | **(11)** | 578 |

(i) Hong Kong profits tax has not been provided for in the consolidated financial statements as there was no estimated assessable profit derived from Hong Kong during the years ended 31 March 2016 and 2015.

(ii) Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the standard tax rate applicable to PRC Enterprise Income Tax is 25%.

The income tax can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | |
| Loss before tax | **(19,725)** | (1,038) |
| Tax at the applicable tax rate of 25% (2015: 25%) | **(4,931)** | (260) |
| Tax effect of income not taxable for tax purposes | **(30,148)** | (17,928) |
| Tax effect of expenses not deductible for tax purposes | **33,978** | 16,112 |
| Tax effect of tax losses and other deductible temporary differences not recognised | **1,101** | 2,078 |
| Under/(Over) provision in prior year | **11** | (580) |
| Income tax | **11** | (578) |

## 9a. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations has been arrived at after charging:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | HK$'000 |
| Staff costs | | |
| Salaries and other benefits | **4,711** | 3,216 |
| Retirement benefits scheme contributions | **124** | 44 |
| | **4,835** | 3,260 |
| Auditors' remuneration | **630** | 580 |
| Share-based payment expenses | **7,321** | – |
| Depreciation of plant and equipment | **871** | 714 |
| Operating lease | **1,128** | 545 |
| Loss on disposal of plant and equipment | **–** | 11 |

## 9b. LOSS FOR THE YEAR FROM DISCONTINUED OPERATION

Loss for the year from discontinued operation has arrived at after charging:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Staff costs | | |
| Salaries and other benefits | **320** | – |
| Retirement benefits scheme contributions | **17** | – |
| | **337** | – |
| Depreciation of plant and equipment | **28** | – |
| Operating leases | **244** | – |

## 10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

## 11. LOSS PER SHARE

**From continuing and discontinued operations**

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

**Loss**

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the purpose of basic loss per share | | |
| Loss for the period attributable to owners of the Company | **(19,802)** | (460) |

**Number of shares**

| | **2016** | 2015 |
|---|---|---|
| | | (restated) |
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share | **75,750,743** | 54,161,193 |

On 8 September 2015, the Company completed a share consolidation pursuant to which every two issued and unissued shares of HK$0.05 each be consolidated into one consolidated share of HK$0.1 each.

On 30 December 2015, the Company completed a share consolidation pursuant to which every ten issued and unissued shares of HK$0.1 each be consolidated into one consolidated share of HK$1 ecah.

The weighted average number of shares used for the calculation of loss per share for the comparative period had been adjusted for the effects of the share consolidations.

Diluted loss per share for the years ended 31 March 2016 and 2015 are same as basic loss per share for the respective years.

No adjustment has been made to the diluted loss per share amounts presented for the years ended 31 March 2016 and 2015 respectively in respect of a dilution as the share options and convertible bonds outstanding had an anti-dilutive effect on basic loss per share amounts presented.

No adjustment has been made to the diluted earnings per share for share options due to the exercise price of the share options was higher than the average market price for shares in 2016 and 2015 respectively.

**From continuing operations**

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

**Loss**

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the purpose of basic loss per share | | |
| Loss for the period attributable to owners of the Company | **(19,736)** | (460) |

The denominators used are the same as those detailed above for both basic and diluted loss per share.

**From discontinued operation**

The calculation of the basic and diluted loss per share attributable to owners of the Company from discontinued operation is based on the following data:

**Loss**

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the purpose of basic loss per share | | |
| (loss for the period attributable to owners of the Company) | **(66)** | – |
| Loss per share | | |
| From discontinued operation | | |
| – basic (HK cents) | **(0.09)** | – |
| – diluted (HK cents) | **N/A** | – |

The denominators used are the same as those detailed above for both basic and diluted loss per share.

## 12. TRADE AND OTHER RECEIVABLES

| | 2016 | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade and bills receivables | **43,393** | 69,230 |
| Less: Impairment loss recognised | **(29,060)** | (51,116) |
| | **14,333** | 18,114 |
| Retention receivables | **10,548** | 8,082 |
| Less: Impairment loss recognised | **(903)** | (950) |
| | **9,645** | 7,132 |
| Other receivables | **58,349** | 79,659 |
| Less: Impairment loss recognised | **(43,800)** | (71,816) |
| | **14,549** | 7,843 |
| | **38,527** | 33,089 |

*Notes:*

**(a) Trade and bills receivables**

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

Impairment loss is recognised against trade and bills receivables based on estimated irrecoverable amounts determined by reference to past default experience of customers.

An aged analysis of trade and bills receivables based on dates of invoices, net of impairment loss recognised, is as follows:

| | 2016 | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0-30 days | **4,829** | 2,282 |
| 31-90 days | **8,202** | 3,497 |
| Over 90 days | **1,302** | 12,335 |
| | **14,333** | 18,114 |

Movements in impairment loss on trade and bills receivables are as follows:

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| At beginning of the year | **51,116** | 50,281 |
| Exchange realignment | **(1,546)** | 38 |
| Recognised during the year | **1,475** | 2,401 |
| Reversal during the year | **(2,859)** | (1,604) |
| Derecognised on disposal of subsidiaries | **(19,126)** | – |
| At end of the year | **29,060** | 51,116 |

Trade and bills receivables amounted to approximately HK$29,060,000 at 31 March 2016 (2015: HK$51,116,000) were individually determined to be impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

An analysis of trade and bills receivables at 31 March 2016 and 31 March 2015 not impaired is as follows:

| | | | Past due but not impaired | | |
|---|---|---|---|---|---|
| | **Total** | **Neither past due nor impaired** | **Not more than 90 days** | **More than 90 days but less than 1 year** | **Over 1 year** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| 31 March 2016 | 14,333 | – | 13,031 | 1,302 | – |
| 31 March 2015 | 18,114 | – | 5,779 | 12,335 | – |

Trade and bills receivables that were neither past due nor impaired relate to a wide range of customers who has no recent history of default. Trade and bills receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

**(b) Retention receivables**

Retention receivables, net of impairment loss recognised, amounted to approximately HK$9,645,000 as at 31 March 2016 (2015: HK$7,132,000) are substantially due for settlement after a period of more than 12 months.

Movements in impairment losses of retention receivables are as follows:

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| At beginning of the year | **950** | 949 |
| Exchange realignment | **(47)** | 1 |
| At end of the year | **903** | 950 |

Retention receivables amounting to approximately HK$903,000 at 31 March 2016 (2015: HK$950,000) were individually impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

**(c) Other receivables**

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Advances to third parties | **55,887** | 73,666 |
| Advances to staff of the Group | **2,462** | 5,993 |
| | **58,349** | 79,659 |
| Less: Impairment loss recognised | **(43,800)** | (71,816) |
| | **14,549** | 7,843 |

The other receivables are unsecured, interest free and repayable on demand.

Movements in impairment loss of other receivables are as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At beginning of the year | **71,816** | 75,836 |
| Exchange realignment | **(2,987)** | 89 |
| Recognised during the year | **40** | – |
| Reversal during the year *(Note 4)* | **(25,069)** | (4,109) |
| At end of the year | **43,800** | 71,816 |

Other receivables amounted to approximately HK$43,800,000 at 31 March 2016 (2015: HK$71,816,000) were individually impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Equity securities listed in Hong Kong, at fair value | **3,465** | 34,002 |

The financial assets are held for trading purposes. The fair values of these financial assets are based on quoted market prices (Level 1 measurement).

## 14. ASSETS CLASSIFIED AS HELD FOR SALE

As at 31 March 2016, the assets classified as held for sale has been disposed to an independent third party for cash consideration of HK$7,000,000 and the amount has been fully settled during the year.

## 15. TRADE AND OTHER PAYABLES

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables *(Note a)* | **43,800** | 30,700 |
| Amount due to a former shareholder *(Note b)* | **17,655** | 17,775 |
| Accrued expenses and other payables | **24,603** | 47,996 |
| | **86,058** | 96,471 |

Notes:

(a) An aged analysis of trade payables at the end of the reporting period, based on invoice dates, is as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0-30 days | **9,103** | 16,452 |
| 31-90 days | **21,954** | 438 |
| Over 90 days | **12,743** | 13,810 |
| | **43,800** | 30,700 |

The average credit period granted by the suppliers of the Group is 30-90 days (2015: 30-90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

(b) The amount due to an entity, which was a registered shareholder of the Company in prior years, is unsecured, interest free and repayable on demand. During the year ended 31 March 2014, such entity ceased to be the Company's registered shareholder.

## 16. PROMISSORY NOTES

The promissory notes were settled and movements of the promissory notes during the year are as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At beginning of the year | **42,521** | 10,000 |
| Issue of PN 2 | **–** | 32,500 |
| Interest charge for the year | **5,196** | 1,122 |
| Interest payable on promissory notes included in trade and other payables | **(1,717)** | (1,101) |
| Early redemption *(note a and b)* | **(46,000)** | – |
| At end of the year | **–** | 42,521 |

(a) On 12 July 2012, the Company issued a promissory note ("PN1") to an ex-director. On 30 November 2015, the Company and the promissory noteholder mutually agreed for the early repayment of the promissory note together with accrued interests reduced from HK$9,340,000 to HK$9,250,000. The Company has settled all the amount in full of HK$13,250,000 to the promissory noteholder.

(b) On 30 March 2015, the Company issued a promissory note ("PN2") with principal amount of HK$32,500,000 to a third party. The promissory note is unsecured and carries interest at 12% per annum and will be matured on 30 September 2016. The Company has early repaid all the amount in full of HK$32,750,000 to the promissory noteholder.

## 17. AMOUNT DUE TO NOTEHOLDER

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Unsecured amount due to noteholder | **–** | 15,000 |

On 3 May 2012, the Company issued Hong Kong dollar denominated convertible notes with principal amount of HK$15,000,000 to a third party with maturity date on 2 August 2013. On 30 July 2015, a settlement agreement between the Company and the convertible noteholder was executed. Pursuant to the settlement agreement, the Company will repay HK$17,651,000 (the "Settlement Amount") to the noteholder. The Company has fully repaid the Settlement Amount to the noteholder during the year ended 31 March 2016.

## 18. SHARE PREMIUM AND RESERVES

| | Share Premium | General Reserve | Capital Reserve | Share Option Reserve | Exchange Translation Reserve | Warrants Reserve | Accumulated Losses | Total |
|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 31 March 2014 | 417,565 | 3,056 | 1,200 | 1,810 | 5,953 | 1,147 | (531,396) | (100,665) |
| Loss for the year | – | – | – | – | – | – | (460) | (460) |
| Exchange difference arising on translation of foreign operations | – | – | – | – | (54) | – | – | (54) |
| Total comprehensive expense for the year | – | – | – | – | (54) | – | (460) | (514) |
| Lapse of share options | – | – | – | (1,810) | – | – | 1,810 | – |
| At 31 March 2015 | 417,565 | 3,056 | 1,200 | – | 5,899 | 1,147 | (530,046) | (101,179) |
| Loss for the year | – | – | – | – | – | – | (19,802) | (19,802) |
| Exchange difference arising on translation of foreign operations | – | – | – | – | 2,206 | – | – | 2,206 |
| Total comprehensive income/(expense) for the year | – | – | – | – | 2,206 | – | (19,802) | (17,596) |
| Recognition of equity-settled share based payment | – | – | – | 7,321 | – | – | – | 7,321 |
| Issue of shares upon | | | | | | | | |
| – Exercise of warrants | 9,180 | – | – | – | – | (1,147) | – | 8,033 |
| – Placement of shares | 7,583 | – | – | – | – | – | – | 7,583 |
| – Conversion of zero coupon convertible bonds | 13,343 | – | – | – | – | – | – | 13,343 |
| – Exercise of share options | 7,321 | – | – | (7,321) | – | – | – | – |
| Share placement expenses | (1,562) | – | – | – | – | – | – | (1,562) |
| Share reorganisation expenses | (1,034) | – | – | – | – | – | – | (1,034) |
| Disposal of a subsidiary | – | – | – | – | (429) | – | 429 | – |
| At 31 March 2016 | 452,396 | 3,056 | 1,200 | – | 7,676 | – | (549,419) | (85,091) |

## 19. BONDS

The bonds are repayable as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 1 year | **–** | – |
| Between 2 to 5 years | **6,552** | – |
| After 5 years | **5,744** | – |
| | **12,296** | – |

(a) On 16 July 2015, the Company issued a bond with principal amount of HK$10,005,000 to an independent third party with coupon interest of 4.85% per annum and a maturity of 7 years from the date of issue. The effective interest rate for the bond is 10.32% per annum after considering the direct transaction costs.

(b) On 17 July 2015, the Company issued a bond with principal amount of HK$527,000 to an independent third party with coupon interest of 4.85% per annum and a maturity of 7 years from the date of issue. The effective interest rate for the bond is 10.32% per annum after considering the direct transaction costs.

(c) On 14 September 2015, the Company issued a bond of HK$9,800,000 to an independent third party with coupon interest of 6% per annum and a maturity of 4 years from the date of issue. The effective interest rate for the bond is 12.41% per annum after considering the direct transaction costs.

## 20. ACQUISITION OF SUBSIDIARY

On 28 April 2015, the Group has entered into an agreement with an independent third party for the acquisition of 100% of the issued share capital of Wilco Printing Co., Limited ("Wilco") and the director's loan to Wilco. Wilco is principally engaged in the provision of printing services and solutions on advertisement, brochures and bound books to customers mainly in Hong Kong.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of acquisition:

| | *HK$'000* |
|---|---|
| Purchase consideration settled in cash | 1,669 |
| Less: Estimated fair value of net assets acquired | (1,677) |
| Gain on acquisition | (8) |

The gain on acquisition is included in other gain, losses and expenses in the condensed consolidated statement of profit and loss and other comprehensive income.

Acquisition related costs of approximately HK$200,000 have been excluded from the consideration and included in the "General and administrative expenses" line item in the statement of profit and loss and other comprehensive income for the year ended 31 March 2016.

The assets and liabilities of Wilco at the acquisition date were as follows:

| | *HK$'000* |
|---|---|
| Plant and equipment | 6,062 |
| Deferred tax assets | 198 |
| Bank balances and cash | 1,204 |
| Trade and other receivables | 884 |
| Trade and other payables | (1,717) |
| Bank loans | (1,043) |
| Obligations under finance lease | (3,911) |
| Net assets acquired | 1,677 |

The receivables acquired (which principally comprised trade receivables) with a fair value of approximately HK$884,000 at the date of acquisition had gross contractual amounts of approximately HK$884,000. All of the receivables were expected to be collected.

Net cash outflow on acquisition of subsidiary:

| | *HK$'000* |
|---|---|
| Purchase consideration settled in cash | 1,669 |
| Less: Bank balance and cash acquired from the subsidiary | (1,204) |
| Net cash outflow | 465 |

## 21. DISCONTINUED OPERATION

On 21 December 2015, the Group entered into an agreement with an independent third party for the disposal of 100% of the issued share capital of Wilco and the Shareholder's loan. Wilco is principally engaged in the provision of printing services and solutions on advertisement, brochures and bound books to customers mainly in Hong Kong. The Group's printing services operation are treated as discontinued operation. The disposal was completed on 22 December 2015.

The loss from the discontinued operation for the year ended 31 March 2016, together with the comparative figures for the corresponding year in 2015 are as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the year | **(518)** | – |
| Gain on disposal of the discontinued operation | **452** | – |
| | **(66)** | – |

The results from the discontinued operation for the year ended 31 March 2016, together with the comparative figures for the corresponding year in 2015 are as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue | **4,770** | – |
| Cost of services | **(4,114)** | – |
| Gross profit | **656** | – |
| Administrative expenses | **(983)** | – |
| Finance costs *(note 6)* | **(191)** | – |
| Loss before taxation | **(518)** | – |
| Income tax expenses | **–** | – |
| Loss for the year | **(518)** | – |

The following summarises the consideration received and the amounts of the assets and liabilities disposed at the date of disposal:

| | *HK$'000* |
|---|---|
| Disposal consideration received in cash | 1,611 |
| Less: Carrying amount of net assets disposed | (1,159) |
| Gain on disposal of the discontinued operation | 452 |

The assets and liabilities of Wilco at the disposal date were as follows:

| | *HK$'000* |
|---|---|
| Plant and equipment | 5,826 |
| Deferred tax assets | 198 |
| Bank balances and cash | 287 |
| Trade and other receivables | 1,304 |
| Trade and other payables | (1,676) |
| Bank borrowings | (1,715) |
| Obligations under finance leases | (3,065) |
| Net assets disposed | 1,159 |

Net cash inflow on disposal of subsidiary:

| | *HK$'000* |
|---|---|
| Disposal consideration received in cash | 1,611 |
| Less: Bank balance and cash disposed | (287) |
| Net cash inflow | 1,324 |

## 22. DISPOSAL OF A SUBSIDIARY

On 24 December 2015, the Group entered into an agreement with an independent third party for the disposal of 100% of the issued share capital of Fullmark Management Limited ("Fullmark") and its subsidiaries (collectively, the "Fullmark Group"). Fullmark is a holding company incorporated in the British Virgin Islands with limited liability. The principal activity of the Fullmark Group is the investment holding of an associate which is principally engaged in the provision of insurance agency services in the PRC. The disposal was completed on 28 December 2015.

The following summarises the consideration received and the amounts of the assets and liabilities disposed at the date of disposal:

| | *HK$'000* |
|---|---|
| Disposal consideration received in cash | 17,000 |
| Less: Carrying amount of net assets disposed | (16,754) |
| Gain on disposal | 246 |

The assets and liabilities of the Fullmark Group at the disposal date were as follows:

| | *HK$'000* |
|---|---|
| Interest in an associate | 18,370 |
| Bank balances and cash | 186 |
| Trade and other payables | (1,802) |
| Net assets disposed | 16,754 |

Net cash inflow on disposal of subsidiary:

| | *HK$'000* |
|---|---|
| Disposal consideration received in cash | 17,000 |
| Less: Bank balance and cash disposed | (186) |
| Net cash inflow | 16,814 |

## EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2016.

## BASIS FOR QUALIFIED OPINION

### Comparative figures

The consolidated financial statements of the Group for the year ended 31 March 2015 contained qualified opinion in respect of the opening balances and comparative figures ("Comparative Figures"), details of which has been set out in the auditor's report dated 13 July 2015.

As the auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2015 formed the comparative figures in the consolidated financial statements of the Group for the year ended 31 March 2016, any adjustments found to be necessary in the Comparative Figures would have a significant effect to consolidated financial position as at 1 April 2014, consolidated results for year ended 31 March 2015 and cash flows for the year ended 31 March 2015 and the related disclosures, accordingly, our opinion on the Comparative Figures is therefore modified.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the above section of Basis for Qualified Opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE

During the year ended 31 March 2016, the Group recorded a revenue from continuing operations of approximately HK$63.3 million (2015: HK$73.2 million) representing a decrease of approximately 14% as compared to that of the corresponding year in 2015. The overall decrease in revenue was due to the absence of sale of goods in current year. Administrative expenses from continuing operations increased to approximately HK$23.4 million as compared to approximately HK$11.6 million of the previous corresponding year, representing an increase of approximately 102%. The increase in administrative expenses was primarily due to share based payment expenses for the grant of share options, legal and professional fee paid relating to the resumption of trading of the Company's shares and increase in staff salaries and rental expenses. Loss attributable to the owners from continuing operations was approximately HK$19.7 million for the year ended 31 March 2016 (2015: loss of approximately HK$0.5 million).

## BUSINESS PERFORMANCE AND PROSPECT

Revenue from continuing operations for the year ended 31 March 2016 amounted to approximately HK$63.3 million representing a decrease of approximately 14% as compared to the corresponding year in 2015 due to the absence of sale of goods in current year.

### System development and professional services

The Company was facing the fierce competition of thermal powered electricity supply market in the People's Republic of China ("PRC") in 2016 and management expects this phenomenon will continue in the foreseeable future. This was explained by the PRC government promoting the use of renewable and/or clean energy with direct subsidies and has implemented the benchmark for reduction of omission of carbon dioxide in various cities in the PRC. As a result, the number and amount of new contracts have decreased. However, system development in thermal powered electricity supply industry recorded an increase in revenue compared with the corresponding year in 2015 due to the fact that a number of old projects were completed during the current year. Professional services recorded a decrease in revenue compared with the corresponding year in 2015 due to decrease in demand from existing customers. Gross profit from system development and professional services decreased due to the Company needed to maintain the competitiveness in the market and to maintain the market share.

The Company's system development business mainly provides installation, maintenance, consulting and software licensing services for the products sold to power plants. The Company currently provides four key products: i) thermal power simulation system, ii) supervisory information system, iii) management information system and iv) information integration platform.

i) Thermal power simulation system is a professional calculation system that can accommodate large scale strong coupling and tiny grained calculations. The system is able to link a series of calculated power plant simulation data to the distribution control system for the purposes of analysis and studies.

ii) Supervisory information system is widely installed in power plant of more than 300MW. Its massive data contains valuable information and resources which requires further excavation.

iii) Management information system in power plants provides all aspects of monitoring, control and management in the operation. The system collects all kinds of information, summary, statistics, analysis, management structures and business processes in order to increase productivity, reduce operating costs and provides decision support.

iv) Information integration platform provides all the foundational building blocks of trusted information, including data integration, data warehousing, master data management, big data and information monitoring.

The Company's professional services business mainly provides information technology engineering and technical support services to power plants and data centers. The Company currently provides four key services: i) enterprise information planning, ii) data resource planning, iii) comprehensive solution for system integration and iv) training service.

i) Enterprise information planning provides information technology strategy, overall technical architecture, IT infrastructure, information security, application support platform and information technology personnel development services to the customers in the form of status assessment, development planning, project implementation and investment planning.

ii) Data resource planning provides solution to customers for the integration of information from decentralized information systems.

iii) Comprehensive solution for system integration provides strategy and planning services for wiring, data center construction, host systems and related technical support.

iv) Training service provides training to power plant operation personnel, power unit commissioner, plant production management and technical personnel. Training topics include control and protection of simulation unit boiler, turbine and electrical parts; unit start-up and shutdown; basic working principle of and theoretical knowledge of fluidized bed boiler, pulverized coal boiler, gas turbine and electrical machines.

The Company's system development contracts signed with customers were executed and completed by five major phases with duration from 12 to 36 months.

i) Contract signing: Before tender is made to customers, the Company will perform budget analysis for costs and time expected to incur. Estimation is based on complexity and specific requirements of the projects, historical data and information, market conditions, quotation of the supplies of goods and services. A contract will be rewarded after the tender process.

ii) Installation: The supplier will deliver the hardware system to the customer sites directly. The Company will then install the system to its required status and location. The customer will inspect the physical conditions of the hardware.

iii) Testing: The Company will perform initial testing and modification of the system at this phase. Testing includes the condition, stability, compatibility, functionality of the system itself and the integration of the system with other decentralized systems used by the customer.

iv) Verification: The customer will perform test run at this phase. Test run coordinate the machines, processes and systems together and through a series of actions under actual or simulated environmental and operating conditions to ascertain its current status and to verify its reliability and functionality.

v) Retention: An average of 12-24 months retention period is given to customer.

Depending on the complexity of the projects and the resources of the Company, the Company outsources some of the system development projects to selected suppliers. The suppliers' contracts are usually entered after secure of sales contracts with customers.

The Company receives contract value in five phases by means of progress billings. A portion of contract value is received in each of the following phases, (i) contract signing, (ii) installation, (iii) testing, (iv) verification and (v) retention.

The Company's professional services contracts signed with customers were completed with duration from 6 to 24 months. The Company's professional service income is received when the underlying professional services are rendered where billing is made when each particular service in the contract is delivered.

**Proprietary trading business**

In relation to the Group's proprietary trading business, we have seen big swings on PRC and Hong Kong stock markets due to the Chinese stock market crash. An economic slowdown in PRC are contributing to uncertainty and a higher risk of global economic recovery. This led to the Group suffering losses on change in fair value of its financial assets at fair value through profit or loss. Looking forward, the current valuation of Hong Kong stock market is relatively low compared to other major stock markets such as U.S. and PRC. The possibility of implementation of "Shenzhen-Hong Kong Stock Connect" and inclusion of A-shares into MSCI's indices will both attract capital inflow into the market and a market re-valuation is likely happened. The Group is actively seeking opportunities in securities investment which would create value and be beneficial to the Group and shareholders as well. The Group also maintains a risk management policy in which key risk factors such as government and politic risk, country risk, price risk, interest rate risk, currency risk and economic risk have been identified and closely monitored.

**Money lending business**

Though the loan and credit market became very active and intense competition existed during the past few years as a result of the rapid booming housing market in Hong Kong and the global low interest rate environment, the Board is confident that through its long established relationship, history, reputation, network and synergy, the Group is able to participate in the market share of the money lending business and it will become one of the driver of its future profits of the Group. In view of the above, the Board will invest more resources into the business once financing resources have been obtained. In addition to the consumable loan, the Company is planning to offer a variety of loan products to secured mortgage loans to individual, unsecured loan, small and medium sized enterprises loans, debts consolidation loan and corporate loans. Despite the above, the money lending business is suffering from political risk, regulatory risk, credit risk, economic risk and industry risk.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2016, the equity attributable to owners of the Company amounted to approximately HK$14 million (2015: deficit of HK$47 million). Current assets amounted to approximately HK$116.4 million (2015: HK$130.3 million), of which approximately HK$27.0 million (2015: HK$6.9 million) were cash and cash equivalents. Current liabilities were approximately HK$100.3 million (2015: HK$190.6 million) mainly include trade and other payables and amounts due to customers for contract work. There were no bank borrowings as at 31 March 2016 (2015: HK$18.9 million).

During the year under review and until the date of this announcement, the Company has made the following issue for cash of equity securities:

(i) On 1 April 2015, the holders of warrants exercised its rights to subscribe for 57,380,000 shares at HK$0.19 per share. As a result, the Company received a net proceed of approximately HK$10.9 million.

(ii) On 29 July 2015, a total of 216,644,771 shares have been successfully placed by a placing agent to not less than six placees at the placing price of HK$0.085 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing, after deducting relevant expenses incurred in relation to the placing, amounted to approximately HK$17.6 million.

(iii) On 19 November 2015, a total of 135,724,862 shares have been successfully placed by a placing agent to not less than six placees at the placing price of HK$0.1 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing, after deducting relevant expenses incurred in relation to the placing, amounted to approximately HK$12.9 million.

(iv) During the year ended 31 March 2016, the holders of share options exercised their rights to subscribe for 122,023,623 shares at HK$0.1 per share. As a result, the Company received a net proceed of approximately HK$12.2 million.

During the year under review, the Group had an aggregate principal amount of HK$20,331,775 of bonds in issue. The coupon rates of these bonds are ranging from 4.85% to 6.25% per annum with maturity dates from September 2019 to July 2022.

On 17 June 2015, the Company proposed to raise not less than approximately HK$28.52 million and not more than approximately HK$40.92 million before expenses by issuing not less than 570,301,928 offer shares and not more than 818,499,792 offer shares at the subscription price of HK$0.05 per offer share on the basis of one offer share for every two existing shares held on the record date and payable in full upon application. The offer shares not accepted shall not be made available for subscription by other qualifying shareholders by means of excess application but shall be taken up by the underwriter. On 14 July 2015, the Company and the underwriter entered into the supplemental underwriting agreement to revise the subscription price from HK$0.05 per offer share to HK$0.07 per offer share. On 12 August 2015, the Company and the Underwriter entered into the second supplemental underwriting agreement to revise the number of offer shares to 339,312,157 consolidated shares and the subscription price from HK$0.07 per offer share to HK$0.14 per offer share to reflect the adjustments upon the share consolidation became effective. Taking into account the general market volatility and the share price performance of the Company, the Company considers it is not reasonable to continue the open offer as the offer price is substantially higher than the Company's current share price. As a result, the Company and the underwriter have agreed to terminate the underwriting agreement on 29 October 2015 by mutual consent. Please refer to the Company's announcements dated 17 June 2015, 14 July 2015, 12 August 2015, 24 September 2015 and 29 October 2015 for details of the open offer.

On 9 September 2015, the Company completed a share consolidation pursuant to which every two issued and unissued shares of HK$0.05 each be consolidated into one consolidated share of HK$0.1. Upon completion of the share consolidation, the authorised share capital of the Company was HK$200,000,000 divided into 2,000,000,000 shares of HK$0.1 each and the issued share capital of the Company was HK$67,862,431.4 divided into 678,624,314 shares of HK$0.1 each.

On 23 September 2015, the board lot size of the shares for trading on the Stock Exchange had changed from 10,000 shares to 20,000 shares.

On 17 November 2015, the convertible bondholder with principal amount of HK$20,000,000 exercised its right to convert 57,142,857 shares at HK$0.35 per share.

On 29 December 2015, the Company passed the special resolution by the shareholders approving the capital reorganisation at the extraordinary general meeting. Please refer to the Company's announcements and circular dated 20 November 2015, 27 November 2015, 29 December 2015, 25 April 2016 and 3 December 2015 respectively, for details of capital reorganisation. The Company completed the share reorganisation on 25 April 2016.

On 30 December 2015, the Company completed a share consolidation pursuant to which every ten issued and unissued shares of HK$0.1 each be consolidated into one consolidated share of HK$1. Upon completion of the share consolidation, the authorised share capital of the Company was HK$200,000,000 divided into 200,000,000 shares of HK$1 each and the issued share capital of the Company was HK$99,351,565 divided into 99,351,565 shares of HK$1 each.

The Board continues to look for opportunities to attract more investors, extend the shareholders base, provide financial resources to expand existing and/or future businesses, reduce the accumulated loss and improve the flexibility of fund raising.

## GEARING RATIO

The gearing ratio in 2016 was 790%. The gearing ratio was calculated on the basis of total liabilities over shareholders' equity. The gearing ratio was not applicable in 2015 since the Company recorded a deficit in shareholders' equity.

## FOREIGN CURRENCY EXPOSURE

During the year ended 31 March 2016, the Group experienced only immaterial exchange rate fluctuations, as the Group's operations were mainly denominated in Hong Kong dollars and Renminbi. As the risk on exchange rate difference considered being minimal, the Group did not employ any financial instruments for hedging purposes.

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES DURING THE PERIOD UNDER REVIEW

On 28 April 2015, the Group entered into an agreement with an independent third party for the acquisition of 100% of the issued share capital of Wilco and the director's loan to Wilco at a consideration of HK$1,669,128 (after adjustment). Please refer to the announcement of the Company dated 28 April 2015 for further details of the acquisition. Wilco is principally engaged in the provision of printing services and solutions on advertisement, brochures and bound books to customers mainly in Hong Kong. On 21 December 2015, the Group entered into an agreement with an independent third party for the disposal of 100% of the issued share capital of Wilco and the Shareholders' loan at a consideration of HK$1,611,395. Please refer to the announcement of the Company dated 21 December 2015 for further details of the disposal. The disposal was completed on 22 December 2015.

On 6 October 2015, the Group entered into an agreement with two independent third parties for the acquisition of 19% of the issued share capital of Galaxy Automotive MS Inc. ("Galaxy") and its subsidiaries (collectively, the "Galaxy Group") at a consideration of HK$17,328,000. Please refer to the announcement of the Company dated 6 October 2015 for further details of the acquisition. Galaxy Group is principally engaged in offering a wide range of automobile parts under its own brand "ZUVER" such as suspension system, brake caliper system, alloy wheels, air intake system, air exhaust system, tire pressure sensor, automotive performance software and hardware and fuel saving device. Products are currently offered at auto parts shops located in Hong Kong, Macau, Taiwan and PRC. The acquisition was completed on 12 October 2015. The consideration in the amount of HK$5,472,000 has been paid to Vendor A (being the seller of 6 out of the 19 shares in Galaxy) whilst the Company has not settled the remaining consideration of HK$11,856,000 to Vendor B (being the seller of 13 out of the 19 shares in Galaxy). On 20 January 2016, the Group entered into a rescission agreement with Vendor B in relation to the rescission of the sale and purchase of the 13 shares in the share capital of Galaxy (representing 13% of the entire issued shares of the Galaxy). In addition, the Group entered into a sale and purchase agreement with Vendor B pursuant to which the Company has agreed to sell and Vendor B has agreed to acquire the sale shares (representing 6% of the entire issued shares of the Galaxy) at the consideration of HK$5,600,000 and has been received in full as at the date of this announcement. The Group is expected to record a gain of HK$128,000 for this disposal. For details, please refer to the announcement of the Company dated 20 January 2016.

On 24 December 2015, the Group entered into an agreement with an independent third party for the disposal of 100% of the issued share capital of Fullmark at a consideration of HK$17,000,000. Please refer to the announcement of the Company dated 24 December 2015 for further details of the disposal. The disposal was completed on 28 December 2015, Fullmark will cease to be a subsidiary of the Company. The indirect holding of 24.9% equity interest in Dondga Agency will cease to be an associate of the Company. Accordingly, the assets, liabilities and financial results of the Fullmark Group will no longer be consolidated into the financial statements of the Group.

On 13 January 2016, the Group entered into a sale and purchase agreement with an independent third party (for the disposal of a subsidiary which is an investment holding company of an available-for-sale investment). Under the sale and purchase agreement, the purchaser agreed to acquire the subsidiary with a cash consideration of HK$4,200,000 and has been received in full. In respect of the disposal, the Group has recorded an impairment loss of HK$664,000 in the current year.

On 23 March 2016, the Group has entered into a Memorandum of Understanding with a connected person of the Company to acquire a target group principally engaged in the businesses of building and selling of luxury motor yachts, as well as the sales of yacht-related products and provision of yacht-related services in Zhuhai, the PRC and Hong Kong.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to look for opportunities to create shareholders' value through making investments into and/or acquiring interests in companies or projects that have promising outlooks and prospects. The Group is broadening its perspective beyond the IT sector and potentially also invest into and/or make acquisitions in other industries (including renewable energy and other "green" businesses, the financial industry, and more traditional non-IT businesses) so long as such investments/acquisitions can bring value and are beneficial to the Company and its shareholders as a whole. It goes without saying that the Company will also continue to focus on existing business to bring further value to shareholders.

## SEGMENT INFORMATION

During the year under review, the Group was principally engaged in four operating segments. The Group presents its segmental information based on the nature of the products and services and has reportable segments as follows:

- systems development;
- professional services;
- proprietary trading; and
- money lending.

Turnover generated from the PRC represented over 90% of the total turnover of the Group for the years ended 31 March 2016 and 2015.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group hired 24 employees including the executive Directors (2015: 23). Total staff costs from continuing operations including Directors' remuneration for the year under review amounted to approximately HK$5 million (2015: HK$3.2 million).

Employees' remunerations are determined in accordance with their experiences, competence, qualifications and nature of duties and the current market trend. Apart from the basic salary, discretionary bonus and other incentives may be offered to the employees of the Group to reward their performance and contributions. The emoluments of the Directors are determined by the remuneration committee of the Company having regard to the performance of the individuals and market trend. The Group provides mandatory provident fund scheme for the employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

The Group has not made any changes to its remuneration policy during the year under review.

The Company adopted a share option scheme pursuant to which eligible persons may be granted options to subscribe for the shares of the Company. During the year ended 31 March 2016, share options had been granted to certain eligible persons to subscribe for a total of 122,023,623 ordinary shares at HK$0.1 per share. Please refer to Note 41 to the consolidated financial statements for details. All share options had been execised during the year and there was no outstanding share options as at 31 March 2016.

## CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

There have been no charge on the Group's assets as at 31 March 2016. Details of the Group's contingent liabilities are set out in "LITIGATION" of this announcement.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules and the Corporate Governance Code (the "**Code**").

The audit committee of the Company reviews the internal accounting procedures, considers and reports to the Board with respect to other auditing and accounting matters, including selection of independent auditors, fees to be paid to the independent auditors and the performance of the independent auditors.

The annual results of the Group for the year ended 31 March 2016 have been reviewed by the audit committee of the Company.

## PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Code contained in Appendix 15 of the GEM Listing Rules as its own code on corporate governance practices. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the Code and there have been no material deviations from the Code during the year.

Code provision A.6.7-(i) Three non-executive Directors and four independent non-executive Directors were unable to attend the extraordinary general meeting of the Company held on 2 June 2015; (ii) three non-executive Directors and three independent non-executive Directors were unable to attend the extraordinary general meeting of the Company held on 8 September 2015; (iii) three non-executive Directors and two independent non-executive Directors were unable to attend the annual general meeting of the Company held on 24 September 2015; and (iv) two independent non-executive Directors were unable to attend the extraordinary general meetings of the Company held on 29 December 2015 and 29 January 2016, as they had other engagements.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions in securities of the Company.

Having made specified enquiry, all Directors have confirmed that they have complied with the required standard of dealings and there is no event of non-compliance throughout the year ended 31 March 2016.

## LITIGATION

On 4 April 2014, the Company was served with a sealed copy of a petition (the "**Petition**") issued by Metal Winner Limited ("**MWL**") in Companies (Winding-up) Proceedings No. 83 of 2014 in the High Court of Hong Kong (the "**Winding-up Proceedings**") under which MWL (a) claimed that the Company was indebted to MWL in the sum of HK$5,700,000; and (b) petitioned that the Company be wound up by the Court. As at the date of this announcement, this Petition was dismissed by the High Court of Hong Kong. Separately, there are two other parties who claimed the Company was indebted to them. After investigation, the Company found that the alleged debts claimed by these two parties arose from certain dealings between a former director of the Company and these two parties. The nature and mechanism of these dealings were the same or very similar to that of MWL's. In the Winding-up Proceedings, the court has found that there was an illegal scheme perpetrated on the Company by the aforesaid former director and MWL was a party to that scheme. In gist, the illegal scheme was that the aforesaid former director obtained loans from the counterparty and the Company was falsely made as a borrower to answer the repayment obligation. The Company commenced legal proceedings in the High Court (the "**Injunction Proceedings**") against these two parties seeking an injunction to restrain them from presenting any petition for the winding-up of the Company or to apply to substitute MWL as petitioner in the Winding-up Proceedings (the "**Restrained Acts**"). The two parties gave an undertaking to the court not to do the Restrained Acts until the resolution of the Injunction Proceedings.

After the Winding-up Proceedings were dismissed by court, the Company also managed to resolve the Injunction Proceedings by way of a consent order after the two parties were willing to give further undertaking to the court not to present any petition for the winding-up of the Company pending determination of the Writ of Summons to be issued (if any) by them against the Company for recovery of the said alleged debts and/or the determination of any counterclaims or the Writ of Summons to be issued (if any) by the Company against them for declaratory relief that the said alleged debts are void or unenforceable.

On 19 February 2016, the Company has been served with a sealed copy of the Writ of Summons (the "**Writ**") issued by one of the two parties sued in the Injunction Proceedings (the "**Plaintiff**"). Under the statement of claim endorsed on the Writ, the Plaintiff claims against the Company for a total sum of HK$16,600,000 allegedly due on the dishonoured cheques issued by the Company and interest thereon.

In view of the Court's favourable findings in the Winding-up Proceedings and the striking similarity between the case of the Plaintiff and that of MWL in the Winding-up Proceedings, the Company believes that it has strong merits in defending the Plaintiff's claims and in counter-claiming such alleged debts are void and unenforceable. Therefore, the Company will vigorously contend the Plaintiff's claims and will seek legal advice to take all appropriate steps in the legal proceedings to safeguard the Company's interest.

The Company will keep the shareholders of the Company updated with the development of the aforesaid proceedings.

**OTHER MATTERS**

On 28 November 2014, the Company entered into a settlement agreement with Gold Tycoon Limited, under which refund of the deposit paid is payable by Gold Tycoon Limited by 7 instalments being HK$3,000,000, HK$3,000,000, HK$3,000,000, HK$4,000,000, HK$4,000,000, HK$4,000,000 and HK$4,000,000, on which fall due on 30 April 2015, 31 July 2015, 31 October 2015, 31 January 2016, 30 April 2016, 31 July 2016 and 31 October 2016 respectively. As of the date of this announcement, all receivable from Gold Tycoon Limited have been fully settled.

On 16 February 2015, the Company entered into a deed of settlement with the purchaser of 上海景福保險經紀有限公司, under which the outstanding disposal receivable is revised from RMB15,000,000 to HK$17,700,000 which is payable by the purchaser by seven instalments, being HK$1,000,000, HK$500,000, HK$500,000, HK$1,000,000, HK$4,700,000, HK$5,000,000 and HK$5,000,000, on which fall due on 18 February 2015, 27 February 2015, 30 April 2015, 30 June 2015, 30 September 2015, 31 December 2015 and 31 March 2016 respectively. As of the date of this announcement, the Company has fully received the outstanding amount.

## SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on this preliminary announcement.

By Order of the Board of
**Tai Shing International (Holdings) Limited**
**Lau Kelly**
*Executive Director*

Hong Kong, 24 June 2016

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

*Executive Directors:*
Mr. Tam Kwok Leung *(Chief Executive Officer)*
Mr. Lau Kelly
Mr. Leung Chung Nam

*Non-executive Director:*
Ms. Jim Ka Man

*Independent non-executive Directors:*
Dr. Wan Ho Yuen, Terrence
Ms. Yeung Mo Sheung, Ann
Mr. Hau Chi Kit

*This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for 7 days from the date of its posting and on the website of the Company at http://www.equitynet.com.hk/8103/.*