Annual Report

2011

TAI SHING

Tai Shing International (Holdings) Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8103

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Chung Wai, Eric *(Chairman)*
Mr. Chan Yun Sang
Mr. Choi King Lit *(appointed on 16th March 2011)*
Mr. Han Fangfa *(appointed on 16th March 2011)*

Non-executive Director

Dr. Pan Jin *(appointed on 22nd October 2010)*

Independent Non-executive Directors

Mr. Yan Yonghong
Mr. Tang Sze Lok
Mr. Lee Kwok Yung *(appointed on 15th April 2010)*
Mr. Chan Wai Kwong, Peter
(appointed on 25th January 2011)

COMPANY SECRETARY

Mr. Young Wai Ching, *ACCA*, *CPA*

COMPLIANCE OFFICER

Mr. Wong Chung Wai, Eric

AUTHORISED REPRESENTATIVES

Mr. Wong Chung Wai, Eric
Mr. Chan Yun Sang

AUDIT COMMITTEE

Mr. Tang Sze Lok *(Chairman)*
Mr. Lee Kwok Yung
Mr. Chan Wai Kwong, Peter

REMUNERATION COMMITTEE

Mr. Lee Kwok Yung *(Chairman)*
Mr. Tang Sze Lok

AUDITORS

CCTH CPA Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1504
The Center
99 Queen's Road
Central
Hong Kong

LEGAL ADVISERS

P.C Woo & Co.
Leung & Lau

PRINCIPAL BANKER

Hongkong and Shanghai Banking
Corporation Limited

PRINCIPAL SHARE REGISTRAR

Butterfield Bank (Cayman) Limited
Butterfield House
68 Fort Street
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

08103

WEBSITE

www.ilinkfin.net/tai_shing

BUSINESS REVIEW

For the year under review, the principal activities of Tai Shing International (Holdings) Limited ("**Company**") and its subsidiaries (collectively, the "**Group**") included (i) system development; and (ii) professional services.

For the year under review, the Group recorded a consolidated turnover of approximately HK$50.2 million which represented a decrease of approximately 27% as compared with that of the corresponding year.

For the year under review, the loss attributable to equity holders of the Group was approximately HK$47.4 million while the Group recorded a profit attributable of HK$3.6 million during the year ended 31st March 2010.

BUSINESS OUTLOOK

It has been the Company's long term goal to maximize shareholders' value. In view of the intense market competition for the Group's existing business particularly for the security and surveillance division, the Company has been exploring business opportunities to expand the Groups' operations and enhance its earnings.

For the year under review, the Group has successfully acquired interests in several companies, including (i) the entire issued share capital of High Pacific Limited, a company incorporated in the British Virgin Islands in which its sole asset is its 10% interest in the issued share capital of 全網通科技股份有限公司 (unofficial English translation being IP Tone Technology Co., Ltd.), a company incorporated in Taiwan with limited liability which provides internet communication services in Taiwan; (ii) the entire issued share capital of Fullmark Management Limited, a company incorporated in the British Virgin Islands in which its principal assets are the InsureLink System and its 24.9% equity interest in 東大保險代理股份有限公司 (unofficial translation being Dongda Insurance Agency Company Limited); and (iii) 20% of the registered capital of 上海萬全保險經紀有限公司 (unofficial English translation being Shanghai Wanquan Insurance Brokers Limited), a company established in the People's Republic of China with limited liability which engages in insurance agent business. Please refer to the section headed "Management discussion and analysis" of this report for further details.

CHAIRMAN'S STATEMENT

As disclosed in the announcements of the Company dated 20th April 2011 and 17th May 2011, the Company entered into a memorandum of broad terms and an addendum to such memorandum for the possible acquisition of not less than 50% of the entire issued share capital of Gold Depot Investments Limited, a company incorporated in the British Virgin Islands with limited liability, in which the Company understood that Gold Depot Investments Limited directly or indirectly owns an exploration right and a mining right of a gold mine located in Guizhou, the People's Republic of China.

The above possible acquisition represents an opportunity for the Group to expand its investment portfolio into gold mining.

As disclosed in the announcements of the Company dated 30th December 2010 and 6th May 2011, the Company entered into a memorandum of understanding and an addendum to such memorandum for the possible acquisition of the entire issued share capital of Fame Thrive Limited, a company incorporated in the British Virgin Islands. Fame Thrive Limited will implement a reorganisation whereby it will, directly or indirectly, establish a wholly-foreign owned enterprise in the People's Republic of China and such wholly-foreign owned enterprise will enter into a co-operation arrangement with 東大保險經紀有限責任公司 (unofficial English translation being Dongda Insurance Brokerage Company Limited), a company established in the People's Republic of China. 東大保險經紀有限責任公司 (unofficial English translation being Dongda Insurance Brokerage Company Limited) provides property and life insurance professional insurance brokers services (such as engineering insurance, cargo transportation insurance liability insurance and group life insurance) and reinsurance brokers service.

Furthermore, as disclosed in the announcements of the Company dated 23rd May 2011 and 24th June 2011, the Company entered into a memorandum of understanding and a share transfer agreement respectively to acquire 51% of the registered capital of 青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited). Based on the information provided by the prospective seller, the Company is given to understand that the principal business of 青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited) was, among others, the provision of insurance brokerage service in Qingdao and its surrounding area.

In view of the increasing recognition of the importance of risk management and the rising demand for insurance in the People's Republic of China, it is believed that these possible/proposed acquisitions would provide opportunities for the Group to participate in the insurance market in the People's Republic of China and will further enhance the investment portfolio and future earnings of the Group.

I would like to thank the members of the board of directors ("**Directors**") of the Company and all the Company's employees for their contribution and dedication to the business development of the Group.

Sincerely yours

Wong Chung Wai, Eric
Chairman and executive Director
Hong Kong

30th June 2011

FINANCIAL PERFORMANCE

During the year ended 31st March 2011, Tai Shing International (Holdings) Limited ("**Company**") and its subsidiaries (collectively, the "**Group**") recorded a turnover of approximately HK$50.2 million (2010: HK$68.6 million), representing a decrease of approximately 27% as compared with the turnover for the year ended 31st March 2010. As a result of (i) the loss resulted from the Group's investments under its treasury management; and (ii) the increased administrative expenses, in particular, the professional fees, share-based payment and impairment loss on intangible assets incurred by the Group, administrative expenses and other expenses of the Group were approximately HK$51.9 million and HK$12.8 million respectively, as compared to HK$14.1 million and HK$4.9 million respectively in the previous corresponding year, representing an increase of approximately 268% and 161% respectively. The Group recorded a loss attributable to the shareholders of the Company amounted to approximately HK$47.4 million for the year under review (2010: profit of approximately HK$3.6 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st March 2011, the shareholders' funds of the Group amounted to approximately HK$236.5 million (2010: HK$55.7 million). Current assets amounted to approximately HK$111 million (2010: HK$128.5 million), of which approximately HK$17.5 million (2010: HK$25.9 million) were cash and cash equivalents. Current liabilities were approximately HK$112.5 million (2010: HK$75 million) mainly comprised of trade and other payables, amounts due to customers for contract work and receipts in advance. Total borrowings of the Group as at 31st March 2011 were approximately HK$12 million (2010: 11.4 million) which were unsecured short-term bank loan with an effective interest rate of 6,666% (2010: 5.841%).

On 16th April 2010, every one share of HK$0.05 then in the share capital of the Company was subdivided into 10 subdivided shares of HK$0.005 each ("**Shares**"). The new ordinary Shares issued rank pari passu with other shares in issue in all respect.

On 23rd April 2010, the Company announced the placing of 130,000,000 Shares beneficially owned by Wide Source Group Ltd. ("**Wide Source**") at the price of HK$0.265 per Share, representing a discount of approximately 18.46% to the closing price of HK$0.325 per Share as quoted on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 23rd April 2010, and a discount of approximately 12.54% to the average closing price of HK$0.303 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 22nd April 2010, pursuant to a placing agreement between Wide Source, the Company and VC Brokerage Limited ("**VC Brokerage**") and the subscription ("**Wide Source Subscription**") for 130,000,000 Shares by Wide Source pursuant to a subscription agreement between the Company and Wide Source dated 23rd April 2010. Pursuant to the Wide Source Subscription, the Company has allotted and issued a total of 130,000,000 Shares to Wide Source. The net proceeds from the Wide Source Subscription amounted to approximately HK$33.48 million which was intended to be used to finance future investments and/or for future business development. The net price of each Share issued was approximately HK$0.26

and the aggregate nominal value of the Shares issued was HK$650,000. As disclosed in the announcement of the Company dated 23rd April 2010, the placing of the Shares by Wide Source and the Wide Source Subscription represented an opportunity to enlarge the equity base of the Company. Out of such net proceeds, HK$27 million of which has been utilized for acquiring the entire issued share capital of High Pacific Limited, details of which are disclosed in the announcement of the Company dated 2nd July 2010 and the remaining net proceeds have been used as general working capital of the Group.

On 28th April 2010, the Company announced that it had entered into a placing agreement between the Company and VC Brokerage dated 28th April 2010 ("**GM Placing Agreement**"). On 5th May 2010, the Company further announced a supplemental agreement had been entered into whereby the total number of Shares to be issued under the GM Placing Agreement was reduced from 130,000,000 Shares to 30,000,000 Shares. As disclosed in the announcement of the Company dated 28th April 2010, the placing of the Shares under the GM Placing Agreement represented an opportunity to enlarge the equity base of the Company. Pursuant to the GM Placing Agreement, the Company has allotted and issued a total of 30,000,000 Shares to Valiance Special Opportunities Co-Investment Master Fund, a fund managed by a London based asset manager at the price of HK$0.265 per Share, representing a discount of approximately 15.87% to the closing price of HK$0.315 per Share as quoted on the Stock Exchange on 27th April 2010, and a discount of approximately 16.14% to the average closing price of HK$0.316 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 27th April 2010. The net proceeds received by the Company from the placing under the GM Placing Agreement amounted to approximately HK$7.82 million which is intended to be used to finance future investments and/or for future business development. The net price of each Share issued was approximately HK$0.25 and the aggregate nominal value of the Shares issued was HK$150,000. Out of such net proceeds, HK$5 million of which has been utilized for acquiring 20% of the registered capital of 上海萬全保險經紀有限公司 (unofficial English translation being Shanghai Wanquan Insurance Brokers Limited), details of which are disclosed in the announcement of the Company dated 11th February 2011. The remaining net proceeds will be utilized as intended.

On 5th May 2010, the Company announced that it had entered into (i) the subscription agreement dated 5th May 2010 ("**Subscription Agreement I**") and entered into between the Company, Galaxy China Special Situations Fund SPC for and on behalf of its Segregated Portfolio, Galaxy China Special Situations Segregated Portfolio ("**Galaxy Fund I**") and VC Brokerage in relation to the subscription of 40,000,000 Shares by Galaxy Fund I at the price of HK$0.265 per Share; and (ii) the subscription agreement dated 5th May 2010 ("**Subscription Agreement II**", together with the Subscription Agreement I, the "**Subscription Agreements**") and entered into between the Company, Galaxy China Deep Value Fund ("**Galaxy Fund II**") and VC Brokerage in relation to the subscription of 60,000,000 Subscription Shares by Galaxy Fund II at the price of HK$0.265 per Share, representing a discount of approximately 8.62% to the closing price of HK$0.29 per Share as quoted on the Stock Exchange on 5th May 2010, and a discount of approximately 12.03% to the average closing price of HK$0.30125 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 4th May 2010. 40,000,000 and 60,000,000 Shares were issued and allotted to Galaxy Fund I and Galaxy Fund II respectively. As disclosed in the announcement of the Company dated

5th May 2010, the subscription of the Subscription Agreements represented an opportunity to enlarge the equity base of the Company. Pursuant to the Subscription Agreements, the Company has allotted and issued a total of 100,000,000 Shares. The net proceeds received by the Company from the subscriptions under the Subscription Agreements (collectively, the "**Subscriptions**") amounted to approximately HK$26.5 million which was intended to be used to finance future investments and/or for future business development. The net price of each Share issued was approximately HK$0.26 and the aggregate nominal value of the Shares issued was HK$500,000. HK$20 million of the net proceeds from the Subscriptions were used to pay as earnest money to the prospective seller for the proposed acquisition of the entire issued share capital of Fame Thrive Limited pursuant to the addendum dated 6th May 2011 to the memorandum of understanding entered into between the Company and such prospective seller and the remaining net proceeds from the Subscriptions were used to pay as earnest money to Gold Tycoon Limited for the proposed acquisition of a controlling interest in Gold Depot Investments Limited pursuant to the addendum dated 17th May 2011 to the memorandum of broad terms entered into between the Company and Gold Tycoon Limited.

On 11th August 2010, Mr. Wong Chung Wai, Eric, an executive director of the Company, exercised an option to subscribe 2,000,000 Shares at the price of HK$0.28 per Share.

On 12th August 2010, Mr. Chan Yun Sang, an executive director of the Company, exercised an option to subscribe 2,000,000 Shares at the price of HK$0.28 per Share. On the same day, an employee of the Group exercised an option to subscribe 2,000,000 Shares at the price of HK$0.28 per Share.

On 20th September 2010, the Company announced that it had entered into a placing agreement with Sun Hung Kai Investment Services Limited dated 17th September 2010 ("**September 2010 Placing Agreement**"). As disclosed in the announcement of the Company dated 20th September 2010, the placing under the September 2010 Placing Agreement represented an opportunity to enlarge the equity base and the shareholders' base of the Company. Pursuant to the September 2010 Placing Agreement, the Company has allotted and issued a total of 76,520,000 Shares to not less than six placees at the price of HK$0.275 per Share, representing a discount of approximately 10.0% to the average closing price of HK$0.301 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 16th September 2010, and a discount of approximately 8.1% to the closing price of HK$0.295 per Share as quoted on the Stock Exchange on 17th September 2010. The net proceeds received by the Company from such placing amounted to approximately HK$20.42 million which is intended to be used to finance future investments and/or for future business development. The net price of each Share issued was approximately HK$0.26 and the aggregate nominal value of the Shares issued was HK$382,600. Approximately HK$20.42 million the net proceeds were used to pay as earnest money to Gold Tycoon Limited for the proposed acquisition of a controlling interest in Gold Depot Investments Limited pursuant to the addendum dated 17th May 2011 to the memorandum of broad terms entered into between the Company and Gold Tycoon Limited and the remaining of the net proceeds were used to pay the professional advisers of the Company for the professional fees previously incurred.

On 29th October 2010, the Company issued and allotted 407,407,407 new Shares at a price of HK$0.27 per Share for the acquisition of the entire issued share capital of Fullmark Management Limited, a company incorporated in the British Virgin Islands with limited liability. The closing price as quoted on the Stock Exchange on 29th October 2010 was HK$0.25 per Share.

On 10th March 2011, the Company issued 142,857,140 new Shares at a price of HK$0.175 per Share to 王雨莎 (Wang Yu Sha) to satisfy part of the consideration for the acquisition of 20% of the registered capital of 上海萬全保險經紀有限公司 (unofficial English translation being Shanghai Wanquan Insurance Brokers Limited). The price of HK$0.175 represented (i) a premium of approximately 0.6% to the closing price of HK$0.174 per Share as quoted on the Stock Exchange on 11th February 2011, being the date of the sale and purchase agreement; (ii) approximately the same as the average closing price of approximately HK$0.1752 per Share as quoted on the Stock Exchange for the last five trading days up to and including 11th February 2011; and (iii) a premium of approximately 3% to the average closing price of approximately HK$0.1701 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 11th February 2011. The aggregate nominal value of the Shares issued was HK$714,285.7. Details of the acquisition are disclosed in the announcement of the Company dated 11th February 2011. The closing price as quoted on the Stock Exchange on 10th March 2011 was HK$0.16 per Share.

On 28th April 2011, the Company announced that it had entered into a placing agreement with Kingsway Financial Services Group Limited dated 27th April 2011. As disclosed in the announcement of the Company dated 28th April 2011, the placing represented an opportunity to enlarge the equity base of the Company. Pursuant to such placing agreement, the Company has allotted and issued a total of 393,500,000 Shares to not less than six placees at the price of HK$0.161 per Share, representing a discount of 8% to the closing price of HK$0.175 per Share as quoted on the Stock Exchange on 27th April 2011, and a discount of approximately 7.15% to the average closing price of HK$0.1734 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 26th April 2011. The net proceeds received by the Company from such placing amounted to approximately HK$61.44 million which is intended to be used to finance future investments and/or for future business development and/or as general working capital. The net price of each Share issued was approximately HK$0.16 and the aggregate nominal value of the Shares issued was HK$1,967,500. HK$25 million of the net proceeds were used to pay as earnest money to the prospective seller for the proposed acquisition of 51% registered capital of 青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited).

Save for the abovementioned, during the year under review, there were no material changes on the capital structure of the Company.

GEARING RATIO

The gearing ratio calculated on the basis of total liabilities over the total shareholders' fund as at 31st March 2011 was approximately 49% (2010: 135%).

FOREIGN CURRENCY EXPOSURE

During the year ended 31st March 2011, 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.

NEW PRODUCTS AND SERVICES

The Group has not launched any new products or services during the period under review.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the period under review, the Company has completed the following material acquisitions:

(i) Acquisition of the entire issued capital of High Pacific Limited

As disclosed in the announcement of the Company dated 2nd July 2010, an agreement dated 1st July 2010 was entered into between Trend Brilliant Limited, a wholly-owned subsidiary of the Company, and Mr. Poon Chi Keung Sammy for the acquisition of the entire issued share capital of High Pacific Limited, a company incorporated in the British Virgin Islands with limited liability. The consideration of the above acquisition was HK$27,000,000.

High Pacific Limited is an investment holding company incorporated in the British Virgin Islands with limited liability on 15th June 2010. As at 1st July 2010, the sole asset of High Pacific Limited is its 10% interest in the issued share capital of 全網通科技股份有限公司 (unofficial English translation being IP Tone Technology Co., Ltd.), a company incorporated in Taiwan with limited liability on 23rd May 2003 and provides internet communication services in Taiwan.

Details of the above acquisition are disclosed in the announcement of the Company dated 2nd July 2010.

(ii) Acquisition of the entire issued share capital of Fullmark Management Limited

Pursuant to the sale and purchase agreement dated 14th June 2010 (as amended by the supplemental agreement dated 28th September 2010) entered into between Trend Brilliant Limited, a wholly-owned subsidiary of the Company, and Expertone Holdings Limited, a company incorporated in the British Virgin Islands, Trend Brilliant Limited has acquired the entire issued share capital of Fullmark Management Limited, a company incorporated in the British Virgin Islands with limited liability, at the consideration of HK$180 million which had been satisfied as to HK$70 million in cash and as to the balance of HK$110 million by the allotment and issue of the 407,407,407 consideration Shares credited as fully paid at HK$0.27 per consideration Share. The closing price as quoted on the Stock Exchange on 29th October 2011 was HK$0.25 per Share.

Fullmark Management Limited is an investment holding company incorporated in the British Virgin Islands on 8th August 2008, the principal assets of Fullmark Management Limited and its subsidiaries are the InsureLink System, a system owned by 鑫約福(上海)貿易有限公司 (unofficial translation being Fullmark (Shanghai) Trading Company Limited), that links an insurance broker or agent's front office seamlessly to its back office and then to the insurance providers, the current complete version of which is developed by 鑫約福(上海)貿易有限公司 (unofficial translation being Fullmark (Shanghai) Trading Company Limited), its equity interest in 東大保險代理股份有限公司 (unofficial translation being Dongda Insurance Agency Company Limited) of 24.9% and cash and bank balances.

Details of the above acquisition are disclosed in the circular of the Company dated 30th September 2010.

(iii) Acquisition of the entire issued share capital of 上海萬全保險經紀有限公司 (unofficial English translation being Shanghai Wanquan Insurance Brokers Limited)

On 11th February 2011, the Company entered into the sale and purchase agreement for the acquisition of 20% of the registered capital of 上海萬全保險經紀有限公司 (unofficial English translation being Shanghai Wanquan Insurance Brokers Limited), at the consideration of HK$30,000,000, which had been satisfied as to HK$5,000,000 in cash and as to HK$25,000,000 by the allotment and issue of the 142,857,140 consideration Shares by the Company credited as fully paid at HK$0.175 per consideration Share. The closing price as quoted on the Stock Exchange on 10th March 2011 was HK$0.16 per Share.

上海萬全保險經紀有限公司 (unofficial English translation being Shanghai Wanquan Insurance Brokers Limited) is a company established in the People's Republic of China with limited liability on 28th May 2010, with a registered capital of RMB10 million. It engages in insurance agent business, and its scope of business includes provision of insurance plans, handling insurance applications, selection of insurance companies, reinsurance agent business, risk analysis and risk management and consulting services, and other business specified by the China Insurance Regulatory Commission.

Details of the above acquisition are disclosed in the announcement of the Company dated 11th February 2011.

(iv) Possible acquisition of the entire issued share capital of Fame Thrive Limited

On 30th December 2010, the Company and an independent third party entered into a memorandum of understanding in respect of the possible acquisition of the entire issued share capital of Fame Thrive Limited, a company incorporated in the British Virgin Islands with limited liability.

Subsequently on 6th May 2011, the Company entered into an addendum to the memorandum of understanding with the prospective seller to provide for the payment of HK$20,000,000 to the prospective seller as an interest-free refundable earnest money for the possible acquisition of the entire issued share capital of Fame Thrive Limited and as part payment of the consideration if the formal acquisition agreement is entered into between the Company and the prospective seller. The earnest money was paid by the Company to the prospective seller upon signing of the addendum.

Fame Thrive Limited will implement a reorganisation whereby it will, directly or indirectly, establish a wholly-foreign owned enterprise in the People's Republic of China and such wholly-foreign owned enterprise will enter into a co-operation arrangement with 東大保險經紀有限責任公司 (unofficial English translation being Dongda Insurance Brokerage Company Limited), a company established in the People's Republic of China. 東大保險經紀有限責任公司 (unofficial English translation being Dongda Insurance Brokerage Company Limited) provides property and life insurance professional insurance brokers services (such as engineering insurance, cargo transportation insurance liability insurance and group life insurance) and reinsurance brokers service.

Details of the above possible acquisition are disclosed in the announcements of the Company dated 30th December 2010 and 6th May 2011.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from the possible acquisition of the entire issued share capital of Fame Thrive Limited as stated above, after the year ended 31st March 2011, the Group may undertake the following investments or acquisitions:

(i) Possible acquisition of not less than 50% of the entire issued share capital of Gold Depot Investments Limited

On 20th April 2011, the Company and Gold Tycoon Limited, a company incorporated in the British Virgin Islands with limited liability, entered into the memorandum of broad terms in relation to the proposed acquisition of not less than 50% of the entire issued share capital of the Gold Depot Investments Limited, a company incorporated in the British Virgin Islands with limited liability, in which the Company understood that Gold Depot Investments Limited directly or indirectly owns an exploration right and a mining right of a gold mine located in Guizhou, the People's Republic of China.

Subsequently on 17th May 2011, the Company and the Gold Tycoon Limited entered into the addendum to the memorandum of broad terms to provide for the payment of HK$25,000,000 to Gold Tycoon Limited as an interest-free refundable earnest money for the possible acquisition of not less than 50% of the entire issued share capital of Gold Depot Investments Limited and as part payment of the consideration if the definitive agreement is entered into between the Company (or its nominee) and Gold Tycoon Limited. The earnest money was paid by the Company to Gold Tycoon Limited upon signing of the addendum.

The final consideration of the above possible acquisition has not yet been determined and may be satisfied by the Group (i) in cash; (ii) by issue of new Shares; (iii) by issuing convertible note by the Company and/or (iv) a combination of any of the above (i), (ii) and/or (iii).

Details of the above possible acquisition are disclosed in the announcements of the Company dated 20th April 2011 and 17th May 2011.

(ii) Proposed acquisition of 51% of the registered capital of 青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited)

On 23rd May 2011, the Company and Fei Luxi (費露熙) entered into the memorandum of understanding in relation to the proposed acquisition of 51% of the registered capital of 青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited), a limited liability company established in the People's Republic of China. Based on the information provided by the prospective seller, the Company is given to understand that the principal business of 青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited) was, among others, the provision of insurance brokerage service in Qingdao and its surrounding area.

Pursuant to the memorandum of understanding, the Company paid HK$25,000,000 to the prospective seller a refundable earnest money for the proposed acquisition.

On 24th June 2011, Fei Luxi (費露熙) and 鑫約福(上海)貿易有限公司 (unofficial English translation being Fullmark (Shanghai) Trading Company Limited), a wholly-owned subsidiary of the Company, entered into a conditional share transfer agreement whereby Fei Luxi (費露熙) agreed to sell, and 鑫約福(上海)貿易有限公司 (unofficial English translation being Fullmark (Shanghai) Trading Company Limited) agreed to purchase, 51% of the registered capital of 青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited), at the consideration of HK$33,000,000, which shall be paid/payable by the Company to Fei Luxi (費露熙) as follows:

(i) as to HK$25,000,000 by applying the earnest money as fully refundable deposit and part payment of the consideration;

(ii) as to HK$7,960,059.88 by the Company allotting and issuing 49,196,909 consideration Shares), to be credited as fully paid at HK$0.1618 per consideration Share, to Fei Luxi (費露熙) within three days after the completion date; and

(iii) as to HK$39,940.12 in cash to be paid by 鑫約福(上海)貿易有限公司 (unofficial English translation being Fullmark (Shanghai) Trading Company Limited) to Fei Luxi (費露熙) within three days after the completion date.

The issue price of the consideration Shares of HK$0.1618 per consideration Share represents:

(i) a premium of approximately 1.76% to the closing price of HK$0.159 per Share as quoted on the Stock Exchange on 24th June 2011;

(ii) the same as the average closing price of approximately HK$0.1618 per Share as quoted on the Stock Exchange for the last five trading days up to and including 24th June 2011; and

(iii) a premium of approximately 0.31% to the average closing price of approximately HK$0.1613 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 24th June 2011.

The consideration Shares to be issued will be allotted and issued by the Company pursuant to the general mandate granted to the Directors at the extraordinary general meeting held on 19th April 2011.

Completion shall be conditional upon (i) the Stock Exchange having granted the listing of and permission to deal in the consideration Shares within 30 days after the date of the agreement; and (ii) the obtaining of all approvals from the relevant authorities within six months from the date of the agreement. As at the date of this report, completion of the proposed acquisition has not yet taken place.

Details of the above proposed acquisition are disclosed in the announcements of the Company dated 23rd May 2011 and 24th June 2011.

In the event that any of the possible/proposed acquisitions are not proceeded with, the earnest money/deposit paid by the Group will be refunded by the relevant vendors.

SEGMENT INFORMATION

During the period under review, the Group is principally engaged in two business segments. The Group presents its segmental information based on the nature of the products and services provided.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

The Group reports its businesses in two business segments namely:

- systems development; and
- professional services.

Turnover generated from the People's Republic of China represented over 90% of the total turnover of the Group for the year ended 31st March 2011 and 2010.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March 2011, the Group had 19 and 109 (2010: 4 and 186) employees in Hong Kong and the People's Republic of China respectively, which included the directors of the Company. Total staff costs including directors' remuneration for the year under review amounting to approximately HK$36.4 million (2010: HK$21.2 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 has not made any changes to its remuneration policy and no bonuses were granted to any of its executive directors or employees for the year ended 31st March 2011, save that the Company has granted options to two directors of the Company and two employees of the Group to subscribe an aggregate of 41,450,000 Shares.

The Company adopted a share option scheme on 22nd October 2003. Pursuant to such share option scheme, the directors and employees of the Company and its subsidiaries may be granted options to subscribe for shares of the Company. During the year ended 31st March 2011, options were granted to two directors of the Company and two employees of the Group to subscribe a total of 41,450,000 Shares.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

Details of charges on the Group's assets and contingent liabilities are set out in Note 40 to the consolidated financial statements.

The biographical details in respect of the directors and the senior management of Tai Shing International (Holdings) Limited ("**Company**") as at the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. Wong Chung Wai Eric, aged 49, is experienced in fund management and corporate planning. Prior to joining the Company, he held various senior management positions in a number of companies which provide corporate planning and financial services. Mr. Wong was appointed as an executive director of the Company and the compliance advisor of the Company on 15th March 2010. Mr. Wong was appointed as the chairman of the board of directors of the Company on 4th August 2010.

Mr. Chan Yun Sang, aged 49, has over 22 years of experience in the banking industry. Mr. Chan was appointed as an executive director of the Company on 15th March 2010.

Mr. Choi King Lit, aged 35, holds a Bachelor of Laws from the City University of Hong Kong. Mr. Choi has been engaged in the business of immigration consultancy and has over 5 years experience in corporate management. Mr. Choi was appointed as an executive director of the Company on 16th March 2011.

Mr. Han Fangfa, aged 48, holds a graduation certificate (畢業證) from the China University of Geosciences (中國地質大學) in hydrogeology and engineering geology (水文地質及工程地質專業). Mr. Han has been engaged in the work of geosciences for over 27 years and is a Senior Engineer in geology and minerals (地礦高級工程師). Mr. Han is experienced in project management. Mr. Han was appointed as an executive director of the Company on 16th March 2011.

NON-EXECUTIVE DIRECTOR

Dr. Pan Jin, aged 49, holds a Doctor of Engineering degree from Tsinghua University. Dr. Pan has joined Tsinghua Tongfang Co. Ltd. since 1998, a company established in the People's Republic of China and the shares of which are listed on the Shanghai Stock Exchange, and has been appointed as the general manager of the Department of Investments of Tsinghua Tongfang Co. Ltd. in May 2010, responsible for conducting feasibility due diligence, corporate finance, investment and management matters. Dr. Pan was appointed a director of Tangshan Jingyuan Yufeng Electronics Co. Ltd., a company established in the People's Republic of China and the shares of which are listed on the Shenzhen Stock Exchange. Dr. Pan was appointed as a non-executive director of the Company on 22nd October 2010.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Sze Lok, aged 40, holds a Business Administration degree and is a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Tang has over 14 years' experience in auditing, financial accounting and implementation of internal, financial, operational and compliance control and financial reporting system. He also has experience in mergers and acquisitions and financial due diligence review. Mr. Tang was appointed as an independent non-executive director of the Company on 4th February 2009.

Mr. Yan Yonghong, aged 44, joined the Company on 30th September 2004. Mr. Yan graduated from Tsinghua University with a Bachelor of Science degree in Electronic Engineering and holds a Doctorate degree in Computer Science and Engineering with Oregon Graduate Institute of Science and Engineering, the United States of America. He had been a principal engineer of Intel Corporation and an associate professor of Oregon Health and Science University. Currently, he is appointed by the Chinese Academy of Sciences as a professor and an instructor of doctorate students. He is also appointed by the Chinese government as a member of the vetting committee of National Science Foundation of China.

Mr. Lee Kwok Yung, aged 55, is a solicitor of the High Court of Hong Kong and has been a practicing solicitor for over 22 years. Mr. Lee holds a diploma from the College of Radiographers and an honours degree in law from the University of London, and a postgraduate certificate in laws from the University of Hong Kong. He is a partner of Messrs. Hau, Lau, Li & Yeung, Solicitors & Notaries. He has been serving as an independent non-executive director of another listed company, G.A. Holdings Limited (Stock Code: 8126) since June 2002, a company incorporated in the Cayman Islands whose securities are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Mr. Lee was appointed as an independent non-executive director of the Company on 15th April 2010.

Mr. Chan Wai Kwong, Peter, aged 58, holds a Bachelor of Arts (Social Science) from the University of Western Ontario. Mr. Chan now serves as an executive director of China Solar Energy Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 155; warrant code: 932) and Mobile Telecom Network (Holdings) Limited, a company incorporated in the Cayman Islands whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (stock code: 8266), and as an independent non-executive director of Century Ginwa Retail Holdings Limited (formerly known as China Golden Development Holdings Limited), a company incorporated in Bermuda whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 162). He was appointed as a panel member of the Appeal Board (Amusement Game Centres) pursuant to Amusement Game Centres Ordinance (Chapter 435 of the Laws of Hong Kong). Mr. Chan was appointed as an independent non-executive director of the Company on 25th January 2011.

SENIOR MANAGEMENT

Mr. Young Wai Ching, aged 42, is the company secretary of the Company. Mr. Young is a practising member of the Hong Kong Institute of Certified Public Accountants and a member of the Chartered Association of Certified Accountants of the United Kingdom. He has over 16 years working experience in an accounting firm in Hong Kong performing auditing and management functions. Mr. Young was appointed as the company secretary of the Company on 25th July 2003.

Tai Shing International (Holdings) Limited ("**Company**", together with its subsidiaries, the "**Group**") is committed to high standards of corporate governance in the interest of its shareholders. It has continued and will continue to identify and adopt the best corporate governance practices appropriate to the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("**Code**") contained in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("**GEM Listing Rules**") throughout the year ended 31st March 2011.

Pursuant to code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year under review, following the resignation of Ms. Li Wenli as an executive director of the Company ("**Director**"), who was also the chief executive officer of the Company, on 18th November 2010, the Company has not appointed a chief executive officer. The role of chief executive officer is presently assumed by Mr. Wong Chung Wai, Eric, who is an executive Director and the chairman of the board of Directors ("**Board**"). The Board is presently identifying a suitable candidate to be appointed as the chief executive officer and will make further announcement upon its appointment.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the required standard of dealings as 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 by the Directors.

Having made specified enquiry with the Directors, save as disclosed below, all the Directors confirmed that they had complied with the required standard of dealings for the year ended 31st March 2011.

During the year under review, Mr. Ng Chi Wing, a former executive Director, acquired 20,000 shares of the Company on 6th May 2010 on market at the price of HK$0.27 per share. On 7th May 2011, Mr. Ng Chi Wing disposed of the said 20,000 shares on market at the price of HK$0.29. Mr. Ng Chi Wing confirmed that the non-compliance was unintentional and he had never possessed nor obtained any material information with regard to the Company which might affect the price of the shares at the time of the dealings. Subsequent to the dealings, actions have been taken immediately by Mr. Ng Chi Wing by, among other matters, donating HK$400, being the profit made under the dealings, to Hong Kong Red Cross on 12th May 2010.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board is responsible for the formulation of strategies and policies, including an oversight of the management. The management of the Company is responsible for the day-to-day operations of the Company under the leadership of the chief executive officer.

As at 31st March 2011, the Board comprised nine Directors, including (i) four executive Directors, namely Mr. Wong Chung Wai, Eric (as chairman of the Board and also chief executive officer), Mr. Chan Yun Sang, Mr. Choi King Lit and Mr. Han Fangfa; (ii) one non-executive Director, namely Dr. Pan Jin; and (iii) four independent non-executive Directors, namely Mr. Yan Yonghong, Mr. Tang Sze Lok, Mr. Lee Kwok Yung and Mr. Chan Wai Kwong, Peter. One of the independent non-executive Director, namely Mr. Tang Sze Lok, has appropriate professional qualifications, or accounting or related financial management expertise.

In determining the independence of independent non-executive Directors, the Board has followed the requirements set out in the GEM Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company is of the view that all the independent non-executive Directors have met the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and considers that they are independent.

Pursuant to the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman of the Board is responsible for the leadership and effective running of the Board, and for ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner, while the chief executive officer of the Company, supported by other members of the Board and the senior management, is responsible for the day-to-day management of the Group's business, including the implementation of major strategies and initiatives adopted by the Group.

The Board meets regularly, and at least four times a year. Between scheduled meetings, senior management of the Company from time to time meets with Directors to discuss the businesses of the Company. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

During the financial year ended 31st March 2011, the Board held four regular meetings, and the attendance records of the meetings are set out below:

	Attended
Executive Directors	
Mr. Wong Chung Wai, Eric *(appointed as the chairman on 15th August 2010)*	4/4
Mr. Luk Yat Hung *(retired on 4th August 2010 and resigned as the chairman on 4th August 2010)*	1/1
Ms. Li Wenli *(resigned on 18th November 2010)*	3/3
Mr. Chan Yun Sang	4/4
Mr. Ng Chi Wing *(appointed on 15th April 2010 and resigned on 18th February 2011)*	4/4
Mr. Choi King Lit *(appointed on 16th March 2011)*	0/0
Mr. Han Fangfa *(appointed on 16th March 2011)*	0/0
Non-executive Director	
Dr. Pan Jin *(appointed on 22nd October 2010)*	2/2
Independent non-executive Directors	
Professor Ip Ho Shing, Horace *(resigned on 18th November 2010)*	3/3
Mr. Tang Sze Lok	4/4
Mr. Yan Yonghong	4/4
Mr. Peng Lijun *(retired on 4th August 2010)*	1/1
Mr. Lee Kwok Yung *(appointed on 15th April 2010)*	4/4
Mr. Chan Wai Kwong, Peter *(appointed on 25th January 2011)*	1/1

As at 31st March 2011, in respect of the non-executive Director and the independent non-executive Directors, each of Mr. Tang Sze Lok and Mr. Yan Yonghong has entered into a service contract with the Company for a term of 12-month period. The appointment will be automatically renewed for successive 12-month periods unless terminated by either party in writing prior to the expiry of the term.

Each of Dr. Pan Jin, Mr. Lee Kwok Yung and Mr. Chan Wai Kwong, Peter has not entered into any service contract with the Company and has been appointed for a term of one year subject to retirement by rotation and other related provisions as stipulated in the articles of association of the Company.

There is no relationship (including financial, business, family or material/relevant relationship(s)) among members of the Board.

REMUNERATION OF DIRECTORS

The remuneration committee of the Company was established in 2005 with written terms of reference. During the year ended 31st March 2011, the composition of the remuneration committee of the Company was as follows:

Name of member	1st April 2010 to 18th November 2010	18th November 2010 to 31st March 2011
Professor Ip Ho Shing, Horace *(resigned as an independent non-executive Director on 18th November 2010)*	Chairman	—
Mr. Tang Sze Lok	Member	Member
Mr. Lee Kwok Yung *(appointed as an independent non-executive Director on 15th April 2010)*	—	Chairman

The remuneration committee of the Company assists the Board to determine the specific remuneration packages of all Directors, and to administer the share option schemes adopted by the Company. The remuneration committee of the Company considers factors such as market conditions, responsibilities and performance of each of the Directors in determining the remuneration package.

During the year ended 31st March 2011, the remuneration committee of the Company held one meeting. Details of the attendance of the remuneration committee meeting are set out below:

Name of member	Attendance
Mr. Lee Kwok Yung *(appointed as an independent non-executive Director on 15th April 2010)*	1/1
Mr. Tang Sze Lok	1/1
Professor Ip Ho Shing, Horace *(resigned as an independent non-executive Director on 18th November 2010)*	0/0

During the year ended 31st March 2011, the remuneration committee of the Company has considered and reviewed the existing terms of appointment of the Directors. The remuneration committee of the Company considers that the existing terms of appointment of the Directors are fair and reasonable.

NOMINATION OF DIRECTORS

The Company does not have a nomination committee. Instead, the Board is responsible for considering suitable candidate to serve as Directors and approving and terminating the appointment of Directors. The Board selects and nominates candidates based on whether they possess the skills and experience required by the Group's development.

The chairman of the Board is mainly responsible for looking for suitable candidates to join the Board when there are vacancies or when it is necessary to hire additional Directors. The Chairman will propose the appointment of the candidates concerned to each member of the Board, each member of the Board will review the qualifications of the candidates concerned and decide whether they are suitable to join the Company based on their calibre, experience and background.

Pursuant to the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not more than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

During the year ended 31st March 2011, the Board has held a total of seven meetings relating to the appointment, resignation and re-designation of Directors, and the attendance of the Directors are as follows:

	Attended
Executive Directors	
Mr. Wong Chung Wai, Eric	7/7
Mr. Luk Yat Hung *(retired on 4th August 2010)*	1/1
Ms. Li Wenli *(resigned on 18th November 2010)*	1/3
Mr. Chan Yun Sang	7/7
Mr. Ng Chi Wing *(appointed on 15th April 2010 and resigned on 18th February 2011)*	4/4
Mr. Choi King Lit *(appointed on 16th March 2011)*	0/0
Mr. Han Fangfa *(appointed on 16th March 2011)*	0/0
Non-executive Director	
Dr. Pan Jin *(appointed on 22nd October 2010)*	3/4
Independent non-executive Directors	
Professor Ip Ho Shing, Horace *(resigned on 18th November 2010)*	2/3
Mr. Tang Sze Lok	7/7
Mr. Yan Yonghong	0/7
Mr. Peng Lijun *(retired on 4th August 2010)*	0/1
Mr. Lee Kwok Yung *(appointed on 15th April 2010)*	5/6
Mr. Chan Wai Kwong, Peter *(appointed on 25th January 2011)*	2/2

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AND INTERNAL CONTROL

The Directors ensure the financial statements of the Group are prepared in accordance with the statutory requirement and applicable accounting standards.

The Directors' responsibilities in the preparation of the financial statements and the auditor's responsibilities are set out in the section headed "Independent auditor's report" of this report.

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control. The Board has conducted a review of the system of internal control of the Group, and made suggestions to improve the system. The Board is satisfied that the internal control system of the Group, after implementing the suggested improvements, will be effective.

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. The composition of the audit committee of the Company is as follows:

Name of member	1st April 2010 to 4th August 2010	4th August 2010 to 18th November 2010	18th November 2010 to 18th February 2011	18th February 2011 to 31st March 2011
Mr. Tang Sze Lok	Chairman	Chairman	Chairman	Chairman
Professor Ip Ho Shing, Horace *(resigned as an independent non-executive Director on 18th November 2010)*	Member	Member	—	—
Mr. Yan Yonghong	Member	Member	Member	—
Mr. Peng Lijun *(retired as an independent non-executive Director on 4th August 2010)*	Member	—	—	—
Mr. Lee Kwok Yung *(appointed as an independent non-executive Director on 15th April 2010)*	—	—	Member	Member
Mr. Chan Wai Kwong, Peter *(appointed as an independent non-executive Director on 25th January 2011)*	—	—		Member

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 audit committee of the Company held four meetings during the financial year ended 31st March 2011. The attendance records of the audit committee meetings are set out below:

Name of member	Attendance
Mr. Tang Sze Lok	4/4
Professor Ip Ho Shing, Horace *(ceased to be a member of the audit committee on 18th November 2010)*	2/2
Mr. Yan Yonghong *(ceased to be a member of the audit committee on 18th February 2011)*	4/4
Mr. Peng Lijun *(ceased to be a member of the audit committee on 4th August 2010)*	1/1
Mr. Lee Kwok Yung *(appointed as a member of the audit committee on 18th November 2010)*	1/1
Mr. Chan Wai Kwong, Peter *(appointed as a member of the audit committee on 18th February 2011)*	0/0

For the financial year ended 31st March 2011, the audit committee of the Company reviewed with senior management and the auditors of the Company their audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and financial reporting matters (including the unaudited quarterly and interim results and audited consolidated financial statements for the year ended 31st March 2011).

The audited consolidated results of the Group for the year ended 31st March 2011 have been reviewed by the audit committee of the Company.

AUDITOR'S REMUNERATION

The audit works of the Group for the year ended 31st March 2011 were performed by CCTH CPA Limited while the audit works of the Group for the year ended 31st March 2010 were performed by SHINEWING (HK) CPA Limited.

The total fee paid/payable in respect of the statutory audit and non-audit services provided by the external auditors is set out in the following table:

	2011	2010
	HK$'000	HK$'000
CCTH CPA Limited		
— Audit services	**450**	—
— Non-audit services	**—**	—
SHINEWING (HK) CPA Limited		
— Audit services	**—**	640
— Non-audit services	**—**	120

DIRECTOR'S REPORT

The board ("**Board**") of directors ("**Directors**") of Tai Shing International (Holdings) Limited ("**Company**", together with its subsidiaries, the "**Group**") is pleased to present its report together with the audited financial statements of the Group for the year ended 31st March 2011.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding and the activities of the subsidiaries are set out in Note 42 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 31st March 2011 by business and geographical segments are set out in Note 10 to the consolidated financial statements.

ANNUAL RESULTS

The annual results of the Group for the year ended 31st March 2011 are set out in the section headed "Consolidated statement of comprehensive income" of this report.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the Group during the year ended 31st March 2011 are set out in Note 19 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Group during the year ended 31st March 2011 are set out in Note 35 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year under review are set out in the section headed "Consolidated statement of changes in equity" of this report.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st March 2011.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, the funds in the share premium account and capital reserve of the Company are distributable to the shareholders of the Company subject to the provisions of the memorandum and articles of association of the Company and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

As at 31st March 2011, in the opinion of the Directors, the Company's reserves available for distribution to shareholders was approximately HK$246.9 million.

MAJOR CUSTOMERS AND SUPPLIERS

For the year, the aggregate percentage of purchases attributable to the Group's five largest suppliers is approximately 38% of the total purchases of the Group and the largest supplier included therein amounted to approximately 10%.

For the year, the aggregate percentage of sales attributable to the Group's five largest customers accounted for approximately 38% of the total sales of the Group and the largest customer included therein amounted to approximately 12%.

At no time during the year have the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or their associates (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

DIVIDENDS

The Directors do not recommend the payment of any final dividend for the year ended 31st March 2011.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme for the year ended 31st March 2011 are set out in Note 17 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions are set out in Note 43 to the consolidated financial statements. Such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under the Rules ("**GEM Listing Rules**") Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

DIRECTOR'S REPORT

DIRECTORS

During the year ended 31st March 2011 and up to the date of this report, the Board comprises the following Directors:

Executive Directors
Mr. Wong Chung Wai, Eric *(appointed as the chairman on 15th August 2010)*
Mr. Luk Yat Hung *(retired on 4th August 2010 and resigned as the chairman on 4th August 2010)*
Ms. Li Wenli *(resigned on 18th November 2010)*
Mr. Chan Yun Sang
Mr. Ng Chi Wing *(appointed on 15th April 2010 and resigned on 18th February 2011)*
Mr. Choi King Lit *(appointed on 16th March 2011)*
Mr. Han Fangfa *(appointed on 16th March 2011)*

Non-executive Director
Dr. Pan Jin *(appointed on 22nd October 2010)*

Independent non-executive Directors
Professor Ip Ho Shing, Horace *(resigned on 18th November 2010)*
Mr. Tang Sze Lok
Mr. Yan Yonghong
Mr. Peng Lijun *(retired on 4th August 2010)*
Mr. Lee Kwok Yung *(appointed on 15th April 2010)*
Mr. Chan Wai Kwong, Peter *(appointed on 25th January 2011)*

The biographical details of the Directors as at the date of this report are set out in the section of "Directors and senior management profile" of this report.

RETIREMENT OF DIRECTORS

Subject to the retirement by rotation provisions in the articles of association and the requirements of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules, (i) Mr. Choi King Lit, (ii) Mr. Han Fangfa; (iii) Dr. Pan Jin; and (iv) Chan Wai Kong, Peter who are Directors being appointed after the last annual general meeting of the Company will retire and being eligible, offer themselves for re-election. Pursuant to article 87(1) of the articles of association of the Company, Mr. Yan Yonghong, an independent non-executive Director, will retire by rotation and will not offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Each of the non-executive Director and the independent non-executive Director were appointed for a term of one year form the date of his appointment or re-appointment as a Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS CONFIRMATION OF INDEPENDENCE

The Company has received from each of Mr. Tang Sze Lok, Mr. Yan Yonghong, Mr. Lee Kwok Yung and Mr. Chan Wai Kwong, Peter an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that each of the independent non-executive Directors independent.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 18 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31st March 2011, the relevant interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the required standard of dealing by the Directors under the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Director	Nature of shares interested	Number of shares interested	Approximate percentage of issued share capital *(note 3)*
Mr. Wong Chung Wai, Eric *(note 1)*	Beneficial owner	10,000,000	0.45%
Mr. Chan Yun Sang *(note 2)*	Beneficial owner	10,000,000	0.45%

Notes:

1. Mr. Wong Chung Wai, Eric is an executive Director. As at 31st March 2011, Mr. Wong Chung Wai, Eric is interested in 2,000,000 shares of the Company and an option to subscribe up to 8,000,000 shares of the Company.

2. Mr. Chan Yun Sang is an executive Director. As at 31st March 2011, Mr. Chan Yun Sang is interested in 2,000,000 shares of the Company and an option to subscribe up to 8,000,000 shares of the Company.

3. As at 31st March 2011, the issued share capital of the Company is 2,198,484,547 shares.

LONG POSITIONS IN UNDERLYING SHARES OF EQUITY DERIVATIVES AND DEBENTURES OF THE COMPANY

As at 31st March 2011, no long positions of the Directors and chief executive of the Company in the underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF EQUITY DERIVATIVES AND DEBENTURES OF THE COMPANY

As at 31st March 2011, no short positions of the Directors and chief executive in the shares, underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, as at 31st March 2011, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares of equity derivatives and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the Directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 31st March 2011, the following persons who had an interest or short position in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO:—

Name of shareholders	Capacity	Number of shares held	Approximate percentage of shareholding *(note 3)*
Galaxy Asset Management (H.K.) Ltd *(note 1)*	Investment manager	238,670,000	10.86%
Mr. Kang Zhaohao	Beneficial owner	166,660,000	7.58%
Resuccess Investments Limited *(note 2)*	Beneficial owner	158,900,000	7.23%
Tsinghua Tongfang Co. Ltd. *(note 2)*	Interest in controlled corporation	158,900,000	7.23%
Ms. Wang Yusha	Beneficial owner	157,537,140	7.17%
Deutsche Bank Aktiengesellschaft *(note 1)*	Investment manager	128,670,000	5.86%
Ms. Zhang He	Beneficial owner	114,718,519	5.21%
UBS AG *(note 1)*	Investment manager	110,000,000	5.00%

Notes:

1. Galaxy Fund I and Galaxy Fund II (which are managed by the same fund manager, Galaxy Asset Management (H.K.) Ltd.) in aggregate, were interested in 238,670,000 Shares, comprising 110,000,000 Shares held by Galaxy Fund I and 128,670,000 Shares held by Galaxy Fund II.

2. Resuccess Investments Ltd. is a company incorporated in the British Virgin Islands with limited liability and is owned by Tsinghua Tongfang Co. Ltd. Tsinghua Tongfang Co. Ltd. will be taken to be interested in 158,900,000 shares in the Company as a result of it being beneficially interested in 100% of the issued share capital of Resuccess Investments Limited.

3. As at 31st March 2011, the issued share capital of the Company is 2,198,484,547 shares.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 31st March 2011, no long positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

SHORT POSITIONS IN SHARES OF THE COMPANY

As at 31st March 2011, no short positions of other persons or substantial shareholders in the shares of the Company and its associated corporations were recorded in the register.

SHORT POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 31st March 2011, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register. Save as disclosed above, as at 31st March 2011, the Directors were not aware of any other person who has an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO.

CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which any member of the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31st March 2011.

No contract of significance between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisted during the year ended 31st March 2011.

No contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted during the year ended 31st March 2011.

DIRECTORS' COMPETING INTERESTS

As of 31st March 2011, none of the Directors, the substantial shareholders or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

The Company adopted a share option scheme ("**Scheme**") on 22nd October 2003.

(a) Purpose of the Scheme

The purpose of the Scheme is to enable the Company to grant share options to selected participants as incentives or rewards for their contribution and prospective contribution to and stronger business relationship between the selected participants and the Group.

(b) Participants of the Scheme

Under the Scheme, the Board shall have the absolute discretion to determine who is a participant in order that such person can participate in the Scheme (“**Participant**”). In exercising such discretion, the Board shall take into account the following factors:

(i) whether such person is an eligible employee, being any executive, employee (whether full time or part time), or director in the employ of any member of the Group or any entity in which any member of the Group holds an equity interest (“**Invested Entity**”), an adviser of, a consultant of, or a contractor to any member of the Group or any Invested Entity, or whether such person has any relationship (whether business or otherwise) with the Group or any Invested Entity and the duration of such relationship;

(ii) any contributions which have been made by such person to the Group or any Invested Entity in the past and the extent of any such contributions;

(iii) any potential contributions to the Group or any Invested Entity which are considered by the Board such persons would make and the extent of such potential contributions;

(iv) the existing terms of legal and business relationship between such persons and the Group or any Invested Entity; and

(v) the views of the independent non-executive Directors in considering who is a Participant.

(c) Basis for determining the subscription price

The subscription price shall be a price determined by the Board at its absolute discretion and notified to a Participant provided that it shall be no less than the higher of:

(i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the relevant acceptance date, which must be a business day;

(ii) the average of the closing prices of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the relevant acceptance date; and

(iii) the nominal value of the share of the Company.

An offer of option shall lapse if not accepted on or before the twenty-eighth day from the date such offer is made to a Participant. A nominal consideration of HK$1 is payable by the grantee on acceptance of the grant of an option.

(d) Maximum numbers available for issue

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Scheme shall not in aggregate exceed 10% of the issued share capital of the Company as at the adoption date ("**General Scheme Limit**") unless further shareholders' approval is obtained in general meeting, provided that options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the General Scheme Limit.

Notwithstanding the foregoing the total number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 30% of the shares of the Company in issue from time to time.

As at 31st March 2011, the total number of shares available for issue under the Scheme was 5,000 shares of the Company, representing approximately 0.00023% of the issued share capital of the Company as at 31st March 2011.

(e) Maximum entitlement of each Participant

For each Participant, the total number of shares issued and to be issued upon exercise of all options granted and further to be granted in any 12-month period (including both exercised and outstanding options) and in the 12-month period up to and including the acceptance date (including exercised, cancelled and outstanding options) shall not in isolation or aggregate exceed 1% of the shares, and any grant of option which would result in such limit being exceeded shall be approved by the Company in general meeting with such Participant and any associate thereof abstaining from voting.

(f) Time of exercise of the option

An option may be exercised in whole or in part in accordance with the terms of the Scheme at any time during the period commencing on the first business day from the date of grant of option and expiring at the close of business on a date to be determined and notified by the Directors which shall not be more than 10 years from the date of grant of option.

Unless the Directors otherwise determined and stated at the time of granting the option, there is no minimum period for which an option must be held before it can be exercised.

(g) Remaining life of the Scheme

The Directors shall be entitled at any time within 10 years commencing on 22nd October 2003 to offer the grant of an option to any qualifying participants.

(h) Movements of the options granted under the Scheme

Prior to 1st April 2010, no option was granted under the Scheme. During the year ended 31st March 2011, the movements of the options granted under the Scheme are as follows:

	Number of options outstanding as at 1st April 2010	Date of grant	Number of options granted during the year	Vesting period	Number of options exercised during the year	Closing price of the securities immediately before the date on which the options were exercised	Number of options cancelled or lapsed during the year	Number of options outstanding as at 31st March 2011	Exercise price of the option and exercise period	Closing price immediately before the date on which the options were granted
Directors										
Mr. Wong Chung Wai, Eric	Nil	5th July 2010	10,000,000	Nil	2,000,000	HK$0.275	Nil	8,000,000	HK$0.28 (5th July 2010 to 4th July 2015)	HK$0.28
Mr. Chan Yun Sang	Nil	5th July 2010	10,000,000	Nil	2,000,000	HK$0.275	Nil	8,000,000	HK$0.28 (5th July 2010 to 4th July 2015)	HK$0.28
Others										
Employee	Nil	5th July 2010	10,000,000	Nil	2,000,000	HK$0.275	Nil	8,000,000	HK$0.28 (5th July 2010 to 4th July 2015)	HK$0.28
Employee	Nil	6th July 2010	11,450,000	Nil	Nil	Nil	Nil	11,450,000	HK$0.278 (6th July 2010 to 5th July 2015)	HK$0.28

Save as disclosed herein, as at 31st March 2011, none of the Directors, chief executive, substantial shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any right to subscribe for the shares of the Company.

SERVICE OPTION

In addition, in consideration for the services of Mr. Wong Chi Keung as described in the circular of the Company dated 30th September 2010, the Company has granted to Fantasy Top Limited (as nominated by Mr. Wong Chi Keung) a service option to subscribe for up to 60,000,000 ordinary shares of the Company at the exercise price of HK$0.10 per service option share until 23rd February 2013.

During the year ended 31st March 2011, Fantasy Top Limited did not exercise any of the service option.

DIRECTOR'S REPORT

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

During the year ended 31st March 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

FIVE YEAR SUMMARY

A summary of results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Five year summary" of this report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands.

AUDITORS

SHINEWING (HK) CPA Limited acted as the independent auditor of the Company for two years ended 31st March 2009 and 2010. As disclosed in the announcement of the Company dated 9th March 2011, SHINEWING (HK) CPA Limited resigned as the auditors of the Company. At the extraordinary general meeting of the Company held on 30th March 2011, CCTH CPA Limited was appointed as the auditors of the Company for the year ended 31st March 2011.

A resolution will be proposed to re-appoint CCTH CPA Limited as the auditors of the Company at the forthcoming annual general meeting.

On behalf of the Board

Wong Chung Wai, Eric
Chairman and executive Director
Hong Kong

30th June 2011

TO THE SHAREHOLDERS OF TAI SHING INTERNATIONAL (HOLDINGS) LIMITED
泰盛國際(控股)有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Tai Shing International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 107, which comprise the consolidated statement of financial position as at 31st March 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCTH CPA Limited
Certified Public Accountants
Kwong Tin Lap
Practising Certificate Number: P01953

Hong Kong
30th June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	9	**50,167**	68,583
Cost of services		**(39,184)**	(52,278)
Gross profit		**10,983**	16,305
Other income	9	**13,960**	12,281
Selling and distribution expenses		**(6,628)**	(5,806)
Administrative expenses		**(51,866)**	(14,110)
Other expenses	11	**(12,821)**	(4,921)
Finance costs	12	**(1,049)**	(602)
Share of profit of associates		**123**	—
(Loss)/profit before taxation		**(47,298)**	3,147
Income tax (expense)/credit	13	**(252)**	497
(Loss)/profit for the year	14	**(47,550)**	3,644
Other comprehensive income/(expense) for the year			
Exchange difference arising on translation		**144**	(86)
Total comprehensive (expense)/income for the year		**(47,406)**	3,558
(Loss)/earnings per share	16		
— Basic		**(HK2.73 cents)**	HK0.33 cents
— Diluted		**N/A**	HK0.33 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Plant and equipment	19	**6,106**	1,887
Intangible assets	21	**143,543**	—
Interests in associates	22	**45,989**	—
Available-for-sale investments	23	**27,317**	—
Deposit paid for acquisition of intangible asset, plant and equipment	24	**18,500**	300
		241,455	2,187
Current assets			
Trade and other receivables and prepayments	25	**73,897**	51,955
Deposit for acquisition of a subsidiary	26	**—**	25,000
Amounts due from customers for contract work	27	**16,332**	24,014
Financial assets at fair value through profit or loss	28	**570**	529
Pledged bank deposits	29	**2,724**	1,106
Bank balances and cash	29	**17,490**	25,857
		111,013	128,461
Current liabilities			
Amounts due to customers for contract work	27	**12,095**	8,044
Trade and other payables	30	**67,114**	36,207
Receipts in advance		**5,724**	7,308
Warranty provision	31	**53**	947
Amount due to a substantial shareholder	32	**10,930**	9,152
Income tax payable		**3,711**	1,866
Bank borrowings	33	**11,954**	11,449
Obligations under finance leases	34	**961**	—
		112,542	74,973
Net current (liabilities)/assets		**(1,529)**	53,488
Total assets less current liabilities		**239,926**	55,675

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2011

	Notes	2011 HK$'000	2010 HK$'000
Capital and reserves			
Share capital	35	**10,993**	6,529
Reserves		**225,536**	49,146
Total equity		**236,529**	55,675
Non-current liabilities			
Obligations under finance leases	34	**3,397**	—
		239,926	55,675

The consolidated financial statements on pages 37 to 107 were approved and authorised for issue by the Board of Directors on 30th June 2011 and are signed on its behalf by:

Wong Chung Wai, Eric	**Chan Yun Sang**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2011

	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note a)	Capital reserve HK$'000 (Note b)	Share option reserve HK$'000 (Note c)	Exchange translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st April 2009	5,460	22,905	2,079	1,200	—	4,217	(7,878)	27,983
Total comprehensive (expense)/income for the year, net of tax	—	—	—	—	—	(86)	3,644	3,558
Issue of shares upon placement of shares	1,069	23,475	—	—	—	—	—	24,544
Share issue expenses	—	(410)	—	—	—	—	—	(410)
Transfer to general reserve	—	—	360	—	—	—	(360)	—
At 31st March 2010	6,529	45,970	2,439	1,200	—	4,131	(4,594)	55,675
Total comprehensive income/(expense) for the year, net of tax	—	—	—	—	—	144	(47,550)	(47,406)
Issue of shares upon								
— exercise of share options	30	2,585	—	—	(935)	—	—	1,680
— placement of shares	1,683	87,953	—	—	—	—	—	89,636
— acquisition of subsidiaries and associates	2,751	121,958	—	—	—	—	—	124,709
Share issue expenses	—	(2,215)	—	—	—	—	—	(2,215)
Recognition of equity-settled share based payments	—	—	—	—	14,450	—	—	14,450
Transfer to general reserve	—	—	627	—	—	—	(627)	—
At 31st March 2011	10,993	256,251	3,066	1,200	13,515	4,275	(52,771)	236,529

Notes:

(a) General reserve

According to the relevant rules and regulations of the People's Republic of China (the "PRC"), the Company's subsidiary in the PRC should allocate part of its profit after taxation to the general reserve, which can be used for making good losses and to convert into paid-up capital.

(b) Capital reserve

The capital reserve represents waiver of amount due to a shareholder of the Company during the year ended 31st March 2003. As the waived amount was in substance equivalent to a capital contribution to the Company, hence, it was accounted for as capital reserve.

(c) Share option reserve

The share option reserve relates to share options granted to employees under the Company's employee share option scheme. Further information about share-based payments to employees is set out in Note 36.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
(Loss)/profit before taxation	**(47,298)**	3,147
Adjustments for:		
Amortisation of intangible assets	**6,241**	—
Depreciation of plant and equipment	**2,114**	1,055
Share-based payment expenses	**14,450**	—
Fair value loss/(gain) on financial assets at fair value through profit or loss	**76**	(33)
Finance costs	**1,049**	602
Loss/(gains) on disposal of financial assets at fair value through profit or loss	**11,671**	(121)
Impairment loss recognised in respect of goodwill	**—**	131
Impairment loss recognised in respect of trade and other receivables	**983**	4,790
Interest income	**(67)**	(33)
Loss on disposal of plant and equipment	**—**	57
Provision for warranty, net	**(580)**	(278)
Reversal of impairment loss in respect of trade receivables	**(6,283)**	(5,152)
Reversal of impairment loss in respect of other receivables	**(421)**	(832)
Reversal of impairment loss in respect of retention receivables	**(77)**	(1,311)
Share of profit of associates	**(123)**	—
Operating cash flows before movements in working capital	**(18,265)**	2,022
Increase in trade and other receivables and prepayments	**(19,041)**	(21,001)
Decrease in amounts due from customers for contract work	**7,682**	46,838
Increase in amounts due to customers for contract work	**4,051**	462
(Decrease)/increase in trade and other payables	**(5,753)**	3,213
Decrease in receipts in advance	**(1,584)**	(9,812)
Decrease in warranty provision	**(335)**	(211)
Cash (used in)/from operations	**(33,245)**	21,511
PRC Enterprise Income Tax refunded	**1,593**	110
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(31,652)**	21,621

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2011

	Note	2011 HK$'000	2010 HK$'000
INVESTING ACTIVITIES			
Acquisition of associate		**(5,000)**	—
Purchase of financial assets at fair value through profit or loss		**(67,538)**	(749)
Deposit paid for acquisition of intangible assets, plant and equipment		**(18,500)**	(300)
Purchase of plant and equipment		**(894)**	(95)
Increase in pledged bank deposits		**(1,618)**	(80)
Proceeds from disposal of financial assets at fair value through profit or loss		**55,750**	714
Proceeds from disposal of plant and equipment		**100**	179
Interest received		**67**	33
Acquisition of subsidiaries	38	**(30,483)**	—
Deposit paid for acquisition of a subsidiary		**—**	(25,000)
NET CASH USED IN INVESTING ACTIVITIES		**(68,116)**	(25,298)
FINANCING ACTIVITIES			
Proceeds from issue of shares		**91,316**	24,544
Expenses on issue of shares		**(2,215)**	(410)
New bank borrowings raised		**11,954**	11,449
Advance from a substantial shareholder		**1,778**	1,908
Repayment of bank borrowings		**(11,449)**	(11,187)
Repayment of obligations under finance leases		**(815)**	—
Interest and finance cost paid		**(1,049)**	(602)
NET CASH FROM FINANCING ACTIVITIES		**89,520**	25,702
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(10,248)**	22,025
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**25,857**	3,745
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**1,881**	87
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, representing bank balances and cash		**17,490**	25,857

1. GENERAL

Tai Shing International (Holdings) Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than the subsidiary established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries (the "Group") is HK$.

As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

The Company is principally engaged in investment holding and the principal activities of its principal subsidiaries are set out in Note 42.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA").

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners
HK(IFRIC) — INT 19	Extinguishing financial liabilities and equity instruments
HK — INT 5	Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in the consolidated financial statements and/or disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs affecting the reported results and financial position

HKFRS 3 (as revised in 2008) and HKAS 27 (as revised in 2008)

The Group applies HKFRS 3 (as revised in 2008) "Business combinations" prospectively to business combinations for which the acquisition date is on or after 1st April 2010. The requirements in HKAS 27 (as revised in 2008) "Consolidated and separate financial statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st April 2010. The adoption of HKFRS 3 (as revised in 2008) and HKAS 27 (as revised in 2008) has had no material impact on the acquisition of subsidiaries during the year.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (as revised in 2008) and HKAS 27 (as revised in 2008) are applicable.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (as revised in 2009)	Related party disclosures[6]
HK(IFRIC) — INT 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[2]

1 Effective for accounting periods beginning on or after 1st July 2010 and 1st January 2011, as appropriate.
2 Effective for accounting periods beginning on or after 1st July 2010.
3 Effective for accounting periods beginning on or after 1st July 2011.
4 Effective for accounting periods beginning on or after 1st January 2013.
5 Effective for accounting periods beginning on or after 1st January 2012.
6 Effective for accounting periods beginning on or after 1st January 2011.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in November 2010) also adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the 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 presentation 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for accounting periods beginning on or after 1st January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending 31st March 2014 and that the application of this new Standard may have a significant impact on amounts reported in respect of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(b) Business combinations

Business combinations that took place on or after 1st January 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combinations *(Continued)*

Business combinations that took place on or after 1st January 2010 *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Deferred Tax: Recovery of Underlying Assets" and HKAS 19 "Employee Benefits respectively";

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-bases payment transactions of the Group are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combinations *(Continued)*

Business combinations that took place on or after 1st January 2010 *(Continued)*

Where the consideration of the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from comprehensive income are reclassified to profit or loss. Amounts arising from interests in the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss when such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combinations *(Continued)*

Business combinations that took place prior to 1st January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Goodwill *(Continued)*

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on acquisition of associates is described in note (g) below.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of sales related taxes.

i) Systems development service

Revenue arising from the provision of systems development and related maintenance and installation and consultancy services is recognised, provided that the revenue, the cost incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the estimated total costs to be incurred under the transaction. When the outcome of a systems development contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable.

ii) Professional service income

Professional service fees represent fees income from the provision of information technology engineering and technical support services and are recognised when the underlying professional services are rendered.

iii) Interest income

Interest income from a financial asset (including financial assets at fair value through profit or loss) is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that assets net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Systems development contracts

Where the outcome of a systems development contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representation of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a systems development contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billing, the surplus is shown as amounts due from customers for contract work. For contracts where progress billing exceed contract costs incurred to date plus recongised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as receipts in advance. Amounts billed for work performed but not yet paid by the customers are included in the consolidated statement of financial position under trade and other receivables.

(f) Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise in the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Where a group entity transacts with an associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for difference arising on translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income in which case the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange translation reserve).

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as expenses and included in finance costs in consolidated statement of comprehensive income in the year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Retirement benefit costs

Payments to mandatory provident fund scheme and state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

(k) Share-based payment arrangements

Share options granted by the Company to employees of the Group in an equity-settled share-based payment arrangement.

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revised its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to retained earnings.

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

(m) Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Plant and equipment *(Continued)*

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds to the carrying amount of the asset and is recognised in profit or loss.

(n) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognized on a straight-line basis over their estimated useful lives. The estimated useful life an amortization method are revised at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Intangible assets *(Continued)*

Research and development expenditure *(Continued)*

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any).

(o) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

(p) Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit and loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

The available-for sales financial assets, which represent equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

Financial liabilities including trade and other payables, bank borrowings, amount due to a substantial shareholder, and obligations under finance leases are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(r) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognise as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Leasing *(Continued)*

The Group as lessee *(Continued)*

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as expenses on a straight-line basis over the lease terms.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The critical judgment, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue and profit recognition

The management of the Group estimates the percentage of completion of the systems development contracts by reference to the estimated total outcome of the systems development contracts as well as the work performed to date with reference to the work performed and costs incurred. The actual outcomes in terms of total cost or revenue may be different from the estimates at the end of the reporting period, such differences will impact the revenue and the profit or loss recognised in the period in which such estimation is made. Budget cost or revenue of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual values. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Warranty provision

The Group makes warranty provision based on information available prior to the issuance of the consolidated financial statements indicating that it is probable that the Group will be required to settle the present obligations. As disclosed in Note 31, the Group estimates the provision based on past experience. The actual settlement of these warranty costs may differ from the estimation used by management. If the costs are settled for an amount greater than management's estimation, a future charge to consolidated statement of comprehensive income will result. Likewise, if the costs are settled for an amount that is less than the estimation, a future credit to consolidated statement of comprehensive income will result.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment loss recognised in respect of trade receivables

The Group performs ongoing credit evaluations of its customers and retention receivables and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and retention receivables and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and retention receivables and maintain an appropriate level of estimated credit losses. In addition, the Group will make provision based on the aging analysis of the trade receivables and retention receivables. At 31st March 2011, the carrying amount of trade receivables and retention receivables were approximately HK$26,812,000 (2010: HK$42,320,000) (net of impairment loss of HK$17,897,000 (2010: HK$23,288,000)) and HK$5,717,000 (2010: HK$3,402,000) (net impairment loss of HK$1,450,000 (2010: HK$1,464,000)), respectively.

Impairment loss recognised in respect of other receivables

The policy for provision of impairment loss of other receivables of the Group is determined by the management based on the evaluation of collectability and aging analysis of accounts and management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each receivable. At 31st March 2011 the carrying amount of prepayments, deposits and other receivables was HK$41,368,000 (2010: HK$6,233,000) (net of impairment loss of HK$18,393,000 (2010: HK$17,004,000)).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remain unchanged from that of the prior year.

The capital structure of the Group consists of debts which includes bank borrowings as disclosed in Note 33 and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Group review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2011 HK$'000	2010 HK$'000
Financial assets		
Financial assets at fair value through profit or loss	**570**	529
Loans and receivables (including bank balances and cash)	**93,936**	102,614
Available-for-sale investments	**27,317**	—
Financial liabilities		
Financial liabilities at amortised cost	**94,356**	56,808

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, financial assets at FVTPL, trade and other receivables, deposit paid for acquisition of a subsidiary, pledged bank deposits, bank balances and cash, trade and other payables, amount due to a substantial shareholder, obligations under finance leases and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk refers to the risk associated with movements in foreign currency rates which will affect the Group's financial results and its cashflow. Management considers that the Group is not exposed to significant foreign currency risk as the majority of its operations are transacted in the PRC with their functional currency of RMB.

For the two years ended 31st March 2011 and 2010, the Group mainly earned revenue in RMB and incurred costs in HK$ and RMB. Although the Group currently does not have any foreign currency hedging policies, it manages its currency exposure by ensuring that the revenue earned in RMB are used to pay for RMB denominated costs. Funds raised from financing activities which are mainly in HK$ are used to pay for HK$ expenses.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

Currency risk *(Continued)*

The directors do not expect the appreciation of RMB against HK$ to have any material adverse effect on the operation of the Group so no sensitivity analysis is presented.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate bank deposits (see Note 29 for details) and bank borrowings (see Note 33 for details) for the two years ended 31st March 2011 and 2010. It is the Group's policy to keep its bank deposits and bank borrowings at floating interest rates so as to minimise the fair value interest rate risk.

The directors consider that the Group's exposure to interest rate risk of bank deposits, which are short term in nature, is not significant, accordingly no sensitivity analysis is presented.

The Group's exposure to interest rates on major financial liabilities is detailed in respective notes. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the base rate published by the People's Bank of China arising from the Group's bank deposits and bank borrowings denominated in RMB.

Sensitivity analysis

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31st March 2011 would decrease/increase by HK$31,000 (2010: the Group's profit would increase/decrease by HK$192,000).

The above sensitivity analysis has been determined based on the exposure to interest rates for bank deposits and bank borrowings. The analysis is prepared assuming that the amount of assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. The 50 basis points increase or decrease represents directors' assessment of a reasonably possible change in interest rates over the period. The analysis was performed on the same basis for the year ended 31st March 2010.

Price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The Group's exposure to such price risk is insignificant, accordingly sensitivity analysis is not presented.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

Credit risk

As at the end of the reporting period, the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st March 2011 and 2010 in relation to each class of recognised financial assets is the carrying amount of those asset as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group closely monitors the collectibility of trade debtors at the end of the reporting period to ensure that the amounts are recoverable. Further, management closely monitors the subsequent settlement of the customers and does not grant long credit period to customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC including Hong Kong (country of domicile). At 31st March 2011, the Group has concentration of credit risk as 14% (2010: 36%) and 42% (2010: 66%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively attribute to the systems development business segment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and authorised banks in the PRC with high credit ratings.

None of the Group's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of reporting period.

	Within 1 year or on demand HK$'000	1-2 years HK$'000	2-3 years HK$'000	3-4 years HK$'000	4-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31st March 2011							
Non-derivative financial liabilities							
Trade and other payables	67,114	—	—	—	—	67,114	67,114
Amount due to a substantial shareholder	10,930	—	—	—	—	10,930	10,930
Obligations under finance leases	1,205	1,205	1,205	1,205	111	4,931	4,358
Bank borrowings	12,751	—	—	—	—	12,751	11,954
	92,000	1,205	1,205	1,205	111	95,726	94,356

	Within 1 year or on demand HK$'000	1-2 years HK$'000	2-3 years HK$'000	3-4 years HK$'000	4-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31st March 2010							
Non-derivative financial liabilities							
Trade and other payables	35,397	—	—	—	—	35,397	36,207
Amount due to a substantial shareholder	9,152	—	—	—	—	9,152	9,152
Obligations under finance leases	—	—	—	—	—	—	—
Bank borrowings	12,118	—	—	—	—	12,118	11,449
	56,667	—	—	—	—	56,667	56,808

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variance interest rates differ to those estimates of interest rates determined at the end of the reporting period.

8. FAIR VALUE

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

- the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to their short-term maturities.

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

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

	31st March 2011			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets				
Financial assets at fair value through profit or loss	**570**	**—**	**—**	**570**

	31st March 2010			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
Financial assets at fair value through profit or loss	529	—	—	529

There were no transfers between level 1 and 2 in both of the above years.

9. REVENUE AND OTHER INCOME

Revenue, which is also the turnover of the Group, represents the amounts arising from systems development and professional service rendered, net of sales related taxes.

An analysis of the Group's revenue for the year is as follows:

	2011 HK$'000	2010 HK$'000
Revenue		
Systems development	49,535	63,981
Professional service fees	632	4,602
Turnover	50,167	68,583
Other income		
Fair value gains on financial assets at fair value through profit or loss	—	33
Gain on disposal of financial assets at fair value through profit or loss	91	121
Interest income	67	33
Reversal of impairment loss in respect of trade receivables	6,283	5,152
Reversal of impairment loss in respect of other receivables	421	832
Reversal of impairment loss in respect of retention receivables	77	1,311
Sundry income	79	59
Value added tax refund (Note)	6,942	4,740
	13,960	12,281
Total revenues	64,127	80,864

Note: A tax concession has been granted by the PRC tax authorities to the Company's subsidiary, Beijing Tongfang Electronic Science & Technology Limited ("Beijing Tongfang") for the sales of certain self-developed computer software products. Under this concession, Beijing Tongfang is entitled to a refund of value added tax paid in excess of an effective rate of 3%. The amount of value added tax refund is included in other income.

10. 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.

For management purposes, the Group is organised into two operating divisions — systems development and professional services.

Systems development — Provision of systems development, maintenance and installation as well as consulting service.

Professional services — Provision of information technology engineering and technical support services.

(a) Segment revenues and results

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

	Year ended 31st March					
	Systems development		Professional services		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TURNOVER						
Revenue from external customers	**49,535**	63,981	**632**	4,602	**50,167**	68,583
RESULT						
Segment results	**4,412**	5,728	**320**	1,329	**4,732**	7,057
Interest income					**67**	33
Unallocated income					**170**	213
Unallocated expenses					**(51,341)**	(3,554)
Finance costs					**(1,049)**	(602)
Share of profit of associates					**123**	—
(Loss)/profit before taxation					**(47,298)**	3,147

There are no sales between the reportable segments for both years ended 31st March 2011 and 2010.

10. SEGMENT INFORMATION *(Continued)*

(a) Segment revenues and results *(Continued)*

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represents the results of each segment without allocation of interest income, central administration costs and directors' remunerations, finance costs, and share of results of associates. 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 reportable segments.

	At 31st March					
	Systems development		Professional services		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS						
Segment assets	**246,097**	77,043	**663**	1,396	**246,760**	78,439
Unallocated corporate assets						
— Interests in associates					**45,989**	—
— Deposit paid for acquisition of plant and equipment					**—**	300
— Deposit paid for acquisition of a subsidiary					**—**	25,000
— Financial asset at fair value through profit or loss					**570**	529
— Bank balances and cash					**17,490**	25,857
— Others					**41,659**	523
Total assets					**352,468**	130,648
LIABILITIES						
Segment liabilities	**39,248**	41,215	**1,261**	858	**40,509**	42,073
Unallocated corporate liabilities						
— Amount due to a substantial shareholder					**10,930**	9,152
— Payable for acquisition of a subsidiary					**35,000**	—
— Income tax payable					**3,711**	1,866
— Bank borrowings					**11,954**	11,449
— Obligations under finance leases					**4,358**	—
— Others					**9,477**	10,433
Total liabilities					**115,939**	74,973

10. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities *(Continued)*

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

- all major assets are allocated to reportable segments other than deposit paid for acquisition of plant and equipment, deposit paid for acquisition of a subsidiary, financial assets at fair value through profit or loss and bank balances and cash. 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 amount due to a substantial shareholder, payable for acquisition of a subsidiary (included in trade and other payables), income tax payable, bank borrowings and obligations under finance leases. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Geographical information

For the two years ended 31st March 2011 and 2010, over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical segments is disclosed.

10. SEGMENT INFORMATION *(Continued)*

(d) Other segment information

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

	For the year ended 31st March							
	Systems development		Professional services		Unallocated		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information								
Addition to non-current assets (Note)	**168,923**	88	**6**	7	**51,588**	—	**220,517**	95
Depreciation of plant and equipment	**481**	587	**5**	18	**1,628**	450	**2,114**	1,055
Loss on disposal of plant and equipment	**—**	53	**—**	4	**—**	—	**—**	57
Amortisation of intangible assets	**6,241**	—	**—**	—	**—**	—	**6,241**	—
Impairment loss recognised in respect of trade receivables	**—**	3,104	**—**	904	**—**	—	**—**	4,008
Impairment loss recognised in respect of other receivables	**983**	340	**—**	—	**—**	442	**983**	782
Impairment loss recognised in respect of goodwill	**—**	—	**—**	—	**—**	131	**—**	131
Reversal of impairment loss in respect of trade receivables	**(6,283)**	(5,152)	**—**	—	**—**	—	**(6,283)**	(5,152)
Reversal of impairment loss in respect of retention receivables	**(77)**	(1,311)	**—**	—	**—**	—	**(77)**	(1,311)
Reversal of impairment loss recognised in respect of other receivables	**(403)**	(832)	**—**	—	**(18)**	—	**(421)**	(832)
Loss/(gain) on disposal of financial assets at fair value through profit or loss	**—**	—	**—**	—	**11,671**	(121)	**11,671**	(121)

Note: Non-current assets excluded financial instruments,

10. SEGMENT INFORMATION *(Continued)*

(e) Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group as follows:

	Revenue generated from	2011 HK$'000	2010 HK$'000
Company A	System development	6,187	N/A*
Company B	System development	N/A*	N/A*
Company C	System development	N/A*	N/A*

* The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year.

11. OTHER EXPENSES

	2011 HK$'000	2010 HK$'000
Impairment loss recognised in respect of trade receivables	—	4,008
Impairment loss recognised in respect of other receivables	983	782
Impairment loss recognised in respect of goodwill	—	131
Fair value loss of financial assets at fair value through profit or loss	76	—
Loss on disposal of financial assets at fair value through profit or loss	11,762	—
	12,821	4,921

12. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on bank borrowings, repayable within one year	763	602
Finance cost on finance leases	286	—
	1,049	602

13. INCOME TAX (EXPENSE)/CREDIT

	2011 HK$'000	2010 HK$'000
Current tax expense		
— PRC Enterprise Income Tax	(2,553)	(1,372)
Over provision in prior year		
— PRC Enterprise Income Tax	2,301	1,869
Income tax (expense)/credit	(252)	497

(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 in both years.

13. INCOME TAX (EXPENSE)/CREDIT *(Continued)*

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

In accordance with the relevant regulations, approvals from relevant local tax bureaus and Foreign Enterprise Income Tax Law in the PRC, one subsidiary qualified as an advanced technology enterprise and is subject to a preferential Enterprise Income Tax rate of 15% (2010: 15%) which was effective from 1st January 2008 to 31st December 2010. The PRC subsidiaries would be subject to PRC Enterprise Income Tax at 25% starting from 1st January 2011.

The income tax expense/credit for the year can be reconciled to the loss/profit before taxation per the consolidated statement of comprehensive income as follows:

	2011 **HK$'000**	2010 HK$'000
(Loss)/profit before taxation	**(47,298)**	3,147
Tax at the applicable tax rate of 25% (2010: 15%)	**(11,825)**	472
Effect of different tax rates of subsidiaries operating in other jurisdictions	**—**	(441)
Overprovision in prior years	**—**	(1,869)
Tax effect of exemptions granted to a PRC subsidiary	**—**	—
Tax effect of income not taxable for tax purposes	**(796)**	(722)
Tax effect of expenses not deductible for tax purposes	**12,339**	1,857
Utilisation of other deductible temporary differences previously not recognised	**(589)**	(266)
Tax effect of tax losses and other deductible temporary differences not recognised	**1,123**	472
Income tax expense/(credit)	**252**	(497)

Details of deferred taxation are set out in Note 37.

14. (LOSS)/PROFIT FOR THE YEAR

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

	2011 HK$'000	2010 HK$'000
Staff costs		
Salaries and other benefits	**17,968**	19,368
Retirement benefits scheme contributions	**3,946**	1,845
Equity-settled share-based payments	**14,450**	—
	36,364	21,213
Auditor's remuneration	**450**	640
Amortisation of intangible assets	**6,241**	—
Depreciation of plant and equipment	**2,114**	1,055
Loss on disposal of plant and equipment	**—**	57
Operating lease rentals in respect of land and buildings	**2,598**	1,826
Net exchange loss	**627**	—
Research and development expenditure	**8,029**	3,472

15. DIVIDENDS

No dividend was paid or proposed during the year ended 31st March 2011, nor has any dividend been proposed since the end of the reporting date (2010: Nil).

16. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss/earnings per share is based on the loss for the year of HK$47,550,000 (2010: profit of HK$3,644,000) and the weighted average number of 1,741,305,441 (2010: 1,107,479,180) ordinary shares in issue during the year.

The weighted average number of ordinary shares for the purpose of basic loss/earnings per share has been adjusted for the subdivision of shares made during the year.

As the Group sustained a loss for the year, diluted loss per share is not presented as the potential shares arising from the exercise of the Company's share options would decrease the loss for the year which is regarded as auti-dilutive. Diluted earnings per share for the year ended 31st March 2010 is the same as the basic earnings per share because the Company had no dilutive potential shares for that year.

17. STAFF COSTS (EXCLUDING DIRECTORS' EMOLUMENTS)

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	**31,268**	19,079
Retirement benefits scheme contributions	**3,894**	1,843
	35,162	20,922

Hong Kong

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees, the assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the employees' relevant income and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

PRC, other than Hong Kong

The employees of the Group's PRC subsidiary also participate in pension schemes, which are essentially defined contribution schemes, organised by the government in the PRC. The subsidiary is required to contribute a certain percentage of the payroll of its employees to the pension schemes in the PRC. Contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the pensions schemes. No forfeited contributions may be used by the employer to reduce the existing level of contributions.

18. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the directors were as follows:

	For the year ended 31st March 2011			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Ms. Li Wenli (resigned on 18th November 2010)	103	—	—	103
Mr. Wong Chung Wai Eric	188	1,802	24	2,014
Mr. Chan Yun Sang	188	1,559	19	1,766
Mr. Luk Yat Hung (resigned on 4th August 2010)	—	—	—	—
Mr. Ng Chi Wing (appointed on 15th April 2010 and resigned on 18th February 2011)	109	—	9	118
Mr. Choi King Lit (appointed on 16th March 2011)	5	—	—	5
Mr. Han Fangfa (appointed on 16th March 2011)	5	—	—	5
Independent non-executive directors:				
Professor Ip Ho Shing, Horace (resigned on 18th November 2010)	70	—	—	70
Mr. Peng Lijun (resigned on 4th August 2010)	8	—	—	8
Mr. Yan Yonghong	30	—	—	30
Mr. Tang Sze Lok	30	—	—	30
Mr. Lee Kwok Yung (appointed on 15th April 2010)	120	—	—	120
Mr. Chan Wai Kwong, Peter (appointed on 25th January 2011)	22	—	—	22
Dr. Pang Jin (appointed on 22nd October 2010)	27	—	—	27
	905	3,361	52	4,318

18. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

	For the year ended 31st March 2010			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Ms. Li Wenli	30	—	—	30
Mr. Wong Chung Wai Eric (appointed on 15th March 2010)	8	18	1	27
Mr. Chan Yun Sang (appointed on 15th March 2010)	8	15	1	24
Mr. Luk Yat Hung	—	—	—	—
Independent non-executive directors:				
Professor Ip Ho Shing, Horace	120	—	—	120
Mr. Peng Lijun	30	—	—	30
Mr. Yan Yonghong	30	—	—	30
Mr. Tang Sze Lok	30	—	—	30
	256	33	2	291

No directors waived or agreed to waive any emoluments during the two years ended 31st March 2011 and 2010.

18. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Senior management's emoluments

Of the five individuals with the highest emoluments in the Group, two (2010: none) were directors of the Company whose emoluments are set out in the above.

The emoluments of the remaining three (2010: five) highest paid individuals were as follows:

	2011	2010
	HK$'000	HK$'000
Salaries and other benefits	**4,051**	1,022
Retirement benefits scheme contributions	**38**	140
	4,089	1,162

Their emoluments were within the following band:

	Number of individuals	
	2011	2010
Nil — HK$1,000,000	**1**	5
HK$1,500,000 — 2,000,000	**2**	—

(c) No emoluments have been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31st March 2011 and 2010. No bonuses were paid or receivable by the directors or the five highest paid individuals which are discretionary or are based on the Group's performance during the two years ended 31st March 2011 and 2010.

19. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1st April 2009	1,577	42	4,593	2,122	8,334
Exchange realignment	37	—	102	39	178
Additions	—	—	95	—	95
Disposals	—	—	(536)	(909)	(1,445)
At 31st March 2010	1,614	42	4,254	1,252	7,162
Exchange realignment	71	—	186	26	283
Additions	120	26	197	6,024	6,367
Disposals	—	—	—	(660)	(660)
At 31st March 2011	1,805	68	4,637	6,642	13,152
ACCUMULATED DEPRECIATION					
At 1st April 2009	1,367	39	2,626	1,277	5,309
Exchange realignment	34	—	63	23	120
Provided for the year	213	3	610	229	1,055
Eliminated on disposals	—	—	(446)	(763)	(1,209)
At 31st March 2010	1,614	42	2,853	766	5,275
Exchange realignment	71	—	135	11	217
Provided for the year	21	5	513	1,575	2,114
Eliminated on disposals	—	—	—	(560)	(560)
At 31st March 2011	1,706	47	3,501	1,792	7,046
CARRYING VALUES					
At 31st March 2011	99	21	1,136	4,850	6,106
At 31st March 2010	—	—	1,401	486	1,887

The above items of plant and equipment are depreciated on a straight-line basis over the estimated useful lives less their residual values as follows:

Leasehold improvements	Over the shorter of lease terms or 5 years
Furniture and fixtures	5 years
Computer and office equipment	5 years
Motor vehicles	8 years

The carrying value of the motor vehicles includes an amount of HK$3,922,000 (2010: Nil) in respect of assets held under finance leases.

20. GOODWILL

	2011	2010
	HK$'000	HK$'000
COST		
At 1st April	**131**	131
Derecognised on dissolution of a subsidiary	**(131)**	—
At 31st March	**—**	131
IMPAIRMENT		
At 1st April	**131**	—
Impairment loss recognised in the year	**—**	131
Derecognised on dissolution of a subsidiary	**(131)**	—
At 31st March	**—**	131
CARRYING VALUES		
At 31st March	**—**	—

21. INTANGIBLE ASSETS

	Development costs internally generated HK$'000	InsureLink System HK$'000	Total HK$'000
COST			
At 1st April 2009	2,946	—	2,946
Exchange realignment	69	—	69
At 31st March 2010	3,015	—	3,015
Acquisition of a subsidiary	—	149,784	149,784
Written off	(3,015)	—	(3,015)
At 31st March 2011	—	149,784	149,784
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 1st April 2009	2,946	—	2,946
Exchange realignment	69	—	69
At 31st March 2010	3,015	—	3,015
Provided for the year	—	6,241	6,241
Written off	(3,015)	—	(3,015)
At 31st March 2011	—	6,241	6,241
CARRYING VALUES			
At 31st March 2011	—	143,543	143,543
At 31st March 2010	—	—	—

InsureLink System are amortised on a straight-line basis over its estimated useful life of 10 years.

22. INTERESTS IN ASSOCIATES

a) Details of the Group's interests in associates are as follows:

	2011 HK$'000	2010 HK$'000
Unlisted investments, at cost	45,866	—
Share of post-acquisition profit	123	—
	45,989	—

As at 31st March 2011, the Group had interests in the following associates:

Name of entity	Form of business structure	Country of registration and operation	Class of share held	Proportion of nominal value of issued capital held by the Group	Principal activity
東大保險代理股份有限公司	Incorporated	PRC	Ordinary	24.9%	Provision of insurance agency services
上海萬全保險經紀有限公司	Incorporated	PRC	Ordinary	20%	Provision of insurance agency services

Included in the cost of investments in associates is goodwill of HK$40,905,000 (2010: Nil) arising on acquisition of associates during the year.

The summarised financial information in respect of the Group's associates is set out below:

	2011 HK$'000	2010 HK$'000
Total assets	22,923	—
Total liabilities	(561)	—
Net assets	22,362	—
Group's share of net assets of associates	5,084	—
Revenue	2,549	—
Profit/(loss) and total comprehensive income/(expense) for the period	492	—
Group's share of profit/(loss) and total comprehensive income/(expense) of associates for the period	123	—

23. AVAILABLE-FOR-SALE INVESTMENTS

	2011 HK$'000	2010 HK$'000
Unlisted equity securities, at cost	**27,317**	—

The unlisted equity securities represent the Group's 10% equity interest in 全網通科技股份有限公司, an entity incorporated in Taiwan with limited liability engaging principally in internet communication services in Taiwan.

24. DEPOSIT PAID FOR ACQUISITION OF INTANGIBLE ASSETS, PLANT AND EQUIPMENT

The balance at 31st March 2011 represents deposits paid for the acquisition of software and hardware. Under the terms of the relevant acquisition agreements, such deposits can be refunded in full upon the request of the Group. Details of the related capital commitments at 31st March 2011 are set out in Note 39.

The balance at 31st March 2010 represents deposits paid for acquisition of motor vehicles, which was completed during the year ended 31st March 2011.

25. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2011 HK$'000	2010 HK$'000
Trade and bills receivables	**44,709**	65,608
Less: Impairment loss recognised in respect of trade receivables	**(17,897)**	(23,288)
	26,812	42,320
Retention receivables	**7,167**	4,866
Less: Impairment loss recognised in respect of retention receivables	**(1,450)**	(1,464)
	5,717	3,402
Prepayments, deposits and other receivables	**59,761**	23,237
Less: Impairment loss recognised in respect of other receivables	**(18,393)**	(17,004)
	41,368	6,233
	73,897	51,955

25. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

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

Impairment loss is recognised against trade receivables more than one year based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty.

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

	2011	2010
	HK$'000	HK$'000
0-30 days	**7,712**	10,513
31-90 days	**—**	2,791
Over 90 days	**19,100**	29,016
	26,812	42,320

(c) At 31st March 2011, amounts of approximately HK$5,717,000 (2010: HK$3,402,000) net of impairment loss, recognised included in retention receivables are due for settlement more than 12 months.

(d) The movements in impairment losses on trade receivables are as follows:

	2011	2010
	HK$'000	HK$'000
At 1st April	**23,288**	24,052
Exchange realignment	**892**	550
Reversal during the year	**(6,283)**	(5,152)
Recognised during the year	**—**	4,008
Written off as uncollectible	**—**	(170)
At 31st March	**17,897**	23,288

At 31st March 2011, included in the impairment loss of trade receivables are individually impaired trade receivables with an aggregate balances of approximately HK$17,897,000 (2010: HK$23,288,000). Impairment loss on these receivables have been made in full. The Group does not hold any collateral over these balances.

25. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

(e) The movements in impairment losses of retention receivables are as follows:

	2011 **HK$'000**	2010 HK$'000
At 1st April	**1,464**	2,727
Exchange realignment	**63**	48
Reversal during the year	**(77)**	(1,311)
At 31st March	**1,450**	1,464

At 31st March 2011, the directors of the Company reviewed the carrying values of the retention receivables and impairment loss has been made in full against retention receivables with aggregate balances of HK$1,450,000 (2010: HK$1,464,000). The Group does not hold any collateral over these balances.

(f) The movements in impairment losses of other receivables are as follows:

	2011 **HK$'000**	2010 HK$'000
At 1st April	**17,004**	16,632
Exchange realignment	**827**	422
Reversal during the year	**(421)**	(832)
Recognised during the year	**983**	782
At 31st March	**18,393**	17,004

Impairment loss has been recognised in full against other receivables with an aggregate balance of approximately HK$18,393,000 (2010: HK$17,004,000). The Group does not hold any collateral over these balances.

(g) Included in prepayments, deposits and other receivables at 31st March 2011 are advances to third parties amounted to HK$29,100,000 which are repayable on demand and were settled and received by the Group subsequent to that date.

25. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

(h) At 31st March 2011 and 2010, the analysis of trade and bills receivables that were past due but not impaired are 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 one year
	HK$'000	HK$'000	HK$'000	HK$'000
31st March 2011	26,812	7,712	—	19,100
31st March 2010	42,320	5,147	8,157	29,016

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.

26. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

The balance at 31st March 2010 represents a refundable deposit of HK$25,000,000 paid in connection with the proposed acquisition of Fullmark Management Limited. The acquisition has been completed on 28th October 2010. The deposit paid has been recognised as part of consideration for the acquisition.

27. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2011 HK$'000	2010 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**148,612**	146,119
Less: Progress billings	**(144,375)**	(130,149)
	4,237	15,970
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**16,332**	24,014
Amounts due to customers for contract work	**(12,095)**	(8,044)
	4,237	15,970

At 31st March 2011, retentions held by customers for contract works, net of impairment loss recognised, amounted to approximately HK$5,717,000 (2010: HK$3,402,000) (Note 25).

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011 HK$'000	2010 HK$'000
Equity securities listed in the PRC, at fair value	**570**	529

These financial assets are held for trading purposes. The fair values of such financial assets are based on quoted market prices.

29. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The Group's bank deposits of approximately HK$2,724,000 (2010: HK$1,106,000) were pledged to banks to secure performance bond issued for the Group (Note 40(a)).

At 31st March 2011, bank balances and cash represent cash held by the Group and short-term bank deposits with an original maturity of three months or less.

29. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH *(Continued)*

Bank balances and pledged bank deposits carried interest at average market rates of 0.4% per annum (2010: 0.36% per annum).

At 31st March 2011, the Group's pledged bank deposits and bank balances and cash denominated in RMB amounted to approximately HK$18,813,000 (2010: HK$14,371,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

30. TRADE AND OTHER PAYABLES

	2011 HK$'000	2010 HK$'000
Trade payables	**15,890**	16,327
Accrued expenses and other payables	**51,224**	19,880
	67,114	36,207

Included in accrued expenses and other payables is payable for acquisition of a subsidiary, Fullmark Management Limited, amounted to HK$35,000,000 (2010: Nil) (Note 38(b)).

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

	2011 HK$'000	2010 HK$'000
0-30 days	**11**	547
31-90 days	**654**	1,105
Over 90 days	**15,225**	14,675
	15,890	16,327

The average credit period granted by the suppliers of the Group is 30-90 days (2010: 30-90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

31. WARRANTY PROVISION

	2011 HK$'000	2010 HK$'000
At 1st April	**947**	1,418
Exchange realignment	**21**	18
Utilisation of provision	**(335)**	(211)
Reversal of unused provision	**(633)**	(1,146)
Provision for the year	**53**	868
At 31st March	**53**	947

The Group provides warranties to its customers on systems development in accordance with the terms and conditions as stipulated in contracts, under which defective works are rectified. The amount of warranty provision is the directors' best estimation of the Group's liability under 1 to 2 year warranty granted based on the past experience of the level of defective works.

32. AMOUNT DUE TO A SUBSTANTIAL SHAREHOLDER

The amount due to a substantial shareholder, Tongfang Co., Limited, is unsecured, non-interest bearing and repayable on demand.

33. BANK BORROWINGS

	2011 HK$'000	2010 HK$'000
Secured bank borrowings, due within one year	**11,954**	11,449

The effective interest rate on the Group's bank borrowings is 6.666% (2010: 5.841%).

The Group's bank borrowings, which are denominated in RMB, are secured by the land and buildings owned by an independent third party.

During the year ended 31st March 2011, the Group obtained new loans in the amount of approximately HK$11,954,000 (2010: HK$11,449,000). These loans carry interest at prevailing market rate and will be repayable in March 2012.

34. OBLIGATIONS UNDER FINANCE LEASES

The Group leased certain of its motor vehicles under finance leases. The average lease term is 5 years. Interest rates under the finance leases are fixed at respective contract dates ranging from 2.5% to 4.5% per annum. The Group has options to purchase the motor vehicles for a nominal amount at the end of the lease terms. No arrangements have been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases:				
Within one year	**1,205**	—	**961**	—
In more than one year and not more than two years	**1,205**	—	**1,029**	—
In more than two years and not more than five years	**2,521**	—	**2,368**	—
	4,931	—	**4,358**	—
Less: Future finance charges	**(573)**	—	**N/A**	N/A
Present value of lease obligations	**4,358**	—	**4,358**	—
Less: Amount due for settlement within 12 months			**(961)**	—
Amount due for settlement after 12 months			**3,397**	—

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

35. SHARE CAPITAL

	Number of shares	HK$'000
Authorised:		
Ordinary shares of HK$0.05 each		
at 1st April 2009 and 31st March 2010	4,000,000,000	200,000
Share subdivison (Note a)	36,000,000,000	1,800,000
Ordinary shares of HK$0.005 each		
at 31st March 2011	40,000,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
At 1st April 2009	109,190,000	5,460
Issue of shares upon share placements	21,380,000	1,069
At 31st March 2010	130,570,000	6,529
Share subdivison (Note a)	1,175,130,000	—
Issue of shares upon:		
Exercise of share options (Note b)	6,000,000	30
Share placements (Note c)	336,520,000	1,683
Acquisition of subsidiary and associate (Note d)	550,264,547	2,751
Ordinary shares of HK$0.005 each at 31st March 2011	2,198,484,547	10,993

Notes:

(a) Pursuant to the ordinary resolution passed on 15th April 2010, the authorised share capital of the Company was subdivided from 4,000,000,000 ordinary shares of HK$0.05 each into 40,000,000,000 ordinary shares of HK0.005 each. On this basis, immediately after the share division, the authorised share capital of the Company comprised 1,305,700,000 issued shares and 38,694,300,000 unissued shares, both of which with par value HK$0.005 each.

(b) During the year ended 31st March 2011, 6,000,000 share options under the Share Option Scheme (as defined in Note 36) were exercised at a subscription price of HK$0.28 per share, resulting in the issue of 6,000,000 ordinary shares of HK$0.005 each in the Company.

(c) Pursuant to a subscription agreement entered between Wide Source Group Limited and the Company on 23rd April 2010, the Company allotted and issued 130,000,000 ordinary shares of HK$0.005 each at the subscription price of HK$0.265 per share on 6th May 2010 for a total cash consideration of HK$34,450,000 (before expenses).

Pursuant to a placing agreements dated 28th April 2010 and a supplemental agreement dated 5th May 2010 entered into between the Company and VC Brokerage, the Company allotted and issued 30,000,000 ordinary shares of HK$0.005 each at the subscription price of HK$0.265 per share on 7th June 2010 for a total cash consideration of HK$7,950,000 (before expenses).

Pursuant to a subscription agreements entered between Galaxy China Special Situations Fund SPC (Galaxy Fund I), Galaxy China Deep Value Fund (Galaxy Fund II) and the Company on 5th May 2010, the Company allotted and issued 40,000,000 and 60,000,000 ordinary shares to Galaxy Fund I and Galaxy Fund II respectively of HK$0.005 each at the subscription price of HK$0.265 per share on 5th July 2010 for a total cash consideration of HK$26,500,000 (before expenses).

35. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

(c) Pursuant to a placing agreement entered on 17th September 2010, between the Company and Sun Hung Kai Investment Service Limited, the Company allotted and issued 76,520,000 ordinary shares of HK$0.005 each at the subscription price of HK$0.271 per share on 13th October 2010 for a total cash consideration of approximately HK$20,737,000 (before expenses).

(d) On 29th October 2010 the Company issued 407,407,407 shares of HK$0.005 each as partial consideration in exchange of the entire equity interest in and shareholder's loan to Fullmark Management Limited (Note 38(b)). The closing price of the Company shares as quoted on the Stock Exchange on 29th October 2010 was HK$0.25 per share.

On 10th March 2011 the Company issued 142,857,140 shares of HK$0.005 each as partial consideration in exchange of the 20% equity interest in 上海萬全保險經紀有限公司 (Note 38(a)). The closing price of the Company shares as quoted on the Stock Exchange on 10th March 2011 was HK$0.16 per share.

(e) The ordinary shares issued above ranked pari passu with the then existing ordinary shares of the Company in all respects.

36. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 22nd October 2003 for the primary purpose of providing incentives to selected participants, including directors and eligible employees. Under the Schemes, the Board of Directors of the Company may grant option to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31st March 2011, the number of shares in respect of which options had been granted and remained outstanding under the Schemes was 95,450,000 (2010: Nil), representing 4.3% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

A nominal consideration of HK$1 is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the last day of the ten-year period after grant date. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

36. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Details of options granted during the year are as follows:

Number of share option granted	Date of grant	Exercise period	Exercise price	Fair value at grant date
			HK$	HK$
30,000,000	05/07/2010	05/07/2010 to 04/07/2015	0.28	0.156
11,450,000	06/07/2010	06/07/2010 to 05/07/2015	0.278	0.158
60,000,000	20/10/2010	20/10/2010 to 23/02/2013	0.1	0.133

The fair value of the share options is determined using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Inputs into the model

	Share options granted on		
	05/07/2010	06/07/2010	20/10/2010
Grant date share price	HK$0.27	HK$0.27	HK$0.218
Exercise price	HK$0.28	HK$0.278	HK$0.1
Expected volatility	104.68%	104.68%	97.497%
Option life	2.5 years	2.5 years	1.17 years
Dividend yield	— %	— %	— %
Risk-free interest rate	0.847%	0.801%	0.422%

36. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Movements of share options granted during the year are as follows:

	Exercise price	Date of grant	Number of share options: Outstanding at 1st April 2010	During the year: Granted	During the year: Exercised	During the year: Forfeited	During the year: Expired	Outstanding at 31st March 2011
	HK$							
Directors and employees	0.28	5/7/2010	—	20,000,000	(4,000,000)	—	—	16,000,000
	0.28	5/7/2010	—	10,000,000	(2,000,000)	—	—	8,000,000
	0.278	6/7/2010	—	11,450,000	—	—	—	11,450,000
	0.1	20/10/2010	—	60,000,000	—	—	—	60,000,000
			—	101,450,000	(6,000,000)	—	—	95,450,000
Weighted average exercise price			—	HK$0.17	HK$0.28	—	—	HK$0.17

The closing price of the Company's shares immediately before 5th July 2010, 6th July 2010 and 20th October 2010, the dates of the options were granted, were HK$0.28 per share, HK$0.278 and HK$0.219 per share, respectively.

During the year, an amount of relevant share-based payment expense of HK$14,450,000 (2010: Nil) has been recognised in profit or loss.

37. DEFERRED TAXATION

At the end of the reporting period, the Group had unused tax losses of approximately HK$28,678,000 (2010: HK$26,123,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the above unused tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$51,998,000 (2010: HK$43,657,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries from 1st April 2008 onwards (the "Post-2008 Earnings"). Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the Post-2008 Earnings amounting to approximately HK$16,071,000 (2010: HK$8,780,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

38. ACQUISITION OF SUBSIDIARIES

During the year ended 31st March 2011, the Group had the following acquisition of subsidiaries:

(a) On 1st July 2010, the Group acquired 100% equity interest in High Pacific Limited for the total cost of HK$27,317,000. This acquisition has been accounted for using the purchase method. The principal asset of High Pacific Limited is 10% equity interest in 全網通科技股份有限公司.

The fair value of net assets of the subsidiary acquired approximate to the consideration paid by the Group for the acquisition:

	HK$'000
Assets acquired at the date of acquisition:	
Available-for-sale investments	27,317
Net cash outflow arising on acquisition:	
Consideration paid in cash	27,317

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) On 28th October 2010, the Group acquired 100% equity interest in and shareholder's loan to Fullmark Management Limited ("Fullmark") for a consideration of HK$175,370,000. This acquisition has been accounted for using the purchase method. Fullmark is principally engaged in investment holding and its subsidiaries are principally engaged in the development of software.

Assets acquired and liabilities recognised at the date of acquisition are as follows:	HK$'000
Intangible assets	149,784
Interest in associate	18,132
Trade and other receivables and prepayments	1,103
Amount due from former shareholder	6,000
Bank balances and cash	352
Other payables	(1)
Amount due to former shareholder	(30,685)
	144,685
Total consideration satisfied by:	
Cash	3,518
Deposit paid in the prior year	25,000
Set off against amount due from former shareholder	10,000
Issue of shares	101,852
Other payable (Note)	35,000
	175,370
Amount due to former shareholder assigned to the Group	(30,685)
	144,685
Net cash outflow arising on acquisition:	
Cash consideration paid	3,518
Bank balances and cash acquired	(352)
	3,166

Note: The amount is payable subject to the audited consolidated net profit after tax (based on the generally accepted accounting principles in the PRC) of a subsidiary of Fullmark, 鑫約福（上海）貿易有限公司, for the year ending 31st December 2011 amounting to not less than RMB 16.5 million. Otherwise, the vendor is required to make compensation to the Group which is calculated as specified in the relevant acquisition agreement.

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

Impact of acquisitions on the results of the Group

Included in the loss for the year is HK$Nil attributable to the additional business generated by High Pacific Limited, and HK$7,273,000 attributable to Fullmark. Revenue for the year includes HK$Nil in respect of High Pacific Limited and HK$Nil in respect of Fullmark.

Had these business combinations been effected on 1st April 2010, the revenue of the Group would have been HK$50,167,000, and the loss for the year would have been HK$53,797,000. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and loss of the Group had High Pacific Limited and Fullmark Group been acquired at the beginning of the current year, the directors have calculated amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

39. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

(a) Capital commitments for the acquisition of intangible assets, plant and equipment

	2011 **HK$'000**	2010 HK$'000
Contracted but not provided for	**25,500**	4,809

39. COMMITMENTS *(Continued)*

(b) Commitments under operating leases

The Group as lessee

The Group leases certain of its office premises under operating leases. Leases for properties are negotiated for a term ranging from one to two years and rentals are fixed, with an option to renew the lease.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due within one year of approximately HK$2,535,000 (2010: HK$308,000).

40. CONTINGENT LIABILITIES

(a) At 31st March 2011, the Group's bank deposits of approximately HK$2,724,000 (2010: HK$1,106,000) were pledged to two banks for bank guarantees of approximately HK$2,724,000 (2010: HK$1,106,000) issued to certain customers on the performance of contracts under systems development.

The directors of the Company consider that it is not probable that a claim will be made against the Group under any of the above bank guarantees.

(b) On 19th April 2006, a High court Action No. 858 of 2006 was commenced by Chan Kar Kui, Wong Calvin Ting Chi, Chan Wai Phan, Chan Man Wan and Kwok King Chuen (the "Plaintiffs") against the Company for specific performance of the agreement entered into between the Plaintiffs and the Company's former director, To Cho Kei, on behalf of the Company, in around May/June 2000 to purchase from the Plaintiffs all their shareholdings in Epplication.Net Limited ("Epplication.Net") at a consideration of HK$6,800,000, being twice of the actual amount that the Plaintiffs expended on Epplication.Net by way of transfer or allotment of the shares of the Company of the equivalent value, or alternatively, damages with interests and costs. The Company has filed a defence denying the allegation as the Company has no record of any agreement for the purchase of the Plaintiffs' shareholdings in Epplication.Net and the Plaintiffs have not produced any documentary evidence to support their claim. The Plaintiffs have been dormant since the end of 2008. The directors of the Company believe that the Company has a strong defence in this action and therefore, no provision for liabilities was made.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Plant and equipment		—	1
Investments in subsidiaries		11,460	11,825
Investments in associates		27,857	—
Deposit paid for acquisition of intangible assets, plant and equipment		11,000	—
		50,317	11,826
Current assets			
Amounts due from subsidiaries	(a)	207,890	11,091
Other receivables		1,113	25,075
Bank balances		562	1,938
		209,565	38,104
Current liabilities			
Amounts due to subsidiaries	(a)	120	13,980
Other payables		1,916	1,663
		2,036	15,643
Net current assets		207,529	22,461
Total assets less current liabilities		257,846	34,287
Capital and reserves			
Share capital		10,993	6,529
Reserves	(b)	246,853	27,758
		257,846	34,287

(a) Amounts due from/(to) subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(b) Reserves

	Share premium HK$'000	Capital reserve HK$'000 (Note)	Share option Reserve HK$'000 (Note)	Accumulated losses HK$'000	Total HK$'000
At 1st April 2009	22,905	1,200	—	(16,556)	7,549
Total comprehensive expenses for the year, net of tax	—	—	—	(2,856)	(2,856)
Issue of shares upon placement of shares	23,475	—	—	—	23,475
Share issue expenses	(410)	—	—	—	(410)
At 31st March 2010	45,970	1,200	—	(19,412)	27,758
Total comprehensive expenses for the year, net of tax	—	—	—	(4,701)	(4,701)
Issue of shares upon					
— exercise of share options	2,585	—	(935)	—	1,650
— placement of shares	87,953	—	—	—	87,953
Acquisition of subsidiaries and associates	121,958	—	—	—	121,958
Share issue expenses	(2,215)	—	—	—	(2,215)
Recognition of equity-settled share-based payments	—	—	14,450	—	14,450
At 31st March 2011	256,251	1,200	13,515	(24,113)	246,853

Note: The capital reserve represents waiver of amount due to a shareholder of the Company during the year ended 31st March 2003. As the waived amount was in substance equivalent to a capital contribution to the Company, hence, it was accounted for as capital reserve.

The share option reserve relates to share options granted to employees under the Company's employee share option scheme. Further information about share-based payments to employees is set out in note 36.

42. PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of the Company's subsidiaries at 31st March 2011 and 2010 which principally affect the results or assets of the Group as the directors are of the opinion that a complete list of all the subsidiaries will be of excessive length.

Name of subsidiary	Place of incorporation/ establishment	Place of operations	Class of shares held	Issued share capital/ registered capital	Kind of legal entity	Proportion of nominal value of issued capital/registered capital held by the Company				Principal activities
						Directly		Indirectly		
						2011	2010	**2011**	2010	
Asia Security Net Technology Limited (formerly known as Acon) (Note 1)	British Virgin Islands ("BVI")	Hong Kong	Ordinary shares	US$8,000	Limited liability company	**–**	100%	**–**	–	Investment holding
Security Net Technology (HK) Limited (Note 1)	Hong Kong	Hong Kong	Ordinary shares	HK$2	Limited liability company	**–**	–	**–**	100%	Dormant
Tongfang Electronic Company Limited	BVI	BVI	Ordinary shares	US$65	Limited liability company	**100%**	100%	**–**	–	Investment holding
Tongfang Electronic (Hong Kong) Company Limited	Hong Kong	Hong Kong	Ordinary shares	HK$100,000	Limited liability company	**–**	–	**100%**	100%	Investment holding
Beijing Tongfang Electronic Science & Technology Co., Ltd	PRC	PRC	Contributed capital	US$4,300,000	Wholly owned foreign enterprise	**–**	–	**100%**	100%	Research, development and provision of integrated management information system
Trend Brilliant Limited	Hong Kong	Hong Kong	Ordinary shares	HK$10,000	Limited liability company	**100%**	–	**–**	–	Investment holding
Fullmark Management Limited	BVI	BVI	Ordinary shares	US$1	Limited liability company	**–**	–	**100%**	–	Investment holding
Fullmark Management Limited	Hong Kong	Hong Kong	Ordinary shares	HK$1	Limited liability company	**–**	–	**100%**	–	Investment holding
鑫約福(上海)貿易有限公司	PRC	PRC	Contributed capital	US$4,943,659	Limited liability company	**–**	–	**100%**	–	Software development
High Pacific Limited	BVI	BVI	Ordinary shares	US$2	Limited liability company	**100%**	–	**–**	–	Investment holding

Notes:

1) The subsidiaries ceased their business on 3rd March 2011 and 28th February 2011 respectively.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during both of the years presented.

43. RELATED PARTY TRANSACTIONS

The balances with related parties at the end of the reporting period are disclosed elsewhere in the consolidated financial statements.

The key management personnel of the Group comprises all directors of the Company, details of their emoluments are disclosed in Note 18. The remuneration of the directors of the company is determined by the remuneration committee having regard to the performance of individuals and market trends.

44. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to 31st March 2011:

(a) On 18th May 2011, the Company allotted and issued a total of 393,500,000 shares to certain independent parties at the price of HK$0.161 per share for a cash consideration of HK$63.35 million (before expenses).

(b) On 30th December 2010 and 6th May 2011, the Company entered into the memorandum of understanding (the "MOU") and an addendum to the MOU respectively with prospective seller to provide for the payment of HK$20,000,000 as an interest-free refundable earnest money for the proposed acquisition of the entire issued share capital of Fame Thrive Limited, a company incorporated in the British Virgin Islands.

(c) On 17th May 2011, the Company entered into the MOU with prospective seller to provide for the payment of HK$25,000,000 as an interest-free refundable earnest money for the proposed acquisition of not less than 50% of the issued share capital of Gold Depot Investments Limited, a limited company incorporated in the British Virgin Islands, which, directly or indirectly, owns an exploration right and a mining right of a gold mine located in Guizhou, the PRC.

(d) On 23rd May 2011, the Company entered into the MOU with prospective seller to provide for the payment of HK$25,000,000 as an interest-free refundable earnest money for the proposed acquisition of 51% equity interest in 青島博達保險經紀有限公司 ("青島博達") which is principally engaged in the provision of insurance brokerage service in Qingdao, the PRC. On 24th June 2011, a subsidiary of the Company entered into a share transfer agreement under which the subsidiary agreed to acquire 51% equity interest in 青島博達 for a consideration of HK$33,000,000 which is to be satisfied by cash payment of approximately HK$25 million and issue of 49,196,909 shares of the Company.

The proposed acquisitions mentioned in (b) to (d) above have not been completed up to the date of approval of these financial statements.

FIVE YEAR SUMMARY

	For the year ended 31st March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**50,167**	68,583	108,003	52,835	64,706
(Loss) profit before taxation	**(47,298)**	3,147	13,729	(19,326)	(2,084)
(Loss) profit for the year	**(47,550)**	3,644	11,449	(19,853)	(2,464)
Attributable to:					
Owners of the Company	**(47,550)**	3,644	11,449	(19,853)	(2,464)
Non-controlling interests	**—**	—	—	—	—
	(47,550)	3,644	11,449	(19,853)	(2,464)

	As at 31st March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**352,468**	130,648	106,854	91,767	71,499
Total liabilities	**(115,939)**	(74,973)	(78,871)	(75,235)	(47,163)
Equity attributable to owners of the Company	**236,529**	55,675	27,983	16,532	24,336
Non-controlling interests	**—**	—	—	—	—
Net assets	**236,529**	55,675	27,983	16,532	24,336