TAI SHING

Tai Shing International (Holdings) Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8103

ANNUAL REPORT 2013

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Chew Chee Wah *(appointed on 22 May 2014 and appointed as chairman on 29 July 2014)*
Mr. Tam Kwok Leung *(appointed on 22 May 2014 and appointed as chief executive officer on 5 August 2014)*
Mr. Liu Bo *(appointed as chairman on 24 September 2012 and resigned on 29 July 2014)*
Mr. Chan Yun Sang *(resigned as chairman on 24 September 2012 and as executive director on 25 December 2012)*
Mr. Han Fangfa
Ms. Ju Lijun
Ms. Huang Miaochan
Mr. Ip Ho Ming *(resigned on 27 February 2013)*
Ms. Wong Sau Wai Serena *(resigned on 27 February 2013)*
Mr. Zhang Jinshu *(appointed on 26 October 2012)*
Mr. Luk Chi Shing *(appointed on 3 April 2014)*
Ms. Zhang He *(appointed on 15 August 2014)*
Mr. Lee Yiu Tung *(appointed on 18 August 2014)*

Non-executive Directors

Dr. Pan Jin
Mr. Dai Yuanxin *(appointed on 25 July 2012)*
Ms. Xiao Yongzhen *(appointed on 26 October 2012)*

Independent non-executive Directors

Mr. Chan Yee Sze *(appointed on 9 February 2013)*
Mr. Tang Sze Lok *(resigned on 9 February 2013)*
Mr. Xu Jingbin
Ms. Hu Yun
Mr. Tan Heming *(appointed on 31 December 2012 and resigned on 18 August 2014)*
Ms. Yuen Wai Man *(appointed on 3 April 2014)*
Mr. Koh Kwing Chang *(appointed on 22 May 2014)*
Mr. Lui Wai Ming *(appointed on 22 May 2014)*

COMPANY SECRETARY

Ms. Tsang Kai Yi, *ACCA, CPA (ceased on 27 August 2014)*
Mr. Chiam Tat Yiu, *HKICPA (appointed on 27 August 2014)*

COMPLIANCE OFFICER

Dr. Chew Chee Wah *(appointed on 5 August 2014)*
Mr. Liu Bo *(appointed on 25 December 2012 and resigned on 29 July 2014)*
Mr. Chan Yun Sang *(resigned on 25 December 2012)*

AUTHORISED REPRESENTATIVES

Mr. Chiam Tat Yiu *(appointed on 27 August 2014)*
Mr. Tam Kwok Leung *(appointed on 17 June 2014)*
Mr. Liu Bo *(resigned on 29 July 2014)*
Ms. Huang Miaochan *(appointed on 27 February 2013 and resigned on 17 June 2014)*
Mr. Ip Ho Ming *(appointed on 25 December 2012 and resigned on 27 February 2013)*
Mr. Chan Yun Sang *(resigned on 25 December 2012)*

AUDIT COMMITTEE

Mr. Chan Yee Sze *(appointed as chairman and a member of the committee on 9 February 2013)*
Mr. Tang Sze Lok *(resigned as chairman and a member of the committee on 9 February 2013)*
Mr. Xu Jingbin
Ms. Hu Yun
Ms. Yuen Wai Man *(appointed as a member of the committee on 5 May 2014)*
Mr. Koh Kwing Chang *(appointed as a member of the committee on 22 May 2014)*
Mr. Lui Wai Ming *(appointed as a member of the committee on 22 May 2014)*

REMUNERATION COMMITTEE

Mr. Chan Yee Sze *(appointed as chairman and a member of the committee on 9 February 2013)*
Mr. Tang Sze Lok *(resigned as chairman and a member of the committee on 9 February 2013)*
Mr. Xu Jingbin
Ms. Hu Yun
Ms. Yuen Wai Man *(appointed as a member of the committee on 8 May 2014)*
Mr. Koh Kwing Chang *(appointed as a member of the committee on 22 May 2014)*
Mr. Lui Wai Ming *(appointed as a member of the committee on 22 May 2014)*

NOMINATION COMMITTEE

Mr. Chan Yee Sze *(appointed as chairman and a member of the committee on 9 February 2013)*
Mr. Tang Sze Lok *(resigned as chairman and a member of the committee on 9 February 2013)*
Mr. Xu Jingbin
Ms. Hu Yun
Ms. Yuen Wai Man *(appointed as a member of the committee on 8 May 2014)*
Mr. Koh Kwing Chang *(appointed as a member of the committee on 22 May 2014)*
Mr. Lui Wai Ming *(appointed as a member of the committee on 22 May 2014)*

CORPORATE INFORMATION

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 2201-2, 22/F
Chuang's Enterprises Building
382 Lockhart Road
Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust Company (Cayman) Limited
4 Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

HONG KONG BRANCH WARRANT REGISTRAR AND TRANSFER OFFICE

Tricor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong
(register kept in Macau)

STOCK CODE

08103

WEBSITE

www.equitynet.com.hk/8103/

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the year ended 31 March 2013, the Group recorded a turnover of approximately HK$51.9 million (2012: HK$80.9 million), representing a decrease of approximately 35.9% as compared with the turnover for the year ended 31 March 2012.

As a result of reduction in income from insurance brokerage business, turnover was decreased by 35.9% as compared to year ended 31 March 2012, other income and gains were also reduced from approximately HK$42.3 million to HK$7.9 million.

Moreover, the loss was further increased due to the increase of amortisation charge to approximately HK$31.0 million, up from HK$19.3 million in year ended 31 March 2012. The Group's loss was further enlarged due to impairment loss of approximately HK$206.0 million (2012: HK$32.8 million).

The Group recorded a loss attributable to owners of the Company amounted to approximately HK$260.5 million for the year under review (2012: HK$22.8 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2013, the shareholders' funds of the Group amounted to approximately HK$110.8 million (2012: HK$319.6 million). Current assets amounted to approximately HK$132.0 million (2012: HK$133.2 million), of which approximately HK$9.7 million (2012: HK$23.9 million) were cash and cash equivalents. Current liabilities were approximately HK$144 million (2012: HK$125.8 million) including trade and other payables, amounts due to customers for contract work, promissory note payable and convertible notes. There was no bank borrowing as at 31 March 2013 (2012: HK$12.3 million).

During the year ended 31 March 2013, the Company has made the following issue for cash of equity securities made otherwise than to the Company's shareholders in proportion to their shareholdings and which has not been specifically authorised by the Company's shareholders:

(i) Placing of new shares under general mandate on 21 November 2012

On 4 October 2012, the Company announced that it had entered into a placing agreement with Heng Shan Securities Limited dated 4 October 2012 ("**October 2012 Placing Agreement**"). As disclosed in the announcement of the Company dated 4 October 2012, the placing under the October 2012 Placing Agreement ("**October 2012 Placing**") represented an opportunity to enlarge the equity base of the Company. Completion of the October 2012 Placing took place on 21 November 2012 and the Company has allotted and issued a total of 39,000,000 shares of HK$0.05 each (each, a "**Share**") to not less than six placees at the price of HK$0.20 per Share, represented a discount of approximately 1.96% to the closing price of HK$0.204 per Share as quoted on the GEM on 20 November 2012. The net proceeds received by the Company from such placing amounted to approximately HK$7.3 million, which was 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$0.19 and the aggregate nominal value of the Shares issued was HK$1,950,000.

As at the date of this report, out of the net proceeds, (i) HK$5 million were used to finance the acquisition ("**Tirack Acquisition**") of Tirack Holdings Corporation ("**Tirack**") and its subsidiaries (collectively, the "**Tirack Group**"); and (ii) approximately HK$2.3 million were used as general operating expenses.

(ii) Placing of new shares under general mandate on 21 December 2012

On 13 December 2012, the Company announced that it had entered into a placing agreement with Heng Shan Securities Limited dated 13 December 2012 ("**December 2012 Placing Agreement**"). As disclosed in the announcement of the Company dated 13 December 2012, the placing under the December 2012 Placing Agreement ("**December 2012 Placing**") represented an opportunity to enlarge the equity base of the Company. On 14 December 2012, the Company announced that Heng Shan Securities Limited had procured one place, namely Mr. Gu Liqiang, to subscribe for the new Shares to be issued under the December 2012 Placing. Completion of the December 2012 Placing took place on 21 December 2012 and the Company has allotted and issued a total of 24,000,000 Shares at the price of HK$0.14 per Share, represented a discount of 5% to the closing price of HK$0.147 per Share as quoted on GEM on 20 December 2012. The net proceeds received by the Company from such placing amounted to approximately HK$3.13 million, which was intended to be used as general working capital. The net price of each Share issued was approximately HK$0.13 and the aggregate nominal value of the Shares issued was HK$1,200,000.

As at the date of this report, out of the net proceeds, (i) approximately HK$0.75 million had been used as professional fees relating to the Tirack Acquisition; and (ii) approximately HK$1.6 million had been used as general operating expenses.

(iii) Issue of convertible note under general mandate on 3 May 2012

As disclosed in the announcement of the Company dated 3 May 2012, the Company issued a convertible note ("**Convertible Note**") in the principal amount of HK$15,000,000 to Mr. Wong Kwong Chau ("**Mr. Wong**") on 3 May 2012, which conferred the right to the holders of such Convertible Note to convert the whole or any part of the Convertible Note into 60,000,000 Shares (subject to adjustment) at the conversion price of HK$0.25 per Share (subject to adjustment) at any time for a period of 15 months from the date of issue of the Convertible Note. As disclosed in the announcement of the Company dated 19 April 2012, the Company had entered into the subscription agreement in relation to the issue of the Convertible Note with Mr. Wong on 19 April 2012, and the issue of the Convertible Note is under the general mandate obtained from the shareholders of the Company at the extraordinary general meeting held on 21 December 2011.

As at the date of this report, none of the conversion rights attached to the Convertible Note have been exercised. The net proceeds received by the Company from such placing amounted to (i) approximately HK$8 million had been used as research development of software for insurance business; (ii) approximately HK$2 million for consultancy relating to feasibility of the Tirack Acquisition; (iii) approximately HK$3.2 million as general operating expenses; and (iv) approximately HK$1.5 million as professional fees relating to audit and reporting.

Further to the above, during the year under review, the Company has made the following issue for cash of equity securities:

(i) Placing of unlisted warrants under specific mandate on 3 April 2012

As disclosed in the announcement of the Company dated 3 April 2012, the Company has issued 57,380,000 Warrants (as defined below) on 3 April 2012 which conferred the right to the holders of such Warrants to subscribe for up to HK$10,902,200 in aggregate for Shares (i.e. up to 57,380,000 Shares) at an issue price of HK$0.02, each entitles the holder thereof to subscribe in cash for one Share at an initial subscription price of HK$0.19, subject to adjustment, at any time for a period of three years commencing from the date of allotment and issue of the Warrants. As disclosed in the announcements of the Company dated 18 January 2012 and 24 February 2012 and the circular of the Company dated 8 February 2012, the Company had entered into the placing agreement with Grand Vinco Capital Limited in relation to the private placing of unlisted warrants ("**Warrants**") of the Company on 18 January 2012 and the issue of the Warrants was under the specific mandate obtained from the shareholders of the Company at the extraordinary general meeting held on 24 February 2012.

As at the date of this report, none of the subscription rights attached to the Warrants have been exercised. The net proceeds received by the Company from such placing amounted to approximately HK$0.75 million and had been used as general operating expenses.

(ii) Placing of new shares under specific mandate on 18 September 2012

In addition, during the year under review, on 8 July 2012, the Company announced that it had entered into a placing agreement with Huatai Financial Holdings (Hong Kong) Limited ("**July 2012 Placing Agreement**"). As disclosed in the announcement of the Company dated 8 July 2012 and the circular of the Company dated 6 August 2012, the placing under the July 2012 Placing Agreement ("**July 2012 Placing**") represented a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital for the Company to finance the Tirack Acquisition and for its business operation. Completion of the July 2012 Placing took place on 18 September 2012 and the Company has allotted and issued a total of 260,000,000 new Shares to not less than six placees at the price of HK$0.115 per Share. The net proceeds received by the Company from the July 2012 Placing amounted to approximately HK$28.75 million, which was intended that (i) no more than HK$15 million for financing the proposed acquisition of 深圳市淘淘通航空服務有限公司 (unofficial English translation being Shenzhen Taoaoto Air Services Co., Ltd.), particularly being a refundable deposit, set out in the Company's announcement dated 4 July 2012; and (ii) the balance of approximately HK$13.75 million for general working capital for both existing and prospective business operations of the Group and for maintaining the liquidity of the Group in the course of the Group's business expansion and development, of which approximately HK$8 million will be used for general overheads and expenses, approximately HK$4 million for research and development and approximately HK$1.75 million for professional fees.

As at the date of this report, the net proceeds have been utilized as follows: (i) approximately HK$15 million was used for financing the Tirack Acquisition; (ii) approximately HK$7 million as software development; (iii) approximately HK$3 million for general working capital for existing business operations of the Group; (iv) approximately HK$2.5 million for general operating expenses; and (v) approximately HK$1.25 million for professional fees relating to the Tirack Acquisition and audit and reporting.

(iii) Placing of new shares under specific mandate on 18 March 2013

During the year under review, as disclosed in the announcement of the Company dated 18 March 2013, the Company has issued 72,000,000 new Shares to not less than six placees on 18 March 2013 at an issue price of HK$0.14 pursuant to a share placing agreement entered into between the Company and Heng Shan Securities Limited dated 28 December 2012 for the placing of up to 250,000,000 new Shares ("**Second December 2012 Placing**"). The net proceeds from the Second December 2012 Placing is intended to broaden the shareholders base and capital base of the Company and to raise capital for the Company for its future business operations and developments. The net proceeds received from the Company in relation to the 72,000,000 new Shares issued under the Second December 2012 Placing amounted to approximately HK$10,080,000. As at the date of this report, the net proceeds have been utilized for general working capital of the Group.

Subsequently after the period under review, on 15 April 2013, 57,000,000 new Shares have further been issued to not less than six placees. In relation to the remaining 121,000,000 Shares, the Company and the placing agent had entered into a confirmation letter on 30 April 2013 to extend the long stop date for the Second December 2012 Placing to 28 June 2013. Prior to the long stop date, the conditions precedent for the Second December 2012 Placing 70,000,000 shares were fulfilled but was halted due to suspension of trading. The Company has been negotiating with the placing agent on whether to continue with the Second December 2012 Placing in view of the long lapse of time.

Please refer to the circular of the Company dated 8 February 2013 and the announcements of the Company dated 28 December 2012, 18 March 2013, 15 April 2013 and 30 April 2013 for further details in relation to the Second December 2012 Placing. The Company has also commenced discussions with other equity and debt financiers regarding the provision of financing to the Company whether before or upon the resumption of trading in the shares of the Company.

(iv) Possible placing of unlisted warrant under specific mandate

During the year under review, as disclosed in the circular of the Company dated 8 February 2013 and the announcements of the Company dated 28 December 2012 and 30 April 2013, the Company and the placing agent entered into a placing agreement for placing up to 64,600,000 warrants which will confer the right to the holders of such warrants to subscribe for up to 64,600,000 Shares at an issue price of HK$0.01 per warrant and an exercise price of HK$0.14 per Share. No warrant had been issued during the period under review.

Subsequently after the period under review, the Company and the placing agent had entered into a confirmation letter on 30 April 2013 to extend the long stop date for placing the warrants to 28 June 2013, and no warrant had been issued up to the long stop date and the placing was terminated.

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 31 March 2013 was approximately 131.1% (2012: 40.1%).

FOREIGN CURRENCY EXPOSURE

During the year ended 31 March 2013, 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 did not launch any new products or services during the period under review.

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

Save as disclosed herein, there were no significant changes in the investments held by the Company during the year ended 31 March 2013.

During the period under review, the Company and Questex Development Inc. a company incorporated in the Republic of Vanuatu, entered into a sale and purchase agreement dated 21 November 2012 in relation to the Tirack Acquisition at the aggregate consideration of HK$110 million, in which (i) HK$15 million in cash has been paid prior to the signing of the sale and purchase agreement dated 21 November 2012 entered into between Questex Development Inc. and the Company ("**SP Agreement**"); (ii) HK$5 million in cash to be paid upon signing of the SP Agreement; (iii) HK$5 million in cash to be paid upon completion of the Tirack Acquisition; and (iv) the balance in the sum of HK$85 million to be paid upon completion of the Tirack Acquisition by issuing convertible bonds to Questex Development Inc. (or its nominee). As disclosed in the circular of the Company dated 28 February 2013, Tirack Group principally engages in the sale of air tickets, hotel accommodations and other travel related services through Shenzhen Taoaoto as its principal operating company in Shenzhen, the PRC. Completion of the Tiack Acquisition took place on 2 April 2013, and the consideration for the acquisition has been settled in full. Please refer to the announcements of the Company dated 21 November 2012 and 2 April 2013 and the circular of the Company dated 28 February 2013 for further details of the Tirack Acquisition.

During the period under review, a sale and purchase agreement dated 28 March 2013 was entered into by 王輝 (Ms. Wang Hui, "Ms. Wang") in which Ms. Wang agreed to acquire 51% equity interest in上海景福保險經紀有限公司(unofficial English translation being Shanghai Jingfu Insurance Brokerage Company Limited) (formerly known as青島博達保險經紀有限公司) ("**Shanghai Jingfu**") at the aggregate consideration of RMB20 million. Please refer to the announcement of the Company dated 2 April 2013 for further details of the disposal. As at the date of this report, Ms. Wang has paid RMB5 million but has failed to pay the balance consideration of RMB15 million which was due on 1 December 2013. The Company held a meeting with Ms. Wang for settlement of the balance consideration, and agreed on a resettlement agreement with a repayment schedule of the balance consideration of RMB15 million as follows: (a) the first RMB3 million shall be paid to the Company on or before 31 December 2014; (b) the second RMB3 million shall be paid to the Company on or before 28 February 2015; (c) the third RMB3 million shall be paid to the Company on or before 31 March 2015; (d) the fourth RMB3 million shall be paid to the Company on or before 31 May 2015; and (e) the last RMB3 million shall be paid to the Company on or before 30 June 2015. According to the information provided by Ms. Wang, Ms. Wang is an experienced and reputable business woman principally engaged in real estate investments in the PRC. The Directors considered that (i) the proof of assets of Ms. Wang that demonstrate her repayment ability has been obtained by the Company; (ii) a re-settlement agreement of RMB15 million had been agreed and executed and (iii) Ms. Wang had made the payment of RMB5 million for the consideration before. Therefore, the directors considered that the purchaser will be able to settle the same and the Company will be able to recover the overdue amount in full.

With the addition of new directors to the board in recent months, the board is now equipped with more resources as well as more comprehensive expertise to perform its function and duties. Aside from improving corporate governance significantly, one of the key current missions and goals of the board is to protect and safeguard shareholder value through aggressively demanding the payment of monies owed to the Company.

During the period under review, the Company has not completed any other material acquisitions.

Possible acquisition of the entire issued share capital of Fame Thrive Limited

On 30 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. Pursuant to the memorandum of understanding, Fame Thrive Limited will implement a reorganisation whereby it will, directly or indirectly, establish a wholly-foreign owned enterprise in the PRC and such wholly-foreign owned enterprise will enter into a co-operation arrangement with東大保險經紀有限責任公司(unofficial English translation being Dongda Insurance Brokerage Company Limited) ("Dongda"), a company established in the PRC. Dongda provides property and life insurance professional insurance brokers services (such as engineering insurance, cargo transportation insurance liability insurance and group life insurance) and reinsurance brokers service.

Subsequently on 6 May 2011, the Company entered into an addendum to the memorandum of understanding with the prospective seller to provide for the payment of HK$20,000,000 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.

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

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

As mentioned above, the exclusivity period for the acquisition of Fame Thrive Limited has expired on 30 April 2014. Negotiations of the acquisition have terminated. Pursuant to the memorandum of understanding, within 3 days after expiry of the exclusive period, the vendor shall refund the HK$20,000,000 earnest money to the Company. The vendor has failed to repay the same as at the date hereof. On 17 June 2014, the Company by immediate notice terminated the memorandum of understanding and demanded the immediate repayment of the earnest money of HK$20 million. On 3 July 2014, the Company has again demanded the immediate payment and invited the vendor for discussion. The directors are of the view that the seller of Fame Thrive Limited (particularly in view of its co-operation arrangement with Dongda Insurance Brokerage Company Limited) has enough financial strength to satisfy the obligation of returning the earnest money to the Company.

Having said the above, if the seller does not repay the earnest money following receipt of the above-mentioned termination notice and the written notice demanding the payment, the Company will take active steps (including further written demands, dialogues and negotiations, demanding the putting up of collateral) in recovering the full amount of the earnest money. Furthermore, the Company has already instructed its legal adviser to take legal action against the vendor. The overall strategy of the Company is to take all reasonable and economical steps to recover the earnest money. The Company will keep shareholders informed promptly on the progress in recovering the earnest money.

As mentioned above, with the addition of new directors to the board in recent months, the board is now equipped with more resources as well as more comprehensive expertise to perform its function and duties. Aside from improving corporate governance significantly, one of the key current missions and goals of the board is to protect and safeguard shareholder value through aggressively demanding the payment of monies owed to the Company.

Possible acquisition of not more than 20% of the entire issued share capital of Gold Depot Investments Limited

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

Subsequently on 17 May 2011, the Company and Gold Tycoon Limited entered into an addendum to the memorandum of broad terms to provide for the payment of HK$25,000,000 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.

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

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

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

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

Pursuant to the memorandum, within 3 days after expiry of the exclusive period, the vendor shall refund the HK$25,000,000 earnest money to the Company. The vendor has failed to repay the same as at the date hereof. The Company is negotiating with the vendor for the repayment of the earnest money. The Company has assessed the financial capability of the vendor by examining the documents and information provided by the vendor and understood that the vendor is the major beneficial owner of the target gold mine. The Directors are of the view that the vendor would be able to repay the earnest money.

Having said the above, if the vendor does not repay the earnest money, the Company will take active steps (including further written demands, dialogues and negotiations, demanding the putting up of collateral) in recovering the full amount of the earnest money. The overall strategy of the Company is to take all reasonable and economical steps to recover the earnest money (including possible legal actions should the vendor fail to honor its obligations to return the earnest money). The Company will keep shareholders informed promptly on the progress in recovering the earnest money.

As mentioned above, with the addition of new directors to the board in recent months, the board is now equipped with more resources as well as more comprehensive expertise to perform its function and duties. Aside from improving corporate governance significantly, one of the key current missions and goals of the board is to protect and safeguard shareholder value through aggressively demanding the payment of monies owed to the Company.

Technical know-how relating to internet electronic air-ticket and payment system

The Company invested in the technical know-how because (i) software licensing and the provision of IT engineering and technical support services is one of the principal businesses of the Group, and (ii) the growing demand for and increasing trend towards acquiring goods and services on-line, including holiday and travel related services. As a result, the directors believed the investment into the technical know-how made solid business sense at a reasonable cost.

The directors believe that once suspension on the trading of the Company's shares are lifted, the Company will be able to raise funds to provide financial support to Tirack Group as well as devote additional resources to market the licensing of the technical know-how to third parties.

The Company has entered into a lease agreement with 深圳市淘淘通航空服務有限公司(unofficial English translation being Shenzhen Taoaoto Air Services Co. Limited) on 2 April 2013 ("Lease Agreement"), under the Lease Agreement, the Company is entitled to a monthly lease income of RMB80,000 from 2 April 2013 to 1 April 2015. The Company is of the view that the terms of the Lease Agreement is in an arms-length basis and will be extended upon expiry. Though, as at the date of this report, no lease income has been received by the Company.

The carrying value of the technical know-how as at 31 March 2013 is HK$9.5 million. The basis of the director's assessment is from an expected income projection from the technical know-how to be generated from third party users, which discounted cash flow approach is adopted for the assessment, discounted at the discount rate of 23.72% per annum. Apart from the Lease Agreement, the directors are of the view that, with the growing demand for and increasing trend towards acquiring goods and services on-line, including holiday and travel related services, the technical know-how would be leased out to additional third party users for the coming years. In view of the net revenue in Group level to be generated from additional third party users, the directors believe that it is not necessary to recognize an impairment loss against the carrying amount of the technical know-how, which represents the original investment costs less amortization. Upon resumption of trading, the Company intends to hire suitable and experienced employee(s) to aggressively market this know-how to third party users. As at the date of this report, no agreement has been signed with any third party users.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to look for opportunities to create shareholders' value through making investments into and/or acquiring companies or projects that have promising outlooks and prospects. Furthermore, the Group notices that the United States, Europe and Japan, being three of the largest economies in the world, have all embarked on a clear growth path. The Group believes that this will significantly benefit the global economy, and in particular, the financial and financial services sector. Consequently, the Group intends to take the opportunity to enter into the financial and financial services sector. Firstly, the Group will expand into proprietary trading, including the trading of marketable equity, equity-related and/or debt securities in listed companies in Hong Kong and/or other major global securities markets for potential capital upside. In addition, the Group intends to diversify its business scope by entering into the money lending business to capture opportunities in the thriving personal and corporate loan market.

SEGMENT INFORMATION

During the period under review, the Group is principally engaged in three 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 business into three business segments namely:

- systems development;
- professional services; and
- insurance brokerage business.

Turnover generated from the PRC represented over 90% of the total turnover of the Group for the year ended 31 March 2013 and 2012.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2013, the Group had 18 and 8 (2012: 21 and 76) employees in Hong Kong and the PRC respectively, which included the Directors. Total staff costs including Directors' remuneration for the year under review amounted to approximately HK$7.6 million (2012: HK$15.2 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 during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company adopted a share option scheme on 22 October 2003 ("**Share Option Scheme**"). Pursuant to the Share Option Scheme, the Directors and employees of the Group may be granted options to subscribe for Shares.

At the annual general meeting of the Company held on 24 August 2011, the then limit of the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme has been refreshed. During the period under review, no option was granted under the Share Option Scheme.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

There have been no charge on the Group's assets as at 31 March 2013. Details of the Group's contingent liabilities are set out in Note 48 to the consolidated financial statements.

IMPAIRMENT LOSS OF INTANGIBLE ASSETS

The Company assessed the impairment loss of InsureLink System which was included in the Group's intangible assets by ascertaining its market value as at 31 March 2013 with reference to a valuation report prepared by B.I. Appraisals Limited, an independent valuer, using income based approach. The major assumptions adopted by the valuer are:

- All relevant legal approvals and business licences to operate the business would be obtained;
- There will be sufficient supply of technical staff;
- The business will retain competent staff to support its operations and development;
- There will be no major changes to the taxation laws where the business operates and the tax rates shall remain unchanged and all application laws and regulations will be complied with;
- There will be no major changes in the political, legal, economic or financial conditions where the business operates;
- Interest rates and exchange rates will not differ materially from those prevailing.

The Company has prepared a financial projections relating to the InsureLink System with reference to the business performance of the InsureLink System, the operating and economic conditions and the expected course of action to be taken in relation to the licensing, research and development of the InsureLink System. The discount rate of 23.72% was arrived at by taking into account the risk-free rate, equity risk premium and estimated beta of the subject business enterprise and firm specific risk factors. The risk-free rate adopted was the yield of the 10-year Exchange Fund Notes as at the valuation date. The equity risk premium was arrived at by deduction of the risk-free rate from the expected market return. The firm specific risk factors were arrived at after considering the limited economic life of the InsureLink System and the risky nature of its business.

INVENTORIES

During the year the Company engaged in trading of raw cotton and printing presses with a view to bring return to the Company by capturing the opportunity in appreciation of the said commodities. The vendor of the raw cotton sourced the cotton from a third party PRC enterprise. The person controlling the PRC enterprise was a creditor of the Company at that time, who later became a Director. The cotton was in a third party warehouse. The cotton were delivered to the warehouse in the name of the PRC enterprise for convenience sake though it belong to the Company. The Company has in its possession relevant invoices, purchase orders and payment records relating to the inventories. Due to resignation of the relevant handling personnel and inadvertent oversight, the auditor was not called to perform stock take of the inventories as at 31 March 2013. The Directors estimated the net realizable value of the inventories as at 31 March 2013 by reference to the pricing and quotations available on the internet. The Company has assigned specific personnel to oversee the audit procedures relating to the inventories and will further strengthen its resources in accounting and financial reporting. The Company consider that sufficient internal controls are in place in respect of those inventories. The Company is closely monitoring the prospects of the cotton market and printing press market and intends to dispose of the same in the future on favourable terms.

BOOKS AND RECORDS OF PRC SUBSIDIARIES SUBSEQUENT TO THE REPORTING DATE

The focus of the Company up until the date of this announcement had been to finalise the financial statements and the audit of such financial statements for the year ended 31 March 2013. Nevertheless, the Company is in the course of gathering the full sets of books and records of its PRC subsidiaries for the period subsequent to the reporting date. The aim of the Company is to publish all outstanding financial statements as soon as practicable so that shares in the Company can resume trading on the Stock Exchange soonest. As at the date of this report, the Company has already obtained and provided to its auditors the management accounts of the operating PRC subsidiaries for the six months ended September 2013. The business of principal operating subsidiary in the PRC remains active and ongoing as at the date of this report.

As at the date of this report and as a result of the focus mentioned above, the Directors do not yet have sufficient information on any subsequent settlements for the various receivables as disclaimed by the auditors under paragraph (f) of their basis for disclaimer of opinion. The necessary information is in the process of being gathered. Consequently, the Directors are not yet able to assess the recoverability of such receivables whilst taking into account any subsequent settlements of such receivables.

GOING CONCERN BASIS OF ACCOUNTING

The financial statements have been prepared on a going concern basis. The Directors are of the view that the Group can meet its financial obligations in the coming twelve months. The Company will take concrete steps to conduct further equity and/or debt fund raising to meet the working capital requirement of the Company. The Company is currently on good terms with the major creditors of the Group, including the holder of the HK$15 million Convertible Note and the holder of the HK$10 million promissory note. The Company is negotiating with the holder of the promissory note to convert the same into a long term bond. The holder of the Convertible Note has indicated that it will withhold from taking any action against the Company pending resumption of trading. The Company will also take steps to improve cash flow by tightening credit terms and collection of receivables.

Saved for disclosed below in the section “Events after the reporting period” in relation to the Tirack Group, the working capital of all operating subsidiaries under the Group are self-sufficient and self-sustainable.

The Directors are of the view that the Group does not have a going concern issue and there will be sufficient working capital for the operations of the Group. The Company is in process of executing the following actions:-(i) in addition to the Second December 2012 Placing, the Company commenced discussion with other equity and debt financiers regarding the provision of financing to the Company either before or upon the resumption of trading in the shares of the Company; the Directors are of the view that approximately HK$20 million to HK$30 million could be raised from such financing activities; the Directors believe that the discussion with such financiers will become more concrete when the resumption date of trading in the shares of the Company getting closer. The Company has appointed a financial advisor to facilitate the above mentioned discussion with the financiers; (ii) as disclosed in the paragraph above in the section “Significant investments, material acquisitions and disposals of subsidiaries and affiliated companies during the period under review”, the Company is currently taking all reasonable and economical steps to recover the receivables of the Company, and the Directors are of the view that approximately HK$63 million could be recovered before 30 September 2015; (iii) the Directors expect to inject approximately HK$5 million to support Tirack Group to carry out its principal operations; (iv) the Company has already commenced the negotiation with the convertible note holder and promissory note holder, the principal amounts of the aforesaid instruments being HK$15 million and HK$10 million respectively, to change into a longer term instrument or to extend the repayment of the instrument and to repay by instalments; the Directors expect to repay approximately HK$12 million during the period between and 30 September 2015. The Directors believe that such negotiation with the convertible note holder and promissory note holder will become more concrete when the resumption date of trading in the shares of the Company getting closer; and (v) the Directors estimated that the overhead expense for the Company is approximately HK$16 million for the 15 months ending 30 September 2015.

Base on the above projection which has been prepared on a conservative basis, the Company will have a net cash inflow of approximately HK$50 million for the 15 months ending 30 September 2015. Therefore, the Directors are of the view that the Group can meet its financial obligations in the coming twelve months.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the financial year ended 31 March 2013,

(i) the Company completed the acquisition of the entire issued share capital of Tirack on 2 April 2013 and the consideration for the acquisition has been fully settled, further details of which are disclosed in the announcements of the Company dated 21 November 2012 and 2 April 2013 and the circular of the Company dated 28 February 2013. Subsequent to the date of acquisition of Tirack, the Group was unable to provide financial support, as originally planned, to enable the Tirack Group to carry out their principal operations of sale of air tickets, hotel reservations and travel products online in the PRC. As a result, the Tirack Group has become inactive in or about August 2013.

As discussed in the paragraph above in the section "Going concern basis of accounting", the Directors expect to inject approximately HK$5 million to support Tirack Group to carry out its principal business, the Company will take the following actions to revive the operation of Tirack Group:- (i) hire sufficient management and staff with competent experience in the air travel and ticketing industry to manage the daily operation; (ii) purchase computer hardware system, reinstall the relevant software system and provide training for the staff to operate the system; (iii) rebuild the web site and rent an office premise for daily operations; (iv) liase with the airline companies and (v) conduct marketing activities in order to raise market awareness of Tirack Group and attract potential customers. In order to support the actions above-mentioned, the Directors estimate that approximately HK$5 million will be sufficient;

(ii) on 10 April 2013, the vendor of Tirack exercised its right to convert HK$25 million out of HK$85 million in the principal amount of the convertible bonds issued as a result of the acquisition of Tirack by the Company into 142,857,142 shares of the Company, further details of which are disclosed in the circular of the Company dated 28 February 2013;

(iii) 57,000,000 shares of the Company were issued on 15 April 2013 at an issue price of HK$0.14 per share pursuant to the specific mandate obtained from the shareholders of the Company at the extraordinary general meeting of the Company held on 28 February 2013, further details of which are disclosed in the announcements of the Company dated 28 December 2012 and 15 April 2013 and the circular of the Company dated 8 February 2013;

(iv) a confirmation letter dated 30 April 2013 had been signed between the Company and Heng Shan Securities Limited in relation to the extension of the long stop date for placing the remaining 121,000,000 shares of the Company and 64,600,000 non-listed warrants to 30 June 2013, further details of which are disclosed in the announcements of the Company dated 28 December 2012 and 30 April 2013 and the circular of the Company dated 8 February 2013;

(v) a non-legally binding memorandum of understanding was entered into by the Company with an independent third party on 16 April 2013 in relation to the proposed acquisition of the entire equity interest in a company incorporated in the Republic of Vanuatu with limited liability which, together with its subsidiaries, are principally engaged in research and development and production of batteries and related technologies in the PRC, further details of which are disclosed in the announcements of the Company dated 16 April 2013 and 19 April 2013;

(vi) 深圳市淘淘通航空服務有限公司(unofficial English translation being Shenzhen Taoaoto Air Services Co., Ltd.) ("**Taoaoto**"), a subsidiary of the Company, entered into a framework cooperation agreement with 廣東一統真酒業連鎖有限公司(unofficial English translation being Guangdong Yitong Zhen Jiu Ye Liansuo Co. Ltd.) ("**Yitong**") pursuant to which Taoaoto has agreed to allow Yitong's retailers and distributors to purchase air tickets and hotel accommodation through Taoaoto's online platform and telephone hotline system on 14 June 2013, details of the cooperation are subject to the signing of the formal cooperation agreement between the parties;

(vii) on 3 July 2013, the vendor of Tirack exercised its right to convert HK$10 million out of the remaining principal amount of HK$60 million of the convertible bonds issued as a result of the acquisition of Tirack by the Company into 57,142,857 shares of the Company, further details of which are disclosed in the circular of the Company dated 28 February 2013;

(viii) on 29 August 2013, the vendor of Tirack exercised its right to convert HK$20 million out of the remaining principal amount of HK$50 million of the convertible bonds issued as a result of the acquisition of Tirack by the Company into 114,285,713 shares of the Company, further details of which are disclosed in the circular of the Company dated 28 February 2013;

(ix) on 9 September 2013, a deed of settlement was entered into between the Company and the trustee 王雨莎 ("**Wang Yu Sha**") of the 20% equity interests in 上海萬全保險經紀有限公司("**Wanquan**") (unofficial English translation being Shanghai Wanquan Insurance Brokers Limited) (currently known as 上海君翊保險經紀有限公司 (unofficial English translation being Shanghai Junyi Insurance Brokers Limited)) which was acquired by the Group in March 2011, in which such equity interests were transferred to an independent third party on 14 August 2012 without the consent and approval of the Company. Pursuant to the said deed of settlement, the said trustee agreed to pay a settlement fee in the sum of HK$30,000,000 to the Company in four equal instalments in cash on a quarterly basis from on or before 9 December 2013 onwards. Please refer to the announcement of the Company dated 9 September 2013 for further details of the deed of settlement. The trustee has already paid HK$3 million out of the first instalment of HK$7.5 million due on 9 December 2013. The Company has demanded the trustee to pay up the outstanding overdue sum and to put up collateral for the balance of the settlement sum.

In view of the fact that only HK$3 million out of the first three instalment payments of HK$22.5 million has been paid, and the remaining has become overdue, the Directors have serious concerns over the recoverability of the settlement fees. The investment in Wanquan has been impaired in full.

In a recent board meeting, it was resolved that the efforts in recovering the payment of the settlement fees be stepped up significantly. The Company will continue to take aggressive actions, and such actions will include further written demands and dialogues with the trustee to recover the amount due and owing. On 18 June 2014, the Company issued a written notice demanding (i) the immediate payment of the overdue amount of the settlement fee, and (ii) put up acceptable collateral to the Company for the last instalment of the settlement fee (the amount of such last instalment being HK$7.5 million). On 3 July 2014, the Company again issued a written demand notice for the same request and invited the trustee to discuss. The Company have not received any response up to the date of this announcement. The Company has also commenced legal proceedings against the trustee to recover the outstanding amount. The overall strategy of the Company is to take all reasonable and economical measures to recover the settlement fees in full. The Company will keep shareholders informed promptly on the progress in recovering the settlement fees.

With the addition of new directors to the board in recent months, the board is now equipped with more resources as well as more comprehensive expertise to perform its function and duties. Aside from improving corporate governance significantly, one of the key current missions and goals of the board is to protect and safeguard shareholder value through aggressively demanding the payment of monies owed to the Company;

(x) in September 2013, a legal action has been taken against a subsidiary of the Company demanding payments for the outstanding instalments together with accrued interests amounted to an aggregate of HK$2,556,958 relating to a motor car held by the subsidiary under finance lease arrangement. In October 2013, the subsidiary disposed of the motor car for a cash consideration which is above its carrying amount and the outstanding instalments together with accrued interests were fully settled;

(xi) a legal action was taken by Joint China Value against the Company regarding a dishonoured cheque amounted to HK$16,500,000 issued by the Company. In October 2013, the Company obtained a court judgment under which the action taken by Joint China Value was dismissed;

(xii) on 30 October 2013, the Company received a writ of summons ("**Writ**") issued from the High Court of Hong Kong by the plaintiff, Mr. Li Mingren ("**Mr. Li**") in High Court Action No. 2081 of 2013, in which Questex Development Inc. ("**Questex**") and the Company were named as the defendants. As appeared from the indorsement of claim in the Writ, Mr. Li claims against the Company for a mandatory injunction to transfer the legal title of the convertible bonds ("**Convertible Bonds**") issued by the Company in the principal amount of HK$20 million to the Plaintiff, or damages to be assessed, and interest and costs. To the best of the information and belief of the Company, there was a dispute between Mr. Li and Questex in relation to the title of the Convertible Bonds. By an Order made by the Court on 16 May 2014, it was ordered, amongst other things, that upon the Company's undertaking to (i) transfer the legal title of the Convertible Bonds to the Plaintiff and (ii) to register the Plaintiff as the holder of the Convertible Bonds on the register of Bondholder of the Company within 5 days upon the determination of the Plaintiff's Summons dated 14 April 2014 ("the Plaintiff's Summons") in favour of the Plaintiff, the Plaintiff's Summons as against the Company be stayed. The Company had already complied with and fulfilled the above mentioned undertaking and the legal title of the Convertible Bonds was transferred to Mr. Li; and

(xiii) On 4 April 2014, the Company was served with a sealed copy of a petition (the "**Petition**") issued by Metal Winner Limited (the "**Petitioner**") in Companies (Winding-up) Proceedings No. 83 of 2014 in the High Court of Hong Kong (the "**Proceedings**") under which the Petitioner (a) claimed that the Company was indebted to the Petitioner in the sum of HK$5,700,000; and (b) petitioned that the Company be wound up by the Court. On 8 April 2014, the Company was informed by the Petitioner's representative that the Petitioner intends to withdraw the Petition against the Company, and has written to the Official Receiver with regard to the withdrawal. However no action was taken by the Petitioner to withdraw the Petition and the Company has applied to court to strike out or dismiss the Petition on 10 June 2014.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

The biographical details in respect of the Directors and the senior management of the Company as at the date of this report are as follows:

EXECUTIVE DIRECTORS

Dr. Chew Chee Wah, aged 49, holds a Doctor of Philosophy in Business Administration from Nueva Ecija University of Science and Technology in Republic of the Philippines. Dr. Chew is a fellow member of the Australia Association of Taxation and Management Accountants. Dr. Chew has extensive working experience in business management consultancy for over 20 years. Dr. Chew was appointed as an executive Director on 22 May 2014 and was re-designated as chairman of the Company on 29 July 2014.

Mr. Tam Kwok Leung, aged 46, holds a Master Degree in Business Administration from Heriot-Watt University in the United Kingdom. Mr. Tam has extensive working experience in business management, business planning and development for over 20 years. Mr. Tam was appointed as an executive Director on 22 May 2014 and was re-designated as chief executive officer of the Company on 5 August 2014.

Mr. Han Fangfa, aged 50, 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 on 16th March 2011.

Ms. Ju Lijun, aged 50, obtained the People's Republic of China ("**PRC**") Certificate of Accounting Professional in 2002. Ms. Ju has been engaged and is experienced in the business of accounting. Ms. Ju was appointed as an executive Director on 31 October 2011.

Ms. Huang Miaochan, aged 33, holds a degree of Master of Laws in PRC Law from the Open University of Hong Kong and has experience in human resources management-related work. Ms. Huang was appointed as an executive Director on 15 December 2011.

Mr. Zhang Jinshu, aged 49, is experienced in trading, finance and investments. He is currently a director of a guarantee and investment company in Shenzhen, PRC. Mr. Zhang was appointed as an executive Director on 26 October 2012.

Mr. Luk Chi Shing, aged 44, holds a Bachelors Degree of Business Administration in Accountancy from City University of Hong Kong. Mr. Luk is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Luk has extensive working experience in financial management, auditing and public listed companies. Mr. Luk is currently the independent non-executive director of China Mobile Games and Cultural Investment Limited (stock code: 8081) and Gamma Logistics Corporation (stock code: 8310) respectively, both of which are companies listed on the GEM. Mr. Luk was appointed as an executive Director on 3 April 2014.

Ms. Zhang He, aged 32, has extensive working experience in media and entertainment business, business management, business planning and development for about eight years and was an executive director of TLT Lottotainment Group Limited (stock code: 8022) until May 2014. Furthermore, Ms. Zhang has been a director of a wholly owned subsidiary of the Company since April 2011. Ms. Zhang was appointed as an executive Director on 15 August 2014.

Mr. Lee Yiu Tung, aged 51, holds a Bachelor of Arts in Architectural Studies with Honors, a Bachelor of Architecture and a Master of Science degree in Real Estate all from the University of Hong Kong. Mr. Lee is a member of Hong Kong Institute of Directors, Royal Institute of British Architects and Hong Kong Institute of Architects. Mr. Lee is a registered architect in Hong Kong with extensive working experiences in business management consultancy, property development, project management and development consultant services. Mr. Lee was as an executive director of Birmingham International Holdings Limited (stock code: 2309) until 11 January 2013. Mr. Lee was appointed as an executive Director on 18 August 2014.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

NON-EXECUTIVE DIRECTORS

Dr. Pan Jin, aged 52, holds a Doctor of Engineering degree from Tsinghua University. Dr. Pan has joined Tsinghua Tongfang Co., Ltd. since 1998, a company established in the PRC and the shares of which are listed on the Shanghai Stock Exchange, Dr. Pan is currently the assistant president and the general manager of the Investment Development Department of Tsinghua Tongfang Co., Ltd. and a director of Tongfang Guoxin Electronics Co., Ltd.,the shares of which are listed on the Shenzhen Stock Exchange. Furthermore, Dr. Pan is currently an executive director of Neo-Neon Holdings Limited (stock code: 1868), a company listed on the Main Board of the Stock Exchange. Dr. Pan was appointed as a non-executive Director on 22 October 2010.

Mr. Dai Yuanxin, aged 54, graduated from the distant-learning college of the Party School of the Central Committee of the Communist Party of China（中共中央黨校函授學院）in 1998, majoring in economic management. Before setting up his own business, Mr. Dai had been deputy manager of 鹽城市農業服務公司(unofficial English translation being "Yancheng City Agriculture Service Company"). In 2007, he found Jiangsu Lisen Mucai Jiagong Co. Ltd（江蘇利森木材加工有限公司）and was elected as its chairman of the board and has served as this position since then. He is also the director of Bolken Industries Limited（寶恒實業有限公司）. Mr. Dai was appointed as a non-executive Director on 25 July 2012.

Ms. Xiao Yongzhen, aged 45, is experienced in air travel and ticketing services in the PRC. She is currently the vice general manager of an air travel services company in the PRC. Ms. Xiao was appointed as a non-executive Director on 26 October 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yee Sze, aged 39, holds a Bachelor of Arts in Accountancy from Hong Kong Polytechnic University. Mr. Chan is a certified public accountant and the sole proprietor of Stephen YS Chan & Co., which is a firm of certified public accountants. He is a member of Hong Kong Institute of Certified Public Accountants. Mr. Chan is experienced in the field of auditing, accounting as well as financial management. Mr. Chan was appointed as an independent non-executive Director on 9 February 2013.

Mr. Xu Jingbin, aged 33, has passed several securities-related examinations organized by the Securities Association of China (中國證券業協會) and the China Futures Association (中國期貨業協會) and has extensive management experience. Mr. Xu was appointed as an independent non-executive Director on 11th November 2011.

Ms. Hu Yun, aged 33, holds a degree of Bachelor of Business Studies from Massey University of New Zealand and has extensive management experience. Ms. Hu was appointed as an independent non-executive Director on 15 December 2011.

Ms. Yuen Wai Man, aged 42, graduated from the University of Hong Kong with a degree in Business Administration in 1994. She is the fellow member of the Association of Chartered Certified Accountants, fellow member of the Hong Kong Institute of Certified Public Accountants and overseas member of the Chinese Institute of Certified Public Accountants. Ms. Yuen worked in accounting and auditing area. Ms. Yuen has been appointed as an independent non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145) and Chinese Strategic Holdings Limited (stock code: 8089) which is a company listed on the GEM. Ms. Yuen was appointed as an independent non-executive Director on 3 April 2014.

Mr. Koh Kwing Chang, aged 68, holds a Business Management Diploma from the New Zealand Institute of Management. Mr. Koh has extensive experience in the securities industry for over 30 years. Mr. Koh is currently a director and responsible officer of Manureen Securities Limited (formerly known as Legarleon Securities Limited), an exchange participant of the Stock Exchange and registered securities dealer under the Securities and Futures Ordinance. Mr. Koh was appointed as an independent non-executive Director on 22 May 2014.

Mr. Lui Wai Ming, aged 43, holds an Executive Master Degree in Business Administration from Cheung Kong Graduate School of Business in the Peoples' Republic of China. Mr. Lui is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants. Mr. Lui has extensive experience in auditing, accounting, investment, financial and corporate management for over 20 years. Mr. Lui was appointed as an independent non-executive Director on 22 May 2014.

SENIOR MANAGEMENT

Mr. Chiam Tat Yiu, aged 31, is the company secretary of the Company. Mr. Chiam is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chiam was appointed as the company secretary of the Company on 27 August 2014.

Dr. Chew Chee Wah, aged 49, is the compliance officer of the Company. Dr. Chew, an executive Director and chairman of the board of Directors, was appointed as the Company's compliance officer on 5 August 2014. Please refer to the sub-section headed "Executive Directors" above for Dr. Chew's biographical details.

The Company 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.

CORPORATE GOVERNANCE CODE

Save as disclosed below, the Company has complied with the code provisions set out in the Corporate Governance Code ("**Code**") contained in the Appendix 15 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 31 March 2013.

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, the role of chief executive officer was assumed by (i) Mr. Chan Yun Sang, who was an executive Director and the then chairman of the Board until 24 September 2012; and (ii) Mr. Liu Bo, who was an executive Director and the chairman of the Board as at the date of this report since 24 September 2012. As at the date of this report, the role of chairman and chief executive officer has been separated to Dr. Chew Chee Wah and Mr. Tam Kwok Leung respectively.

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 specific enquiry with the Directors, all the Directors confirmed that they had complied with the required standard of dealings for the year ended 31 March 2013.

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.

The Board also assumes the corporate governance duties of the Company, which include:

(i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

(ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(v) reviewing the Company's compliance with the Code and disclosure in the corporate governance report enclosed in the annual report of the Company.

During the year under review, the Board has assumed the above corporate governance duties by discussing and considering the above matters.

As at 31 March 2013, the Board comprised twelve Directors, including (i) five executive Directors, namely Mr. Liu Bo (as chairman of the Board), Mr. Han Fangfa, Ms. Ju Lijun, Ms. Huang Miaochan and Mr. Zhang Jinshu; (ii) three non-executive Directors, namely Dr. Pan Jin, Mr. Dai Yuanxin and Ms. Xiao Yongzhen; and (iii) four independent non-executive Directors, namely Mr. Chan Yee Sze, Mr. Xu Jingbin, Ms. Hu Yun and Mr. Tan Heming. One of the independent non-executive Director, namely Mr. Chan Yee Sze, 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.

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.

The Board meets regularly, and at least four times a year of approximately quarterly internals. 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 31 March 2013, the Board held twenty five board meetings and the Company held four general meetings, and the attendance records of these meetings are set out below:

	Attendance (for general meetings)	Attendance (for Board meetings)
Executive Directors		
Mr. Liu Bo *(appointed as chairman on 24 September 2012 and resigned on 29 July 2014)*	3/4	18/25
Mr. Chan Yun Sang *(resigned as chairman on 24 September 2012 and as executive director on 25 December 2012)*	2/2	16/17
Mr. Han Fangfa	0/4	0/25
Ms. Ju Lijun	0/4	0/25
Ms. Huang Miaochan	0/4	1/25
Mr. Ip Ho Ming *(resigned on 27 February 2013)*	2/2	15/22
Ms. Wong Sau Wai Serena *(resigned on 27 February 2013)*	0/2	2/22
Mr. Zhang Jinshu *(appointed on 26 October 2012)*	0/2	1/13
Non-executive Directors		
Dr. Pan Jin	0/4	0/25
Mr. Dai Yuanxin *(appointed on 25 July 2012)*	0/4	0/19
Ms. Xiao Yongzhen *(appointed on 26 October 2012)*	0/2	0/13
Independent non-executive Directors		
Mr. Chan Yee Sze *(appointed on 9 February 2013)*	2/2	2/4
Mr. Tang Sze Lok *(resigned on 9 February 2013)*	1/2	2/21
Mr. Xu Jingbin	0/4	0/25
Ms. Hu Yun	0/4	0/25
Mr. Tan Heming *(appointed on 31 December 2012)*	0/2	1/6

As at 31 March 2013, each of the non-executive Directors 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.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to the code provision A.6.5 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills so as to ensure their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Director.

During the year ended 31 March 2013, the Company has arranged an in-house seminar on the latest development of corporate governance for listed issuers in Hong Kong in which Mr. Liu Bo, Mr. Han Fangfa, Ms. Ju Lijun, Dr. Pan Jin, Mr. Dai Yuanxin, Mr. Chan Yee Sze, Mr. Xu Jingbin, Ms. Hu Yun and Mr. Tan Heming attended the seminar.

In addition, during the year under review, all Directors (as of 31 March 2013) have been provided with and read the materials prepared by the Company relating to their roles, functions and duties as directors of a listed issuer.

REMUNERATION OF DIRECTORS

The remuneration committee of the Company ("**Remuneration Committee**") was established in 2005 with written terms of reference. As at 31 March 2013, the Remuneration Committee comprised Mr. Chan Yee Sze, Mr. Xu Jingbin and Ms. Hu Yun, each an independent non-executive Director, with Mr. Chan Yee Sze as the chairman of the Remuneration Committee.

Pursuant to the terms of reference of the Remuneration Committee, the Remuneration Committee is mainly responsible for:

(i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(ii) having the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive Directors, and the Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;

(iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(iv) reviewing and approving the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

(v) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

(vi) ensuring that no Director or any of his associates is involved in deciding his own remuneration; and

(vii) advising shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under Rule 17.90 of the GEM Listing Rules.

As at 31 March 2013, the Remuneration Committee held one meeting. Details of the attendance of the Remuneration Committee meeting during the year under review are set out below:

	Attendance
Mr. Chan Yee Sze *(appointed on 9 February 2013)*	0/0
Mr. Tang Sze Lok *(resigned on 9 February 2013)*	1/1
Mr. Xu Jingbin	1/1
Ms. Hu Yun	1/1

During the year under review, the Remuneration Committee has considered and reviewed the existing terms of appointment of the Directors. The Remuneration Committee considers that the existing terms of appointment of the Directors are fair and reasonable.

NOMINATION OF DIRECTORS

On 29 March 2012, the Company established its nomination committee ("**Nomination Committee**") with written terms of reference, which is responsible for:

(i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the board regarding any proposed changes;

(ii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(iii) assessing the independence of independent non-executive Directors; and

(iv) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors in particular the chairman and the chief executive officer.

As at 31 March 2013, the Nomination Committee comprised Mr. Chan Yee Sze, Mr. Xu Jingbin and Ms. Hu Yun, each an independent non-executive Director, with Mr. Chan Yee Sze as the chairman of the Nomination Committee.

During the year under review, the Nomination Committee held one meeting. Details of the attendance of the Nomination Committee meeting are set out below:

	Attendance
Mr. Chan Yee Sze *(appointed on 9 February 2013)*	0/0
Mr. Tang Sze Lok *(resigned on 9 February 2013)*	1/1
Mr. Xu Jingbin	1/1
Ms. Hu Yun	1/1

During the year under review, the Nomination Committee has considered and reviewed the policy for the nomination of Directors, the process and criteria to select and recommend candidates for directorship. The Nomination Committee considers that the existing policy for nomination, selection and recommendation for directorship are suitable.

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 was satisfied that the internal control system of the Group, after implementing the suggested improvements, would be effective.

AUDIT COMMITTEE

According to Rules 5.28 and 5.33 of the GEM Listing Rules and the Code, the Company has established an audit committee ("**Audit Committee**").

As at 31 March 2013, the Audit Committee comprised Mr. Chan Yee Sze, Mr. Xu Jingbin and Ms. Hu Yun, each an independent non-executive Director, with Mr. Chan Yee Sze as the chairman of the Audit Committee.

Pursuant to the terms of reference of the Audit Committee, the Audit Committee is responsible for:

(i) considering the appointment of the external auditors, the performance of the external auditors, the audit fee and any questions of resignation or dismissal of the external auditors;

(ii) reviewing with the Group's management, external auditors and internal auditors, the adequacy of the Group's policies and procedures regarding internal controls (including financial, operational and compliance controls) and any statement by the Directors on such system to be included in the annual accounts prior to endorsement by the Board;

(iii) having familiarity, through the individual efforts of its members, with the financial reporting principles and practices applied by the Group in preparing its financial statements;

(iv) prior to its commencement, reviewing the scope of the external audit, including the engagement letter, and the review should include an understanding, from the external auditors of the factors considered by them in determining their audit scope, and negotiating the external auditors' fees with management;

(v) reviewing the extent of non-audit services provided by the external auditors in relation to their independence;

(vi) reviewing the quarterly, interim report and annual report prior to approval by the Board, with particular focus on:

  (a) any changes in accounting policies and practices;

  (b) major judgmental areas;

  (c) significant adjustments resulting from the audit;

  (d) compliance with accounting standards;

  (e) compliance with the listing requirements of the Stock Exchange and legal requirements;

  (f) the fairness and reasonableness of any connected transaction and the impact of such transaction on the profitability of the Group;

  (g) whether all relevant items have been adequately disclosed in the Group's financial statements and whether the disclosures give a fair view of the Group's financial conditions;

  (h) the cash flow position of the Group; and

  (i) providing advice and comments thereon to the Board;

(vii) reviewing the draft representation letter prior to approval by the Board;

(viii) reviewing and considering the budget, revised budget prepared by the Board;

(ix) evaluating the cooperation received by the external auditors, including their access to all requested records, data and information; obtaining the comments of management regarding the responsiveness of the external auditors to the Group's needs; inquiring the external auditors as to whether there have been any disagreements with management which if not satisfactorily resolved would result in the issue of a qualified report on the Group's financial statements;

(x) discussing with the external auditors any relevant recommendations arising from the audit; and reviewing the draft management letter including management's response to the points raised;

(xi) when the auditors supply a substantial volume of non-audit services to the Group, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

(xii) discussing with management the scope and quality of systems of internal control and risk management;

(xiii) appraising the Board of significant developments in the course of performing the above duties;

(xiv) recommending to the Board any appropriate extensions to, or changes, in the duties of the Audit Committee;

(xv) reviewing the findings of internal investigations into any suspected frauds or irregularities or failures of internal controls or infringement of laws, rules and regulations and management's response;

(xvi) (where an internal audit function exists) reviewing the internal audit program, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group; and

(xvii) considering other topics, as defined or assigned by the Board from time to time.

The Audit Committee held four meetings during the financial year ended 31 March 2013. The attendance records of the Audit Committee meetings during the year under review are set out below:

	Attendance
Mr. Chan Yee Sze *(appointed on 9 February 2013)*	0/0
Mr. Tang Sze Lok *(resigned on 9 February 2013)*	4/4
Mr. Xu Jingbin	4/4
Ms. Hu Yun	4/4

For the financial year ended 31 March 2013, the Audit Committee reviewed with the 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 31 March 2013).

The audited consolidated results of the Group for the year ended 31 March 2013 have been reviewed by the Audit Committee.

AUDITOR'S REMUNERATION

The audit works of the Group for the year ended 31 March 2013 were performed by CCTH 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:

	2013	2012
	HK$'000	HK$'000
CCTH CPA Limited		
– Audit services	**560**	560
– Non-audit services	**20**	250
Total	**580**	810

SHAREHOLDERS' RIGHTS

Pursuant to article 58 of the articles of association of the Company, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

In the event that any shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company would like to call for an extraordinary general meeting, please make a written requisition to the principal office of the Company in Hong Kong from time to time, making attention to "The Board of Directors and the Company Secretary".

There are no provisions allowing shareholders to put forward proposals at the general meetings under the memorandum and articles of association. If shareholders wish to do so, they may request to convene an extraordinary general meeting as stipulated above and specify the proposals in such written requisition.

For any enquiries, shareholders are welcome to contact the Company by post to the principal office of the Company in Hong Kong, by phone at (852) 3108 0188 or by fax at (852) 3108 0187.

INVESTOR RELATIONS

All corporate communication materials published on the GEM website (http://www.hkgem.com) are posted on the Company's corporate website (http://www.equitynet.com.hk/8103/) as soon as practicable after their release. The Company's constitutional documents are also available on both websites. During the year ended 31 March 2013, there have not been any significant changes to the Company's constitutional documents.

The Board is pleased to present its report together with the audited financial statements of the Group for the year ended 31 March 2013.

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 50 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 31 March 2013 by business and geographical segments are set out in Note 11 to the consolidated financial statements.

ANNUAL RESULTS

The annual results of the Group for the year ended 31 March 2013 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 31 March 2013 are set out in Note 20 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Group during the year ended 31 March 2013 are set out in Note 43 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 31 March 2013.

DISTRIBUTABLE RESERVES

The Company did not have reserves available for distribution to the shareholders as at 31 March 2013. Under the Companies Law of the Cayman Islands, the share premium of the Company amounted to approximately HK$385.5 million at 31 March 2013 is distributable to the shareholders of the Company subject to the provisions of the Company's memorandum and articles of association 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.

BORROWINGS AND INTEREST CAPITALISED

Particulars of borrowings, the promissory note payable, convertible notes and derivative financial instruments of convertible notes of the Group as at 31 March 2013 are set out in Notes 39 to 41 to the consolidated financial statements.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

For the year, the aggregate percentage of purchases attributable to the Group's five largest suppliers is approximately 79% of the total purchases of the Group and the largest supplier included therein amounted to approximately 29%.

For the year, the aggregate percentage of sales attributable to the Group's five largest customers accounted for approximately 89% of the total sales of the Group and the largest customer included therein amounted to approximately 48%.

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 31 March 2013.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme for the year ended 31 March 2013 are set out in Note 18 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions are set out in Note 51 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**").

DIRECTORS

During the year ended 31 March 2013 and up to the date of this report, the Board comprises the following Directors:

Executive Directors

Dr. Chew Chee Wah *(appointed on 22 May 2014 and appointed as chairman on 29 July 2014)*
Mr. Tam Kwok Leung *(appointed on 22 May 2014 and appointed as chief executive officer on 5 August 2014)*
Mr. Liu Bo *(appointed as chairman on 24 September 2012)*
Mr. Chan Yun Sang *(resigned as chairman on 24 September 2012 and as executive director on 25 December 2012)*
Mr. Han Fangfa
Ms. Ju Lijun
Ms. Huang Miaochan
Mr. Ip Ho Ming *(resigned on 27 February 2013)*
Ms. Wong Sau Wai Serena *(resigned on 27 February 2013)*
Mr. Zhang Jinshu *(appointed on 26 October 2012)*
Mr. Luk Chi Shing *(appointed on 3 April 2014)*
Ms. Zhang He *(appointed on 15 August 2014)*
Mr. Lee Yiu Tung *(appointed on 18 August 2014)*

Non-executive Directors

Dr. Pan Jin
Mr. Dai Yuanxin *(appointed on 25 July 2012)*
Ms. Xiao Yongzhen *(appointed on 26 October 2012)*

Independent non-executive Directors

Mr. Chan Yee Sze (appointed on 9 February 2013)
Mr. Tang Sze Lok (resigned on 9 February 2013)
Mr. Xu Jingbin
Ms. Hu Yun
Mr. Tan Heming (appointed on 31 December 2012 and *resigned on 18 August 2014)*
Ms. Yuen Wai Man *(appointed on 3 April 2014)*
Mr. Koh Kwing Chang *(appointed on 22 May 2014)*
Mr. Lui Wai Ming (appointed on 22 May 2014)

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 Governance Code as set out in Appendix 15 to the GEM Listing Rules, (i) Dr. Chew Chee Wah; (ii) Mr. Tam Kwok Leung; (iii) Ms. Huang Miaochan; (iv) Mr. Zhang Jinshu; (v) Mr. Luk Chi Shing; (vi) Ms. Zhang He; (vii) Mr. Lee Yiu Tung; (viii) Dr. Pan Jin; (ix) Ms. Xiao Yongzhen; (x) Mr. Chan Yee Sze; (xi) Ms. Yuen Wai Man; (xii) Mr. Koh Kwing Chang; and (xiii) Mr. Lui Wai Ming who will retire and being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Dr. Chew Chee Wah, Mr. Tam Kwok Leung, Mr. Luk Chi Shing, Ms. Zhang He and Mr. Lee Yiu Tung, being the executive Director of the Company; and Ms. Yuen Wai Man, Mr. Koh Kwing Chang and Mr. Lui Wai Ming, being the independent non-executive Director of the Company, have entered into service contracts with the Company for an initial term of three years commencing from their dates of appointment, and their employments are subject to the rotation requirements under the articles of association.

None of the Directors has entered into any service contract with any member of the Group which in order to entitle the Company to terminate the service contract, expressly requires the Company to give a period of notice of more than 1 year or to pay compensation or make other payments equivalent to more than 1 year's remuneration, other than statutory compensation.

Saved as disclosed above, each of the non-executive Director and the independent non-executive Director were appointed for a term of one year from the date of his/her appointment or re-appointment as a Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS CONFIRMATION OF INDEPENDENCE

The Company has received from each of Mr. Chan Yee Sze, Mr. Xu Jingbin, Ms. Hu Yun, Ms. Yuen Wai Man, Mr. Koh Kwing Chang and Mr. Lui Wai Ming an annual confirmation of his or her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that each of the independent non-executive Directors is independent.

INSUFFICIENT NUMBER OF INDEPENDENT NON-EXECUTIVE DIRECTORS DURING THE YEAR UNDER REVIEW

According to Rule 5.05A of the GEM Listing Rules, the Company must appoint independent non-executive Directors representing at least one-third of the Board by 31 December 2012. During the year under review for the period from 1 January 2013 to 26 February 2013, there were 14 Directors and hence at least five independent non-executive Directors were required for the Company to meet the requirement of Rule 5.05A of the GEM Listing Rules. As the Company has only four independent non-executive Directors during such period, the Company had failed to meet such requirement and should appoint a sufficient number of independent non-executive Directors to meet the minimum number required under Rule 5.05A of the GEM Listing Rules within three months from 31 December 2012. After the resignation of Mr. Ip Ho Ming and Ms. Wong Sau Wai Serena as executive Directors with effect on 27 February 2013, the total number of Directors reduced from 14 to 12, and hence the required number of independent non-executive Directors under Rule 5.05A of the GEM Listing Rules was reduced from five to four, and hence the Company has satisfied the minimum number of independent non-executive Directors required under Rule 5.05A of the GEM Listing Rules on 27 February 2013.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 19 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2013, none of the Directors and chief executive of the Company were interested in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the required standard of dealing by the Directors under the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 31 March 2013, 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 shareholder	Capacity	Number of shares held	Approximate percentage of issued share capital *(note 3)*
Mr. Wong Kwong Chau *(note 1)*	Beneficial owner	61,500,000	8.64%
Ms. Yu Po Sau *(note 2)*	Interest of spouse	61,500,000	8.64%

Notes:

1. As at 31 March 2013, Mr. Wong Kwong Chau held 1,500,000 shares and convertible note issued by the Company which entitles Mr. Wong to convert the principal amount of HK$15,000,000 into 60,000,000 shares at HK$0.25 each (subject to adjustment) pursuant to the subscription agreement entered into between Mr. Wong and the Company dated 19 April 2012.

2. Ms. Yu Po Sau is the spouse of Mr. Wong Kwong Chau.

3. As at 31 March 2013, the issued share capital of the Company is 711,938,145 shares.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 31 March 2013, 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 31 March 2013, 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 31 March 2013, 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 31 March 2013, 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 31 March 2013.

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 31 March 2013.

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 31 March 2013.

DIRECTORS' COMPETING INTERESTS

As of 31 March 2013, 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

During the year ended 31 March 2013, the Company adopted a share option scheme ("**Scheme**") on 22 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.

At the annual general meeting of the Company held on 24 August 2011, the General Scheme Limit was refreshed.

As at 31 March 2013, the total number of shares available for issue under the Scheme was 26,411,814 shares of the Company, representing approximately 3.71% of the issued share capital of the Company as at 31 March 2013.

(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 22 October 2003 to offer the grant of an option to any qualifying participants.

(h) Movements of the options granted under the Scheme

During the year ended 31 March 2013, no option was granted under the Scheme. During the year ended 31 March 2013, the movements of the options granted under the Scheme are as follows:

	Number of options outstanding as at 1 April 2012 *(note 1)*	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 31 March 2013 *(note 1)*	Exercise price of the option and exercise period *(note 1)*	Closing price immediately before the date on which the options were granted *(note 1)*
Directors										
Mr. Chan Yun Sang *(note 2)*	800,000	5 July 2010	Nil	Nil	Nil	Nil	800,000	Nil	HK$2.8 (5 July 2010 to 4 July 2015)	HK$2.8
Mr. Wong Chung Wai, Eric *(note 3)*	800,000	5 July 2010	Nil	Nil	Nil	Nil	800,000	Nil	HK$2.8 (5 July 2010 to 4 July 2015)	HK$2.8
Others										
Employee	1,145,000	6 July 2010	Nil	Nil	Nil	Nil	Nil	1,145,000	HK$2.78 (6 July 2010 to 5 July 2015)	HK$2.8

Notes:

1. The number of options, the exercise price and the closing price were adjusted taking into account the share consolidation of the shares of the Company on 11 November 2011 in which every ten then share of HK$0.005 each was consolidated into one share of HK$0.05 each.

2. Mr. Chan Yun Sang was a former executive Director and the chairman of the Board.

3. Mr. Wong Chung Wai, Eric was a former executive Director and the chairman of the Board.

Save as disclosed herein, as at 31 March 2013, 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 under the Scheme.

SERVICE OPTION

In addition, in consideration for the services of Mr. Wong Chi Keung as described in the circular of the Company dated 30 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 6,000,000 ordinary shares of the Company of HK$0.05 each at the exercise price of HK$1 per service option share until 23 February 2013.

During the year ended 31 March 2013, Fantasy Top Limited did not exercise any of the service option, and the service option share was expired on 23 February 2013.

MOVEMENT OF WARRANTS ISSUED ON 3 APRIL 2012

On 3 April 2013, the Company issued a total of 57,380,000 warrants, the remained outstanding as at 31 March 2013 and its movements during the year under review are as follows:

Outstanding as at 1 April 2012	Issued during the year	Exercised/lapsed during the year	Outstanding as at 31 March 2013	Subscription period	Subscription price per share
Nil	57,380,000	Nil	57,380,000	3 April 2012 to 3 April 2015	HK$0.19

MOVEMENT OF CONVERTIBLE NOTE ISSUED ON 3 MAY 2012

As at 31 March 2013, the outstanding principal amount of the convertible note issued to Mr. Wong Kwong Chau on 3 May 2012 was HK$15,000,000 and its movements during the year under review are as follows:

Outstanding principal amount as at 1 April 2012	Total principal amount of convertible note issued during the year	Exercised/lapsed during the year	Outstanding principal amount as at 31 March 2013	Maturity date	Conversion price per share
Nil	HK$15,000,000	Nil	HK$15,000,000	3 August 2013	HK$0.25

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the financial year ended 31 March 2013,

(i) the Company completed the acquisition of the entire issued share capital of Tirack on 2 April 2013 and the consideration for the acquisition has been fully settled, further details of which are disclosed in the announcements of the Company dated 21 November 2012 and 2 April 2013 and the circular of the Company dated 28 February 2013. Subsequent to the date of acquisition of Tirack, the Group was unable to provide financial support, as originally planned, to enable the Tirack Group to carry out their principal operations of sale of air tickets, hotel reservations and travel products online in the PRC. As a result, the Tirack Group has become inactive in or about August 2013.

The Directors expect to inject approximately HK$5 million to support Tirack Group to carry out its principal business, the Company will take the following actions to revive the operation of Tirack Group:- (i) hire sufficient management and staff with competent experience in the air travel and ticketing industry to manage the daily operation; (ii) purchase computer hardware system, reinstall the relevant software system and provide training for the staff to operate the system; (iii) rebuild the web site and rent an office premise for daily operations; (iv) liase with the airline companies and (v) conduct marketing activities in order to raise market awareness of Tirack Group and attract potential customers. In order to support the actions above-mentioned, the Directors estimate that approximately HK$5 million will be sufficient;

(ii) on 10 April 2013, the vendor of Tirack exercised its right to convert HK$25 million out of HK$85 million in the principal amount of the convertible bonds issued as a result of the acquisition of Tirack by the Company into 142,857,142 shares of the Company, further details of which are disclosed in the circular of the Company dated 28 February 2013;

(iii) 57,000,000 shares of the Company were issued on 15 April 2013 at an issue price of HK$0.14 per share pursuant to the specific mandate obtained from the shareholders of the Company at the extraordinary general meeting of the Company held on 28 February 2013, further details of which are disclosed in the announcements of the Company dated 28 December 2012 and 15 April 2013 and the circular of the Company dated 8 February 2013;

(iv) a confirmation letter dated 30 April 2013 had been signed between the Company and Heng Shan Securities Limited in relation to the extension of the long stop date for placing the remaining 121,000,000 shares of the Company and 64,600,000 non-listed warrants to 30 June 2013, further details of which are disclosed in the announcements of the Company dated 28 December 2012 and 30 April 2013 and the circular of the Company dated 8 February 2013;

(v) a non-legally binding memorandum of understanding was entered into by the Company with an independent third party on 16 April 2013 in relation to the proposed acquisition of the entire equity interest in a company incorporated in the Republic of Vanuatu with limited liability which, together with its subsidiaries, are principally engaged in research and development and production of batteries and related technologies in the PRC, further details of which are disclosed in the announcements of the Company dated 16 April 2013 and 19 April 2013;

(vi) 深圳市淘淘通航空服務有限公司 (unofficial English translation being Shenzhen Taoaoto Air Services Co., Ltd.) ("**Taoaoto**"), a subsidiary of the Company, entered into a framework cooperation agreement with 廣東一統真酒業連鎖有限公司(unofficial English translation being Guangdong Yitong Zhen Jiu Ye Liansuo Co. Ltd.) ("**Yitong**") pursuant to which Taoaoto has agreed to allow Yitong's retailers and distributors to purchase air tickets and hotel accommodation through Taoaoto's online platform and telephone hotline system on 14 June 2013, details of the cooperation are subject to the signing of the formal cooperation agreement between the parties;

(vii) on 3 July 2013, the vendor of Tirack exercised its right to convert HK$10 million out of the remaining principal amount of HK$60 million of the convertible bonds issued as a result of the acquisition of Tirack by the Company into 57,142,857 shares of the Company, further details of which are disclosed in the circular of the Company dated 28 February 2013;

(viii) on 29 August 2013, the vendor of Tirack exercised its right to convert HK$20 million out of the remaining principal amount of HK$50 million of the convertible bonds issued as a result of the acquisition of Tirack by the Company into 114,285,713 shares of the Company, further details of which are disclosed in the circular of the Company dated 28 February 2013;

(ix) on 9 September 2013, a deed of settlement was entered into between the Company and the trustee of the 20% equity interests in 上海萬全保險經紀有限公司("**Wanquan**") (unofficial English translation being Shanghai Wanquan Insurance Brokers Limited) (currently known as 上海君翊保險經紀有限公司 (unofficial English translation being Shanghai Junyi Insurance Brokers Limited)) which was acquired by the Group in March 2011, in which such equity interests were transferred to an independent third party on 14 August 2012 without the consent and approval of the Company. Pursuant to the said deed of settlement, the said trustee agreed to pay a settlement fee in the sum of HK$30,000,000 to the Company in four equal instalments in cash on a quarterly basis from on or before 9 December 2013 onwards. Please refer to the announcement of the Company dated 9 September 2013 for further details of the deed of settlement. The trustee has already paid HK$3 million out of the first instalment of HK$7.5 million due on 9 December 2013. The Company has demanded the trustee to pay up the outstanding overdue sum and to put up collateral for the balance of the settlement sum.

In view of the fact that only HK$3 million out of the first three instalment payments of HK$22.5 million has been paid, and the remaining has become overdue, the Directors have serious concerns over the recoverability of the settlement fees. The investment in Wanquan has been impaired in full.

In a recent board meeting, it was resolved that the efforts in recovering the payment of the settlement fees be stepped up significantly. The Company will continue to take aggressive actions, and such actions will include further written demands and dialogues with the trustee to recover the amount due and owing. On 18 June 2014, the Company issued a written notice demanding (i) the immediate payment of the overdue amount of the settlement fee, and (ii) put up acceptable collateral to the Company for the last instalment of the settlement fee (the amount of such last instalment being HK$7.5 million). On 3 July 2014, the Company again issued a written demand notice for the same request and invited the trustee to discuss. The Company have not received any response up to the date of this announcement. The Company has also commenced legal proceedings against the trustee to recover the outstanding amount. The overall strategy of the Company is to take all reasonable and economical measures to recover the settlement fees in full. The Company will keep shareholders informed promptly on the progress in recovering the settlement fees.

With the addition of new directors to the board in recent months, the board is now equipped with more resources as well as more comprehensive expertise to perform its function and duties. Aside from improving corporate governance significantly, one of the key current missions and goals of the board is to protect and safeguard shareholder value through aggressively demanding the payment of monies owed to the Company;

(x) in September 2013, a legal action has been taken against a subsidiary of the Company demanding payments for the outstanding instalments together with accrued interests amounted to an aggregate of HK$2,556,958 relating to a motor car held by the subsidiary under finance lease arrangement. In October 2013, the subsidiary disposed of the motor car for a cash consideration which is above its carrying amount and the outstanding instalments together with accrued interests were fully settled;

(xi) a legal action was taken by Joint China Value against the Company regarding a dishonoured cheque amounted to HK$16,500,000 issued by the Company. In October 2013, the Company obtained a court judgment under which the action taken by Joint China Value was dismissed;

(xii) on 30 October 2013, the Company received a writ of summons ("**Writ**") issued from the High Court of Hong Kong by the plaintiff, Mr. Li Mingren ("**Mr. Li**") in High Court Action No. 2081 of 2013, in which Questex Development Inc. ("**Questex**") and the Company were named as the defendants. As appeared from the indorsement of claim in the Writ, Mr. Li claims against the Company for a mandatory injunction to transfer the legal title of the convertible bonds ("**Convertible Bonds**") issued by the Company in the principal amount of HK$20 million to the Plaintiff, or damages to be assessed, and interest and costs. To the best of the information and belief of the Company, there was a dispute between Mr. Li and Questex in relation to the title of the Convertible Bonds. By an Order made by the Court on 16 May 2014, it was ordered, amongst other things, that upon the Company's undertaking to (i) transfer the legal title of the Convertible Bonds to the Plaintiff and (ii) to register the Plaintiff as the holder of the Convertible Bonds on the register of Bondholder of the Company within 5 days upon the determination of the Plaintiff's Summons dated 14 April 2014 ("the Plaintiff's Summons") in favour of the Plaintiff, the Plaintiff's Summons as against the Company be stayed. The Company has already complied with and fulfilled the above mentioned undertaking. As at the date hereof, the legal title of the Convertible Bonds has been transferred to Mr. Li; and

(xiii) On 4 April 2014, the Company was served with a sealed copy of a petition (the "**Petition**") issued by Metal Winner Limited (the "**Petitioner**") in Companies (Winding-up) Proceedings No. 83 of 2014 in the High Court of Hong Kong (the "**Proceedings**") under which the Petitioner (a) claimed that the Company was indebted to the Petitioner in the sum of HK$5,700,000; and (b) petitioned that the Company be wound up by the Court. On 8 April 2014, the Company was informed by the Petitioner's representative that the Petitioner intends to withdraw the Petition against the Company, and has written to the Official Receiver with regard to the withdrawal. However no action was taken by the Petitioner to withdraw the Petition and the Company has applied to court to strike out or dismiss the Petition on 10 June 2014.

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

During the year ended 31 March 2013, 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

CCTH CPA Limited acted as independent auditor of the Company for the past three years ended 31 March 2011, 2012 and 2013.

On behalf of the Board

Zhang He
Executive Director
Hong Kong
25 August 2014

INDEPENDENT AUDITOR'S REPORT

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 were engaged to audit 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 41 to 111, which comprise the consolidated statement of financial position as at 31st March 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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.

Except for the inability to obtain sufficient appropriate audit evidence as explained below, 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. Because of the matters described in the section of Basis for Disclaimer of Opinion below, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

(a) Intangible assets

(i) Included in intangible assets of the Group disclosed in note 21 to the consolidated financial statements is the InsureLink System with the carrying amount of HK$25,000,000 at 31st March 2013, which has been arrived at after deducting impairment loss amounted to HK$78,341,000 recognised for the current year. The impairment loss is calculated by reference to the forecasted net revenue from the InsureLink System discounted to its present value using the discount rate of 23.72% per annum. We have been unable to obtain sufficient appropriate audit evidence to ascertain whether the forecasted net revenue from the InsureLink System has been properly compiled and the impairment loss of HK$78,341,000 is appropriately made.

(ii) Included in intangible assets of the Group is the technical know-how relating to the internet electronic air-ticket and payment system with the carrying amount of HK$9,500,000 at 31st March 2013 which was leased to a subsidiary of Tirack Holdings Corporation ("Tirack"), Taoaoto Air Services Co., Ltd., subsequent to that date. Subsequent to 31st March 2013, Tirack and its subsidiaries (together the "Tirack Group") have been acquired by the Group and have become inactive, as detailed in note 52(ii) to the consolidated financial statements. In the absence of supporting documents, we have been unable to obtain sufficient appropriate audit evidence to ascertain the recoverable amount of the technical know-how and whether impairment loss, if any, which is required to be made against this intangible asset.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(b) Deposits paid for acquisition of subsidiaries

(i) As set out in note 25(a) to the consolidated financial statements, the Company entered into an agreement for the acquisition of 100% equity interest in Tirack for a consideration of HK$110,000,000, of which a deposit of HK$20,000,000 was paid by the Company up to 31st March 2013. Subsequent to 31st Mach 2013, the completion of the acquisition took place and Tirack Group have ceased its principal operations and become inactive, details of which are disclosed in note 52(ii) to the financial statements. In the absence of the information regarding the fair values of the convertible notes issued for the acquisition and the assets and liabilities of Tirack Group at the date of acquisition, we have been unable to obtain sufficient appropriate audit evidence to ascertain the impairment loss, if any, arising from the acquisition which is required to be made in the consolidated financial statements.

(ii) As set out in note 25(b) to the consolidated financial statements, deposit amounted to HK$20,000,000 was paid by the Company up to 31st March 2013 for the acquisition of 100% equity interest in Fame Thrive Limited. Negotiations for the acquisition have terminated subsequent to 31st March 2013. In the absence of the supporting documents, we have been unable to obtain sufficient appropriate audit evidence to ascertain whether the deposit paid will be fully refunded to the Company and impairment loss, if any, which is required to be made against this deposit paid.

(c) Deposit paid for acquisition of investment

As set out in note 27 to the consolidated financial statements, deposit amounted to HK$25,000,000 was paid by the Company up to 31st March 2013 for the acquisition of not more than 20% equity interest in Gold Depot Limited. Negotiations of the acquisition have terminated subsequent to 31st March 2013. In the absence of supporting documents, we have been unable to obtain sufficient appropriate audit evidence to ascertain whether the deposit paid will be fully refunded to the Company and impairment loss, if any, which is required to be made against this deposit paid.

(d) Inventories

As set out in note 28 to the consolidated financial statements, inventories of the Group amounted to HK$15,420,000 as at 31st March 2013 represent the net realisable value of these inventories at that date, which comprises raw cottons, printing presses and software with the costs of HK$15,820,000, HK$9,250,000 and HK$13,149,000 respectively, against which impairment losses amounted to HK$800,000, HK$8,850,000 and HK$13,149,000 respectively have been recognised in profit or loss for the year. We have been unable to carry out audit procedures (i) as to confirm the validity of the acquisitions made by the Group of these raw cottons and printing presses during the year and the physical existence of all of the inventories existed as at 31st March 2013 and (ii) as to ascertain whether the inventories are carried at their net realisable value in the consolidated financial statements.

(e) Assets classified as held for sale

As set out in notes 34 and 52(iii) to the consolidated financial statements, the Group disposed of its 51% equity interest in a subsidiary,上海景福保險經紀有限公司, for a cash consideration of RMB20,000,000 subsequent to 31st March 2013, of which RMB5,000,000 has been received by the Group. We have been unable to obtain sufficient audit evidence as to whether the outstanding consideration of RMB15,000,000 will be fully received by the Group and any further impairment loss is required to be made against the carrying amount of the assets held by the subsidiary which were classified as held for sale.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(f) Books and records of subsidiaries established in the People's Republic of China ("the PRC") for the period subsequent to the reporting date

Management of the Company represented that substantially all of the books and records of the Company's subsidiaries established in the PRC for the period subsequent to 31st March 2013 are not available for our examination. In the absence of these documents, we have been unable to ascertain whether:

(i) Any impairment losses which are required to be made against the following assets held by the PRC subsidiaries at 31st March 2013 as included in the Group's assets presented in the consolidated statement of financial position:

- Interest in an associate with the carrying amount of HK$18,105,000;
- Trade and other receivables amounted to HK$44,512,000 (net of impairment losses recognised);
- Deposits paid amounted to HK$6,251,000; and
- Amounts due from customers for contract work of HK$18,882,000.

(ii) Any liabilities and/or obligations incurred by the PRC subsidiaries which are required to be recognised in the consolidated financial statements; and

(iii) Any significant events occurred by the PRC subsidiaries subsequent to 31st March 2013 which are required to be disclosed in the consolidated financial statements.

(g) Going concern basis of accounting

As set out in note 2 to the consolidated financial statements, these financial statements have been prepared on a going concern basis notwithstanding that at 31st March 2013, the Group recorded net current liabilities of approximately HK$11,948,000. These conditions together with other matters as referred to in paragraphs (a) to (f) above indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Should the going concern assumption be inappropriate, any adjustments may have to be made to reflect the situation that assets may need to be realised at other than the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. We consider that appropriate disclosures have been made in the consolidated financial statements. However, in the absence of supporting documents to substantiate that the Group is able to operate as a going concern in the foreseeable future, we disclaim our opinion in respect of the going concern basis adopted in the preparation of the consolidated financial statements.

Any adjustments that might have found to be necessary in respect of the matters set out in the aforementioned paragraphs (a) to (g) may have a significant effect on the state of affairs of the Group as at 31st March 2013 and of its loss and cash flows for the year then ended.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the above section of Basis for Disclaimer of Opinion, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in accordance with disclosure requirements of the Hong Kong Companies Ordinance.

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 25th August 2014
Kwong Tin Lap
Practising Certificate Number: P01953

Unit 5-6, 7/F, Greenfield Tower, Concordia Plaza,
1 Science Museum Road, Tsim Sha Tsui,
Kowloon, Hong Kong

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	10	51,857	80,902
Cost of services		(34,294)	(43,824)
Gross profit		17,563	37,078
Other income and gains	10	7,904	42,280
Selling and distribution expenses		(629)	(4,224)
Administrative expenses		(57,385)	(60,216)
Other expenses	12	(223,286)	(32,846)
Finance costs	13	(3,289)	(1,100)
Share of losses of associates		(85)	(16)
Loss before tax		(259,207)	(19,044)
Income tax expense	14	(1,324)	(3,808)
Loss for the year	15	(260,531)	(22,852)
Other comprehensive income for the year			
Exchange difference arising on translation of foreign operations		1,791	880
Total comprehensive expense for the year		(258,740)	(21,972)
Loss for the year attributable to:			
Owners of the Company		(260,531)	(22,790)
Non-controlling interests		–	(62)
		(260,531)	(22,852)
Total comprehensive expense attributable to:			
Owners of the Company		(258,750)	(21,962)
Non-controlling interests		10	(10)
		(258,740)	(21,972)
Loss per share			
– Basic	17	HK54.34 cents	HK8.02 cents
– Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2013

	Notes	**2013 HK$'000**	2012 HK$'000
Non-current Assets			
Plant and equipment	20	**4,230**	4,165
Intangible assets	21	**34,500**	189,189
Interests in associates	22	**18,105**	45,973
Available-for-sale investments	23	**4,864**	25,600
Disposal receivable	24	**–**	–
Deposits paid for acquisition of subsidiaries	25	**40,000**	45,000
Deposits paid for acquisition of intangible assets	26	**–**	7,500
Deposit paid for acquisition of investment	27	**25,000**	–
		126,699	317,427
Current Assets			
Inventories	28	**15,420**	14,390
Trade and other receivables	29	**48,582**	58,133
Deposits and prepayments	30	**17,167**	18,118
Amounts due from customers for contract work	31	**18,882**	16,182
Financial assets at fair value through profit or loss	32	**519**	549
Pledged bank deposits	33	**1,248**	1,937
Bank balances and cash	33	**9,725**	23,855
		111,543	133,164
Assets classified as held for sale	34	**20,500**	–
		132,043	133,164
Current Liabilities			
Amounts due to customers for contract work	31	**21,828**	17,029
Trade and other payables	35	**64,891**	63,903
Receipts in advance		**7,689**	8,130
Warranty provision	37	**–**	31
Amount due to minority shareholder of a subsidiary	38	**17,435**	17,147
Bank borrowings	39	**–**	12,336
Promissory note payable	40	**10,124**	–
Convertible notes	41	**14,287**	–
Derivative financial instruments of convertible notes	41	**379**	–
Obligations under finance leases	42	**1,096**	1,008
Income tax payable		**6,262**	6,256
		143,991	125,840
Net Current (Liabilities)/Assets		**(11,948)**	7,324
		114,751	324,751

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Capital and Reserves			
Share capital	43	**35,597**	15,847
Share premium and reserves		**75,197**	303,789
Equity attributable to owners of the Company		**110,794**	319,636
Non-controlling interests		**2,693**	2,683
Total Equity		**113,487**	322,319
Non-current Liabilities			
Obligations under finance leases	42	**1,264**	2,432
		114,751	324,751

The consolidated financial statements on pages 41 to 111 were approved and authorised for issue by the Board of Directors on 25th August 2014 and are signed on its behalf by:

Lee Yiu Tung
Director

Zhang He
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2013

	Attributable to owners of the Company										
	Share capital HK$'000	**Share premium** HK$'000	**General reserve** HK$'000 (Note below)	**Capital reserve** HK$'000 (Note 49(b)(i))	**Share option reserve** HK$'000 (Note 49(b)(ii))	**Exchange translation reserve** HK$'000	**Warrant reserve** HK$'000 (Note 49b(iii))	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1st April 2011	10,993	256,251	3,066	1,200	13,515	4,275	–	(52,771)	236,529	–	236,529
Loss for the year	–	–	–	–	–	–	–	(22,790)	(22,790)	(62)	(22,852)
Other comprehensive income											
Exchange difference arising on translation of foreign operations	–	–	–	–	–	828	–	–	828	52	880
Total comprehensive income/(expense) for the year	–	–	–	–	–	828	–	(22,790)	(21,962)	(10)	(21,972)
Non-controlling interest arising on the acquisition of a subsidiary (Note 46(a))	–	–	–	–	–	–	–	–	–	2,693	2,693
Issue of shares upon											
– placement on shares	2,608	63,438	–	–	–	–	–	–	66,046	–	66,046
– acquisition of subsidiaries	2,246	39,379	–	–	–	–	–	–	41,625	–	41,625
Share issue expenses	–	(2,602)	–	–	–	–	–	–	(2,602)	–	(2,602)
Forfeiture of share options granted	–	–	–	–	(1,246)	–	–	1,246	–	–	–
Transfer to general reserve	–	–	(10)	–	–	–	–	10	–	–	–
At 31st March 2012	15,847	356,466	3,056	1,200	12,269	5,103	–	(74,305)	319,636	2,683	322,319
Loss for the year	–	–	–	–	–	–	–	(260,531)	(260,531)	–	(260,531)
Other comprehensive income											
Exchange difference arising on translation of foreign operations	–	–	–	–	–	1,781	–	–	1,781	10	1,791
Total comprehensive income/(expense) for the year	–	–	–	–	–	1,781	–	(260,531)	(258,750)	10	(258,740)
Issue of shares upon placement on shares	19,750	31,390	–	–	–	–	–	–	51,140	–	51,140
Share issue expenses	–	(2,379)	–	–	–	–	–	–	(2,379)	–	(2,379)
Issue of warrants	–	–	–	–	–	–	1,147	–	1,147	–	1,147
Forfeiture and expiration of share options granted	–	–	–	–	(10,459)	–	–	10,459	–	–	–
At 31st March 2013	35,597	385,477	3,056	1,200	1,810	6,884	1,147	(324,377)	110,794	2,693	113,487

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2013

	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(259,207)**	(19,044)
Adjustments for:		
Amortisation of intangible assets	**30,951**	19,263
Depreciation of plant and equipment	**2,054**	2,280
Research and development expenditure	**7,500**	11,000
(Gain)/loss on disposal of financial assets at fair value through profit or loss	**(72)**	22
Loss/(gain) on change in fair value of		
– financial assets at fair value through profit or loss	**4**	(25)
– promissory note payable	**114**	–
– derivative financial instruments of convertible notes	**(2,295)**	–
– contingent consideration payable	**–**	(35,000)
Finance costs	**3,289**	1,100
Loss on disposal of plant and equipment	**77**	–
Loss on disposal of available-for-sale investment	**1,183**	–
Impairment loss recognised in respect of:		
– intangible assets	**115,189**	–
– available-for-sale investments	**20,736**	1,717
– disposal receivable	**23,600**	–
– inventories	**22,799**	–
– trade receivables	**8,989**	21,147
– other receivables	**10,406**	9,960
– assets classified as held-for-sale	**4,266**	–
Interest income	**(61)**	(59)
Provision for warranty, net	**(6)**	8
Reversal of impairment loss in respect of:		
– trade receivables	**(2,149)**	(1,906)
– retention receivables	**(273)**	(291)
– other receivables	**(841)**	(375)
Share of losses of associates	**85**	16
Net exchange loss	**213**	1,264
Operating cash flows before movements in working capital	**(13,449)**	11,077
Increase in inventories	**(23,829)**	(14,163)
Increase in trade and other receivables and deposits and prepayments	**(8,339)**	(23,898)
Decrease in financial assets at fair value through profit or loss	**98**	24
(Increase)/decrease in amounts due from customers for contract work	**(2,700)**	150
Increase in amounts due to customers for contract work	**4,799**	4,934
(Decrease)/increase in trade and other payables	**(530)**	28,766
(Decrease)/increase in receipts in advance	**(441)**	1,081
Decrease in warranty provision	**(25)**	(32)
Cash (used in)/generated from operations	**(44,416)**	7,939
PRC Enterprise Income Tax paid	**–**	(1,413)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(44,416)**	6,526

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2013

	Notes	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES			
Purchase of plant and equipment		**(2,254)**	(59)
Proceeds from disposal of plant and equipment		**71**	–
Acquisition of subsidiaries	46	**–**	(24,783)
Acquisition of intangible assets		**(10,000)**	–
Deposits paid for acquisition of subsidiaries		**(20,000)**	(45,000)
Interest received		**61**	59
Decrease in pledged bank deposits		**689**	787
NET CASH USED IN INVESTING ACTIVITIES		**(31,433)**	(68,996)
FINANCING ACTIVITIES			
Proceeds from issue of shares		**51,140**	66,046
Expenses on issue of shares		**(2,379)**	(2,602)
Proceeds from issue of warrants		**1,147**	–
Advance from minority shareholder of a subsidiary		**288**	6,217
Proceeds from issue of promissory note payable		**10,000**	–
Proceeds from issue of convertible notes		**15,000**	–
New bank borrowings raised		**–**	12,336
Repayment of bank borrowings		**(12,336)**	(11,954)
Repayment of obligations under finance leases		**(1,080)**	(918)
Interest and finance costs paid		**(1,118)**	(1,100)
NET CASH FROM FINANCING ACTIVITIES		**60,662**	68,025
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(15,187)**	5,555
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**23,855**	17,490
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**1,057**	810
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**9,725**	23,855
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**9,725**	23,855

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

The Company is principally engaged in investment holding and the principal activities of its principal subsidiaries are set out in Note 50.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing these consolidated financial statements, the Directors have considered the future liquidity of the Group. As at 31st March 2013, the Group had recorded net current liabilities of approximately HK$11,948,000, which included promissory note payable of HK$10,124,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of approval of these consolidated financial statements. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs applied in the current year

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accounts ("HKICPA"):

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets

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

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[8]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[7]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[9]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 9	Financial Instruments[9]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKAS 16 and HKAS 38	Classification of Acceptable Methods of Depreciation and Amortisation[4]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution[7]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[6]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK(IFRIC)-Int 21	Levies[2]

[1] Effective for annual periods beginning on or after 1st January 2013
[2] Effective for annual periods beginning on or after 1st January 2014
[3] Effective for annual periods beginning on or after 1st January 2015
[4] Effective for annual periods beginning on or after 1st January 2016
[5] Effective for first annual HKFRS financial statements beginning on or after 1st January 2016
[6] Effective for annual periods beginning on or after 1st July 2012
[7] Effective for annual periods beginning on or after 1st July 2014
[8] Effective for annual periods beginning on or after 1st July 2014, with limited exceptions
[9] Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

3. 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) 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 liabilities that is attributable to changes in the credit risk of those liabilities is presented in other comprehensive income, unless the presentation of the effects of changes in credit risk of the liabilities 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 liabilities designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual period beginning on or after 1st January 2015, 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 2016. Based on the Group's and the Company's financial assets and financial liabilities at 31st March 2013, the Directors anticipate that the application of the new standard will affect the classification and measurement of the Group's and the Company's available-for-sale investments and may affect the classification and measurement of other financial assets and financial liabilities. Up to the date of approval of the consolidated financial statements, the Directors are still in the process of assessing the potential financial impact.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1st January 2013, with earlier application permitted. The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the financial year ending 31st March 2014 and that the application of the new standard will not have effect on the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

The Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

4. 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. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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 (including special purpose 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.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income or expense of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the carrying amount of the net assets attributable to the change in interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income or expense attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income or expense and accumulated in equity, the amounts previously recognised in other comprehensive income or expense and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to accumulated losses as specified by applicable HKFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combinations

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.

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

- deferred tax assets or liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payments arrangements of the acquiree 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, when applicable, on the basis specified in another HKFRS.

Where the consideration transferred by the Group 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 against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combinations *(Continued)*

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 interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

(c) Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's relevant cash-generating units (or groups of cash-generating units), that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently, when there is indication that the unit may be impaired. When the recoverable amount of 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 in the consolidated statement of comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

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

The Group's policy for goodwill arising on the acquisition of an associate is described in paragraph e below.

(d) Investments in subsidiaries

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Investments in associates

An associate is an entity over which the Group 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 the Group's share of the profits or losses and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's 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.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is reduced by sale related taxes.

(i) *Systems development service*

Revenue arising from the provision of systems development, maintenance and installation and consultancy services is recognised on the percentage of completion method, 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 for each contract. 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 income represent fees for the provision of information technology engineering and technical support services and are recognised when the underlying professional services are rendered.

(iii) *Software licensing fee*

Software licensing fee is recognised on a straight line basis over the period of the licenses granted.

(iv) *Interest income*

Interest income 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 estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

(h) 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 based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Systems development contracts *(Continued)*

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 billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised 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.

(i) 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 at the rates of exchange prevailing on the dates of the transactions. At the end of the 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 at 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 on monetary items are recognised in profit or loss in the period in which they arise.

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. Hong Kong dollars) using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, 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 under the heading of exchange translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) 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 profit or loss in the period in which they are incurred.

(k) Retirement benefit costs

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

(l) Share-based payment arrangements

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

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 option reserve).

At the end of the reporting period, the Group revises 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 recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option 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 recognised in share option 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 recognised in share option reserve will be transferred to accumulated losses.

(m) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Taxation *(Continued)*

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 differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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 rates (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.

(n) Plant and equipment

Plant and equipment are stated in consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual value over their 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

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 and the carrying amount of the asset and is recognised in profit or loss.

(o) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Intangible assets *(Continued)*

Internally-generated intangible assets – 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.

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), on the same basis as intangible assets that are acquired in a business combination.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(q) Impairment losses on tangible and intangible assets other than goodwill

At the end of each 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).

Recoverable amount is the higher of fair value less costs to sell and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Impairment losses on tangible and intangible assets other than goodwill *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is 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. When 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 of the time value of money is material).

(s) 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 ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at 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
- on initial recognition 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.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part or a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on financial asset and is included in the other income and gains, and other expenses respectively in the consolidated statement of comprehensive income. Fair value is determined in the manner described in Note 9.

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Financial instruments *(Continued)*

Financial assets *(Continued)*

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

AFS financial assets, which represent equity instruments that do not have a quoted market price in an active market and where 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).

Impairment loss on financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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 receivables, assets that are assessed not to be impaired individually are, in addition, 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, as well as 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 as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade 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. Changes in the carrying amount of the allowance account are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)
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.

For financial assets carried at cost, impairment loss recognised will not be reversed in subsequent period.

Financial liabilities and equity instruments

Classification of debt or equity
Debts and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Convertible notes contain debt component and derivative component (including the conversion option and the redemption option)
Convertible notes issued by the Group that contain both debt and derivative components (including the conversion option and the redemption option) are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a derivative component (including the conversion option and the redemption option). At the date of issue, both the debt component and derivative component (including the conversion option and the redemption option) are recognised at fair value.

In subsequent periods, the debt component of the convertible notes is carried at amortised cost using the effective interest method. The derivative component (including the conversion option and the redemption option) are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible notes are allocated to the debt component and derivative component (including the conversion option and the redemption option) in proportion to their relative fair values. Transaction costs relating to the derivative component (including the conversion option and the redemption option) are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible notes using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

– Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

– The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

– It forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL (including contingent consideration payable) are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain recognised in profit or loss incorporates any interest paid on the financial liability and is included in other income and gains in the consolidated statement of comprehensive income.

Other financial liabilities
Other financial liabilities (including trade and other payables, amount due to minority shareholder of a subsidiary, bank borrowings, promissory note payable and obligations under finance leases) are subsequently measured at amortised cost, using the effective interest method.

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.

Derecognition
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) 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 recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at 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.

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 capitalised in accordance with the Group's accounting policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as expense on a straight-line basis over the lease term.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, 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.

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.

Revenue and profit recognition

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 outcome 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 contract will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

Impairment of intangible assets

Management assessed the recoverable amounts of intangible assets of the Group mainly based on value in use. The value in use is based on the net projected revenue to be derived by the relevant intangible assets over their estimated useful lives discounted by suitable rates to arrive at their present value. If the actual net revenue to be derived are more or less than expected and/or significant variation in discount rates arises as a result of change in market conditions, material reversal of or provision for impairment loss on intangible assets may result. In respect of the year ended 31st March 2013, impairment loss of HK$115,189,000 (2012: Nil) on intangible assets has been recognised in the statement of comprehensive income (Note 21).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment loss on available-for-sale investments

Management assessed the recoverability of the available-for-sale investment based on the present value of the estimated future cash flows expected to arise from the investment and discounted at the appropriate rates of return. Estimation of future cash flows may be adversely affected by the deterioration in financial position of the investee, its industry and sector performances, changes in technology, and operational and financing cash flows. If the carrying amount of the investment is below or above its recoverable amount, material reversal of or provision for impairment loss may result. Variation in the estimated future cash flows and the discount rates used may result in adjustment to the recoverable amount. Impairment loss on available-for-sale investment amounting to HK$20,736,000 has been recognised in respect of the year ended 31st March 2013 (2012: HK$1,717,000), details of which are disclosed in Note 23.

Impairment loss on deposits paid for acquisition of subsidiaries

As detailed in Note 25, deposits amounted to HK$40,000,000 (2012: HK$45,000,000) were paid for the acquisition of certain subsidiaries up to 31st March 2013. No impairment loss has been recognised on such deposits paid based on the management's judgment about the degree of uncertainty regarding the recoverability of the deposits paid. Where the actual outcome of the recoverability of the deposits differs from the management expectation, impairment loss may be required to be made.

Impairment loss on deposit paid for acquisition of investment

As detailed in Note 27, deposit amounted to HK$25,000,000 (2012: Nil) was paid for the acquisition of investment up to 31st March 2013. No impairment loss has been recognised on such deposit paid based on the management's judgment about the degree of uncertainty regarding the recoverability of the deposits paid. Where the actual outcome of the recoverability of the deposit paid differs from the management expectation, impairment loss may be required to be made.

Impairment loss recognised in respect of trade receivables and retention 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 maintains a provision for estimated credit losses based upon its historical experience. In addition, the Group will make provision based on the aging analysis of the trade and retention receivables. At 31st March 2013, the carrying amounts of trade receivables and retention receivables are approximately HK$24,614,000 (2012: HK$35,211,000) (net of impairment loss of approximately HK$44,627,000 (2012: HK$37,710,000)) and HK$1,451,000 (2012: HK$3,143,000) (net of impairment loss of approximately HK$931,000 (2012: HK$1,201,000)), respectively.

Impairment loss recognised in respect of disposal receivable and other receivables

The policy for provision for impairment loss of disposal receivable (Note 24) and other receivables (Note 29) of the Group is determined by management based on the evaluation of collectability and aging analysis of such receivables. 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 2013, the carrying amount of the disposal receivable is HK$3,000,000 (2012: Nil) (net of impairment loss of HK$23,600,000 (2012: Nil)). As at that date, the carrying amount of other receivables is HK$22,517,000 (2012: HK$19,779,000) (net of impairment loss of approximately HK$37,875,000 (2012: HK$28,179,000)).

Impairment loss recognised in respect of inventories

Inventories are written down to net realisable value based on an assessment of their realisability. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will have impact on the carrying value of inventories and impairment loss/reversal of impairment on inventories for the period in which such estimate is changed. As at 31st March 2013, the carrying amount of inventories is approximately HK$15,420,000 (HK$14,390,000). Impairment loss on inventories amounted to HK$22,799,000 (2012: Nil) has been charged to profit or loss in respect of the year.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

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 for the period in which such determination is made.

Warranty provision

The Group makes warranty provision based on information available as at the date of approval 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 37, 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.

Valuation of derivative financial instruments of convertible notes

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of the derivative financial instruments of convertible notes. Detailed information about the key assumptions used in the determination of the fair value of these derivative financial instruments of convertible notes is set out in Note 41. The directors believe that the techniques and assumptions used are appropriate in determining the fair value of the derivative financial instruments of the convertible notes.

6. 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 remains unchanged from that of the prior year.

The capital structure of the Group consists of debts, which includes bank borrowings and convertible notes as disclosed in Note 41, 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 will balance its overall capital structure through issues of new shares and debts, repayment of existing debts and payment of dividends.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Available-for-sale investments, at cost less impairment	**4,864**	25,600
Financial assets at FVTPL	**519**	549
Loans and receivables, at amortised cost		
Disposal receivable	**–**	-
Trade and other receivables	**48,582**	58,133
Pledged bank deposits	**1,248**	1,937
Bank balances and cash	**9,725**	23,855
	64,938	110,074
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**64,891**	63,903
Amount due to minority shareholder of a subsidiary	**17,435**	17,147
Bank borrowings	**-**	12,336
Promissory note payable	**10,124**	-
Convertible notes	**14,287**	-
Obligations under finance leases	**2,360**	3,440
	109,097	96,826
Derivative financial instruments of convertible notes, at FVTPL	**379**	-
	109,476	96,826

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, financial assets at FVTPL, disposal receivable, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, amount due to minority shareholder of a subsidiary, bank borrowings, promissory note payable, convertible notes, derivative financial instruments of convertible notes and obligations under finance leases. Details of these financial instruments are disclosed in respective notes.

Management monitors and manages the financial risks relating to the Group through internal risk assessment, which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

There has been no change in the Group's exposure to these kinds of risks or the manner in which the Group manages and measures these risks.

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

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

Foreign currency risk

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

For the two years ended 31st March 2013 and 2012, 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 foreign 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 denominated in HK$ are used to pay for HK$ expenses.

The directors do not expect the fluctuation in the exchange rate of RMB to HK$ to have any material adverse effect on the operation of the Group, accordingly 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, bank borrowings, promissory note payable and obligations under finance leases. The pledged bank deposits, bank balances and bank borrowings bearing interests at variable rates expose the Group to cash flow interest rate risk. Promissory note payable and obligations under finance leases bearing interest at fixed rates expose the Group to 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 insignificant, accordingly no sensitivity analysis is presented.

Sensitivity analysis

The Group had no bank borrowings outstanding at the end of the reporting period, accordingly there would have been no impacts on the results of the Group for the current year if interest rates on bank borrowings had been changed. For the year ended 31st March 2012, if interest rates on bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for that year would increase/decrease by HK$41,000.

The above sensitivity 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 2012.

Price risk

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

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

Credit risk

As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties' failure to perform their obligations is the respective recognised financial assets 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 debt at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group closely monitors the collectability of trade debtors at the end of the reporting period to ensure that the amounts are recoverable. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 15% (2012: 16%) and 47% (2012: 21%) of the total trade receivables are due from the Group's largest customer and the five largest customers respectively and are attributable 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.

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

Liquidity risk

As at 31st March 2013, the Group had recorded net current liabilities of approximately HK$11,948,000, which included promissory note payable of HK$10,124,000. The directors are of the view that the Group is able to operate as a going concern for the foreseeable future.

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 to mitigate the effects of fluctuation in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants, if any.

The following table details the Group's remaining contractual maturity for its non-derivative 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.

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

Liquidity risk *(Continued)*

	Within 1 year or on demand HK$'000	1-2 years HK$'000	2-3 years HK$'000	3-4 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31st March 2013						
Trade and other payables	**64,891**	**–**	**–**	**–**	**64,891**	**64,891**
Amount due to minority shareholder of a subsidiary	**17,435**	**–**	**–**	**–**	**17,435**	**17,435**
Bank borrowings	**–**	**–**	**–**	**–**	**–**	**–**
Promissory note payable	**10,400**	**–**	**–**	**–**	**10,400**	**10,124**
Convertible notes (excluding derivative financial instruments)	**15,000**	**–**	**–**	**–**	**15,000**	**14,287**
Obligations under finance leases	**1,205**	**1,205**	**101**	**–**	**2,511**	**2,360**
	108,931	**1,205**	**101**	**–**	**110,237**	**109,097**

	Within 1 year or on demand HK$'000	1-2 years HK$'000	2-3 years HK$'000	3-4 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31st March 2012						
Trade and other payables	63,903	-	-	-	63,903	63,903
Amount due to a substantial shareholder	17,147	-	-	-	17,147	17,147
Bank borrowings	13,307	-	-	-	13,307	12,336
Promissory note payable	-	-	-	-	-	–
Convertible notes (excluding derivative financial instruments)	-	-	-	-	-	–
Obligations under finance leases	1,256	1,205	1,205	101	3,767	3,440
	95,613	1,205	1,205	101	98,124	96,826

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

9. FAIR VALUE

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

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid and ask prices respectively;

- the fair value of derivative financial instruments of convertible notes is calculated using the Black-Scholes Option Pricing Model as set out in Note 41; 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 their fair values.

Fair value measurements recognised in the consolidated statement of financial position

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 2013			
	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	**519**	**–**	**–**	**519**
Financial liabilities				
Derivative financial instruments of convertible notes	**–**	**379**	**–**	**379**

	31st March 2012			
	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	549	–	–	549
Financial liabilities				
Derivative financial instruments of convertible notes	–	–	–	–

There were no transfers between the levels in both of the above years.

10. REVENUE AND OTHER INCOME AND GAINS

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

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

	2013 HK$'000	2012 HK$'000
Revenue from provision of		
Systems development services	**45,541**	51,814
Professional services	**6,316**	4,416
Software licensing (Note a)	**–**	24,672
Turnover	**51,857**	80,902
Other income and gains		
Interest income	**61**	59
Value added tax refunded (Note b)	**2,091**	4,624
Rental income	**122**	–
Gain on disposal of financial assets at fair value through profit or loss	**72**	–
Gain on change in fair value of:		
– financial assets at fair value through profit or loss	**–**	25
– derivative financial instruments of convertible notes (Note 41)	**2,295**	–
– contingent consideration payable (Note 36)	**–**	35,000
Reversal of impairment loss in respect of:		
– trade receivables (Note 29(e))	**2,149**	1,906
– retention receivables (Note 29(f))	**273**	291
– other receivables (Note 29(g))	**841**	375
	7,904	42,280
Total revenues	**59,761**	123,182

Notes:

a. A subsidiary of the Company, 鑫約福（上海）貿易有限公司 ("Fullmark Shanghai"), entered into a co-operation agreement with a shareholder of the Group's associate (the "Contracting Party") in March 2010, pursuant to which (i) Fullmark Shanghai and the Contracting Party have agreed to jointly develop the Chinese version of the InsureLink System owned by the Group (Note 21), (ii) Fullmark Shanghai shall licence the InsureLink System and provide related technical support services to the Contracting Party and the end-users of the InsureLink System; and (iii) Fullmark Shanghai and the Contracting Party shall jointly promote the licensing of the InsureLink System to other companies in the People's Republic of China (the "PRC"). Pursuant to the co-operation agreement, Fullmark Shanghai shall be entitled to receive 75% of the revenue from such licensing business and the Contracting Party guaranteed that the revenue to be received by Fullmark Shanghai shall not be less than RMB20,000,000 per annum.

During the year ended 31st March 2012, the guaranteed revenue from the Contracting Party of RMB20,000,000 (equivalent to HK$24,672,000) pursuant to the co-operation agreement was recognised as the Group's revenue, of which HK$5,468,000 was received by the Group. The remaining balance of the receivable of HK$19,204,000 has been long outstanding and impairment loss on such receivable had been recognised for that year. As it is not probable that the economic benefits associated with the revenue from the Contracting Party under the co-operation agreement will flow to the Group, such income for the year has not been recognised.

b. A tax concession was 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 value added tax refunded is included in other income and gains.

11. 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 currently organised into three operating divisions – systems development, professional services and insurance brokerage business.

Systems development	–	Provision of systems development, maintenance and installation as well as consulting service and software licensing.
Professional services	–	Provision of information technology engineering and technical support services.
Insurance brokerage business	–	Provision of brokerage 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		Insurance brokerage business		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TURNOVER								
Revenue from external customers	**45,541**	76,486	**6,316**	4,416	**–**	–	**51,857**	80,902
RESULT								
Segment results	**(140,645)**	(30,125)	**(10,038)**	3,008	**–**	(2,367)	**(150,683)**	(29,484)
Interest income							**61**	59
Unallocated income							**2,417**	35,025
Unallocated expenses							**(107,628)**	(23,528)
Finance costs							**(3,289)**	(1,100)
Share of losses of associates							**(85)**	(16)
Loss before tax							**(259,207)**	(19,044)

There were no sales between the reportable segments for both of the years ended 31st March 2013 and 2012.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4. 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.

11. SEGMENT INFORMATION *(Continued)*

(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		Insurance brokerage business		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS								
Segment assets	**70,706**	254,982	**7,995**	1,514	**–**	33,100	**78,701**	289,596
Unallocated corporate assets								
– Plant and equipment							**755**	2,583
– Intangible assets							**9,500**	–
– Interests in associates							**18,105**	45,973
– Available-for-sale investments							**4,864**	25,600
– Deposits paid for acquisition of subsidiaries							**40,000**	45,000
– Deposits paid for acquisition of intangible assets							**–**	7,500
– Deposits paid for acquisition of investment							**25,000**	**–**
– Inventories							**15,420**	–
– Other receivables, deposits and prepayments							**34,405**	7,998
– Financial assets at fair value through profit or loss							**519**	549
– Pledged bank deposits							**1,248**	1,937
– Bank balances and cash							**9,725**	23,855
– Assets classified as held for sale							**20,500**	–
Total assets							**258,742**	450,591
LIABILITIES								
Segment liabilities	**57,693**	52,880	**3,017**	3,333	**–**	–	**60,710**	56,213
Unallocated corporate liabilities								
– Other payables							**33,698**	32,880
– Amount due to minority shareholder of a subsidiary							**17,435**	17,147
– Bank borrowings							**–**	12,336
– Promissory note payable							**10,124**	–
– Convertible notes							**14,287**	–
– Derivative financial instruments of convertible notes							**379**	–
– Obligations under finance leases							**2,360**	3,440
– Income tax payable							**6,262**	6,256
Total liabilities							**145,255**	128,272

11. 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 interests in associates, available-for-sale investments, deposits paid for acquisition of intangible assets, deposits paid for acquisition of subsidiaries and investment, inventories, other receivables, deposits and prepayments, financial assets at FVTPL, pledged bank deposits, bank balances and cash and assets classified as held for sale. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all major liabilities are allocated to reportable segments other than amount due to minority shareholder of a subsidiary, bank borrowings, promissory note payable, convertible notes, derivative financial instruments of convertible notes, obligations under finance leases and income tax payable. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Geographical information

For the two years ended 31st March 2013 and 2012, 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.

11. SEGMENT INFORMATION *(Continued)*

(d) Other segment information

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

	Systems development		Professional services		Insurance brokerage business		Unallocated		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information										
Depreciation of plant and equipment	**165**	592	**11**	–	**–**	–	**1,878**	1,688	**2,054**	2,280
Amortisation of intangible assets	**27,465**	17,023	**–**	–	**2,986**	2,240	**500**	–	**30,951**	19,263
Impairment loss recognised in respect of:										
– intangible assets	**109,716**	–	**–**	–	**5,473**	–	**–**	–	**115,189**	–
– available-for-sale investments	**–**	–	**–**	–	**–**	–	**20,736**	1,717	**20,736**	1,717
– disposal receivable	**–**	–	**–**	–	**–**	–	**23,600**	–	**23,600**	–
– inventories	**13,149**	–	**–**	–	**–**	–	**9,650**	–	**22,799**	–
– trade receivables	**8,454**	21,147	**530**	–	**–**	–	**5**	–	**8,989**	21,147
– other receivables	**9,275**	9,960	**1,131**	–	**–**	–	**–**	–	**10,406**	9,960
– assets classified as held for sale	**–**	–	**–**	–	**–**	–	**4,266**	–	**4,266**	–
Research and development expenditure	**–**	20,737	**–**	–	**–**	–	**16,000**	1,750	**16,000**	22,487
Loss on disposal of:										
– financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	22	**–**	22
– plant and equipment	**–**	–	**–**	–	**–**	–	**77**	–	**77**	–
– available-for-sale investment	**–**	–	**–**	–	**–**	–	**1,183**	–	**1,183**	–
Loss/(gain) on change in fair value of:										
– financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**4**	(25)	**4**	(25)
– promissory note payable	**–**	–	**–**	–	**–**	–	**114**	–	**114**	–
– derivative financial instruments of convertible notes	**–**	–	**–**	–	**–**	–	**(2,295)**	–	**(2,295)**	–
– contingent consideration payable	**–**	–	**–**	–	**–**	–	**–**	(35,000)	**–**	(35,000)
Reversal of impairment loss in respect of:										
– trade receivables	**(2,149)**	(1,906)	**–**	–	**–**	–	**–**	–	**(2,149)**	(1,906)
– retention receivables	**(273)**	(291)	**–**	–	**–**	–	**–**	–	**(273)**	(291)
– other receivables	**(841)**	(375)	**–**	–	**–**	–	**–**	–	**(841)**	(375)
Gain on disposal of financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**(72)**	–	**(72)**	–
Additions to non-current assets (Note)	**2,037**	35,080	**201**	–	**–**	29,864	**38,516**	–	**40,754**	64,944

Note: Non-current assets excluded financial instruments.

(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	2013 HK$'000	2012 HK$'000
Company A	System development	**N/A***	24,672

* No customer contributed over 10% of the total revenue of the Group for the year.

12. OTHER EXPENSES

	2013 HK$'000	2012 HK$'000
Research and development expenditure (Note below)	**16,000**	–
Impairment loss recognised in respect of:		
– Intangible assets (Note 21)	**115,189**	–
– Available-for-sale investments (Note 23(c))	**20,736**	1,717
– Disposal receivable (Note 24)	**23,600**	–
– Inventories (Note 28)	**22,799**	–
– Trade receivables (Note 29(e)	**8,989**	21,147
– Other receivables (Note 29(g))	**10,406**	9,960
– Assets classified as held for sale (Note 34)	**4,266**	–
Loss on disposal of available-for-sale investment (Note 23(d))	**1,183**	–
Loss on change in fair value of financial assets at FVTPL	**4**	–
Loss on change in fair value of promissory note payable (Note 40)	**114**	–
Loss on disposal of financial assets at FVTPL	**–**	22
	223,286	32,846

Note: The research and development expenditure represents deposits paid for acquisition of intangible assets made in prior years, details of which are set out in Note 26. In addition, research and development expenditure for the year ended 31st March 2012 amounted to HK$22,487,000 which has been included in administrative expenses for that year. Such expenditure include a deposit paid for acquisition of intangible assets amounted to HK$11,000,000.

13. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on bank borrowings repayable within one year	**934**	878
Imputed interest on promissory note payable (Note 40)	**210**	–
Imputed interest on convertible notes (Note 41)	**1,961**	–
Finance costs on finance leases	**184**	222
	3,289	1,100

14. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
Current tax		
– Hong Kong Profits Tax	**–**	1,800
– PRC Enterprise Income Tax	**1,324**	2,008
	1,324	3,808

14. INCOME TAX EXPENSE *(Continued)*

(i) No provision for Hong Kong Profits Tax for the current year has been made in the consolidated financial statements as the Group has no assessable profit for the year. Hong Kong Profits Tax for the prior year is calculated at 16.5% on the estimated assessable profits for that year.

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

The income tax expense can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2013	2012
	HK$'000	HK$'000
Loss before tax	**(259,207)**	(19,044)
Tax at the applicable tax rate of 25% (2012: 25%)	**(64,802)**	(4,761)
Tax effect of income not taxable for tax purposes	**(620)**	(7,641)
Tax effect of expenses not deductible for tax purposes	**64,622**	9,737
Tax effect of tax losses and other deductible temporary differences not recognised	**2,124**	4,566
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	1,907
Income tax expense	**1,324**	3,808

Details of deferred taxation are set out in Note 45.

15. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2013	2012
	HK$'000	HK$'000
Staff costs		
Directors' fees, salaries and other benefits	**6,431**	12,330
Retirement benefits scheme contributions	**1,144**	2,862
	7,575	15,192
Auditors' remuneration	**560**	560
Amortisation of intangible assets	**30,951**	19,263
Depreciation of plant and equipment	**2,054**	2,280
Loss on disposal of plant and equipment	**77**	–
Operating lease charges in respect of land and buildings	**488**	1,515

16. DIVIDENDS

No dividend was paid or proposed during the year ended 31st March 2013, nor has any dividend been proposed since the end of the reporting date (2012: Nil).

17. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is as follows:

	2013	2012
	HK$'000	HK$'000
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	**(260,531)**	(22,790)
Effect of dilutive potential ordinary shares:		
Gain on change in fair value of derivative financial instruments of convertible notes	**(2,295)**	–
Interest on convertible notes	**1,961**	–
Loss for the purpose of diluted loss per share	**N/A**	N/A
Number of shares	**Number of shares '000**	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic loss per share	**479,439**	284,003
Effect of dilutive potential ordinary shares:		
Convertible notes	**54,740**	–
Share options	**8,745**	9,545
Share warrants	**57,223**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**600,147**	293,548

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the consolidation of the Company's shares made during the year ended 31st March 2012.

Diluted loss per share is not presented because the Group sustained a loss for both of the years presented and the impact of conversion of convertible notes and exercise of share options, if any, is regarded as anti-dilutive.

18. STAFF COSTS (EXCLUDING DIRECTORS' EMOLUMENTS)

	2013 HK$'000	2012 HK$'000
Salaries and other benefits	**5,141**	10,756
Retirement benefits scheme contributions	**1,113**	2,821
	6,254	13,577

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 scheme 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 profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's contributions vest fully with the employees when payments are made.

PRC, other than Hong Kong

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement scheme operated by the PRC government. The subsidiaries are required to contribute a certain percentage of the payroll of its employees to the retirement benefit scheme. The only obligations of the Group with respect to the retirement benefit scheme is to make the specific contribution.

At the end of the reporting period, no forfeited contributions may be used by the employer to reduce the existing level of contributions.

19. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	2013 HK$'000	2012 HK$'000
Directors' fees	**1,163**	1,067
Salaries and other benefits	**127**	507
Retirement benefits scheme contributions	**31**	41
	1,321	1,615

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

(a) Directors' emoluments *(Continued)*

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

	For the year ended 31st March 2013			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Chan Yun Sang (resigned on 25th December 2012)	147	127	31	305
Mr. Zhang Jinshu (appointed on 26th October 2012)	52	–	–	52
Mr. Han Fangfa	120	–	–	120
Ms. Ju Lijun	120	–	–	120
Mr. Liu Bo	120	–	–	120
Ms. Huang Miaochan	120	–	–	120
Mr. Ip Ho Ming (resigned on 27th February 2013)	54	–	–	54
Ms. Wong Sau Wai, Serena (resigned on 27th February 2013)	54	–	–	54
Non-executive directors and independent non-executive directors:				
Mr. Tang Sze Lok (resigned on 9th February 2013)	26	–	–	26
Mr. Chan Yee Sze (appointed on 9th February 2013)	17	–	–	17
Mr. Tan Heming (appointed on 31st December 2012)	6	–	–	6
Mr. Xu Jingbin	120	–	–	120
Ms. Hu Yun	120	–	–	120
Dr. Pan Jin	60	–	–	60
Mr. Dai Yuanxin (appointed on 25th July 2012)	1	–	–	1
Ms. Xiao Yongzhen (appointed on 26th October 2012)	26	–	–	26
	1,163	127	31	1,321

19. DIRECTORS' AND SENIOR MANGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

	For the year ended 31st March 2012			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Wong Chung Wai, Eric (resigned on 6th January 2012)	135	435	18	588
Mr. Chan Yun Sang	180	72	22	274
Mr. Choi King Lit (resigned on 12th January 2012)	95	–	1	96
Mr. Han Fangfa	139	–	–	139
Ms. Ju Lijun (appointed on 31st October 2011)	50	–	–	50
Mr. Liu Bo (appointed on 11th November 2011)	45	–	–	45
Ms. Huang Miaochan (appointed on 15th December 2011)	35	–	–	35
Mr. Ip Ho Ming (appointed on 13th February 2012)	8	–	–	8
Ms. Wong Sau Wai, Serena (appointed on 13th February 2012)	8	–	–	8
Non-executive directors and independent non-executive directors:				
Mr. Tang Sze Lok	30	–	–	30
Mr. Yan Yonghong (retired on 24th August 2011)	13	–	–	13
Mr. Lee Kwok Yung (resigned on 11th November 2011)	74	–	–	74
Mr. Chan Wai Kwong, Peter (resigned on 15th March 2012)	115	–	–	115
Mr. Xu Jingbin (appointed on 11th November 2011)	45	–	–	45
Ms. Hu Yun (appointed on 15th December 2011)	35	–	–	35
Dr. Pan Jin	60	–	–	60
	1,067	507	41	1,615

No directors waived or agreed to waive any emoluments during the two years ended 31st March 2013 and 2012.

19. DIRECTORS' AND SENIOR MANGEMENT'S EMOLUMENTS *(Continued)*

(b) Senior management's emoluments

Of the five individuals with the highest emoluments in the Group, one (2012: one) was a director of the Company whose emoluments included in the disclosures in note a above.

The emoluments of the remaining four (2012: four) highest paid individuals were as follows:

	2013 **HK$'000**	2012 HK$'000
Salaries and other benefits	**1,142**	597
Retirement benefits scheme contributions	**67**	113
	1,209	710

Their emoluments were within the following band:

	Number of individuals	
	2013	2012
Nil – HK$1,000,000	**4**	4

(c) No emoluments were 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 2013 and 2012. No bonuses were paid by the Group to 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 2013 and 2012.

20. 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 2011	1,805	68	4,637	6,642	13,152
Exchange realignment	54	1	147	53	255
Additions	–	–	59	–	59
Acquired on acquisition of subsidiaries	–	17	10	183	210
At 31st March 2012	1,859	86	4,853	6,878	13,676
Exchange realignment	6	1	16	15	38
Additions	7	2	7	2,238	2,254
Disposals	(120)	–	(366)	(10)	(496)
At 31st March 2013	1,752	89	4,510	9,121	15,472
ACCUMULATED DEPRECIATION					
At 1st April 2011	1,706	47	3,501	1,792	7,046
Exchange realignment	54	–	117	14	185
Provided for the year	24	15	365	1,876	2,280
At 31st March 2012	1,784	62	3,983	3,682	9,511
Exchange realignment	6	–	15	4	25
Provided for the year	1	10	155	1,888	2,054
Eliminated on disposals	(45)	–	(298)	(5)	(348)
At 31st March 2013	1,746	72	3,855	5,569	11,242
CARRYING AMOUNTS					
At 31st March 2013	6	17	655	3,552	4,230
At 31st March 2012	75	24	870	3,196	4,165

The above items of plant and equipment are depreciated on a straight-line basis over their 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	3 $^1/_3$ to 8 years

The carrying amount of the motor vehicles includes an amount of HK$666,000 (2012: HK$2,294,000) in respect of assets held under finance leases.

21. INTANGIBLE ASSETS

	InsureLink System HK$'000	Technical know-how HK$'000	Licence HK$'000	Total HK$'000
COST				
At 1st April 2011	149,784	–	–	149,784
Acquisition of subsidiaries	–	35,045	29,864	64,909
At 31st March 2012	149,784	35,045	29,864	214,693
Exchange realignment	571	134	114	819
Additions	–	10,000	–	10,000
Reclassified as held for sale	–	–	(29,978)	(29,978)
At 31st March 2013	150,355	45,179	–	195,534
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1st April 2011	6,241	–	–	6,241
Amortisation for the year	14,979	2,044	2,240	19,263
At 31st March 2012	21,220	2,044	2,240	25,504
Exchange realignment	81	8	9	98
Amortisation for the year	25,713	2,252	2,986	30,951
Impairment loss recognised and included in other expenses (Note 12)	78,341	31,375	5,473	115,189
Reclassified as held for sale	–	–	(10,708)	(10,708)
At 31st March 2013	125,355	35,679	–	161,034
CARRYING AMOUNTS				
At 31st March 2013	25,000	9,500	–	34,500
At 31st March 2012	128,564	33,001	27,624	189,189

Notes:

(a) InsureLink System

(i) In prior years, the InsureLink System was amortised on a straight line basis over its estimated useful life of 10 years. During the year, the directors conducted a review of the remaining useful life of the InsureLink System and, in view of the underlying business circumstances, considered it appropriate to revise the remaining useful life from approximately 7 years to 5 years. The revised useful life of the InsureLink System has been adopted in the current year on a prospective basis.

(ii) As a result of the expected decline in revenue to be generated from the InsureLink System in future, an impairment loss on the InsureLink System amounted to HK$78,341,000 (2012: Nil) has been recognised in the consolidated financial statements, which is calculated by reference to the forecasted net revenue from the InsureLink System discounted to its present value using the discount rate of 23.72% per annum.

(iii) The carrying amount of the InsureLink System at 31st March 2013 is amortised over its remaining useful life of four years.

21. INTANGIBLE ASSETS *(Continued)*

Notes: *(Continued)*

(b) Technical know-how

(i) The additions to technical know-how during the current year represents internet electronic air-ticket and payment system acquired at a consideration of HK$10,000,000 from a company related to a former director of the Company. Subsequent to the end of the reporting period, this technical know-how was leased to Taoaoto Air Services Co., Ltd., a subsidiary of Tirack Holdings Corporation (Note 25(a)).

(ii) In the prior year, the Group, through the acquisition of a subsidiary, acquired the technical know-how relating to the development and application of computer hardware and software, system integration, and provision of related technology consultancy services, amounted to HK$35,045,000. Following the resignation of certain staff of the subsidiary with the relevant technical expertise during the year, the subsidiary is unable to promote and maintain the application of the technical know-how as originally anticipated by the Group. Under these circumstances, impairment loss in full amounted to HK$31,375,000 (2012: Nil) against such technical know-how has been recognised in the consolidated financial statements.

(iii) The technical know-how is amortised on a straight line basis over its estimated useful life of 10 years. The carrying amount of the technical know-how at 31st March 2013 is amortised over its remaining useful life of approximately 9 years.

(c) Licence

(i) The licence is amortised on a straight line basis over its estimated useful life of 10 years.

(ii) As referred to in Note 34, the Group entered into an agreement for the disposal of 51% equity interest in 上海景福. Impairment loss amounted to HK$5,743,000 (2012: Nil) has been recognised to write down the licence held by 上海景福 to its estimated fair value less cost to sell of HK$19,270,000 which has been reclassified and included in assets classified as held for sale (Note 34).

22. INTERESTS IN ASSOCIATES

	2013 **HK$'000**	2012 HK$'000
Unlisted investments, at cost	**18,009**	45,866
Share of post-acquisition profits	**96**	107
	18,105	45,973
Movements during the year are as follows:		
At the beginning of year	**45,973**	45,989
Share of losses for the year	**(85)**	(16)
Transferred to available-for-sale investment (Note below)	**(27,783)**	–
At the end of year	**18,105**	45,973

Note:

In prior years, the Group held 20% equity interest in a PRC entity, 上海萬全保險經紀有限公司(「上海萬全」) which was classified as an associate of the Group. Management is of the view that, due to the Group's minority shareholding in 上海萬全, the Group was unable to exercise significant influence over this entity during the year, accordingly this entity was not regarded as the Group's associate as from 1st April 2012 and equity accounting method has not been applied for the Group's investment in this entity from that date. The carrying amount of the investment in 上海萬全 amounted to HK$27,783,000 has been reclassified and included in available-for-sale investments (Note 23).

22. INTERESTS IN ASSOCIATES *(Continued)*

As at 31st March 2013, the Group had interests in the following associate:

Name of entity	Form of entity	Country of registration and operations	Class of shares held	Proportion of nominal value of issued capital held by the Group		Proportion of voting power held		Principal activity
				2013	2012	**2013**	2012	
東大保險代理股份有限公司	Incorporated	PRC	Registered capital	**24.9%**	24.9%	**24.9%**	24.9%	Provision of insurance agency services

Included in the cost of investments in associates is goodwill of HK$14,888,000 (2012: HK$40,905,000) arising on acquisition of associates.

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

	2013 HK$'000	2012 HK$'000
Total assets	**14,129**	24,732
Total liabilities	**(1,207)**	(2,032)
Net assets	**12,922**	22,700
Group's share of net assets of associates	**3,217**	5,068
Revenue	**10,293**	4,575
Total losses for the year	**(342)**	(138)
Group's share of losses of associates	**(85)**	(16)
Group's share of other comprehensive income of associates	**–**	–

23. AVAILABLE-FOR-SALE INVESTMENTS

	2013 HK$'000	2012 HK$'000
Unlisted equity securities, at cost	**27,317**	27,317
Less: Impairment loss recognised	**(22,453)**	(1,717)
	4,864	25,600
Movements during the year:		
Balance at beginning of the year	**25,600**	27,317
Transferred from interests in associates (Note c)	**27,783**	–
Eliminated on disposal of investment (Note d)	**(27,783)**	–
Impairment losses recognised and included in other expenses (Note b)	**(20,736)**	(1,717)
Balance at end of the year	**4,864**	25,600

Notes:

(a) The unlisted equity securities at 31st March 2013 represent the Group's 1.6% (2012: 10%) equity interest in全網通科技股份有限公司(I.P. Tone Technology Company Limited ("IP Tone")), an entity incorporated in Taiwan with limited liability engaging principally in internet telecommunication services in Taiwan.

(b) Having reviewed the projected cash flows to be derived by IP Tone, the directors consider it is appropriate to recognise an impairment loss on investment in this entity amounted to HK$20,736,000 (2012: HK$1,717,000) in the consolidated financial statements.

(c) As referred to in Note 22, the Group's investment in 20% equity interest of 上海萬全 with the carrying amount of HK$27,783,000 was reclassified to available-for-sale investments.

(d) In August 2012, the Group's 20% equity interest of上海萬全was disposed of, details of which are set out in Note 24. The loss on disposal amounted to HK$1,183,000, which represents the excess of the carrying amount of the investment of HK$27,783,000 over the disposal receivable of HK$26,600,000, has been recognised in the consolidated financial statements and included in other expenses (Note 12).

24. DISPOSAL RECEIVABLE

	2013 HK$'000	2012 HK$'000
Proceeds from disposal of available-for-sale investment receivable	**26,600**	–
Less: Impairment losses recognised	**(23,600)**	–
	3,000	–
Less: amount receivable within one year and included in other receivables (Note 29(d))	**(3,000)**	–
	–	–

In August 2012, the trustee in respect of 20% equity interest in 上海萬全 (Note 23) held by the Group disposed of such equity interest to an outside party without the consent given by the Group. Subsequent to the end of the reporting period, the Company entered into an agreement with the trustee in September 2013 for the settlement of the disputes relating to the disposal, under which the trustee has agreed to pay settlement fees at the aggregate of HK$30,000,000 to the Group by four equal instalments in cash on a quarterly basis commencing from 9th December 2013. The present value of the settlement fees at 31st March 2013, which is estimated to be HK$26,600,000 by applying the discount rate of 12% per annum, has been recognised as the receivable arising from the disposal. Up to the date of approval of these consolidated financial statements, the settlement fees to the extent of HK$3,000,000 were received by the Group with the remaining balance of HK$27,000,000 overdue. Impairment loss has been recognised in full in respect of the unsettled disposal receivable with the carrying amount of HK$23,600,000 and included in other expenses (Note 12).

25. DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES

	2013 HK$	2012 HK$
Deposits paid for possible acquisition of		
– 100% equity interest in Tirack Holdings Corporation (Note a)	**20,000**	–
– 100% equity interest in Fame Thrive Limited (Note b)	**20,000**	20,000
– not less than 50% equity interest in Gold Depot Limited (Note c)	**–**	25,000
	40,000	45,000

Notes:

(a) During the year, the Company entered into a sale and purchase agreement with a third party for the acquisition of the entire equity interest in Tirack Holdings Corporation ("Tirack") for a consideration of HK$110,000,000, of which a deposit of HK$20,000,000 was paid by the Company at 31st March 2013. The acquisition of Tirack was completed on 2nd April 2013. The outstanding consideration to the extent of HK$5,000,000 was satisfied by the payment in cash with the remaining of HK$85,000,000 by the issue of convertible notes (Note 52(ii)). Tirack, through its subsidiary established in the PRC, is principally engaged in sale of air tickets, hotel reservations and travel products online in the PRC.

(b) In 2012, the Company entered into a memorandum of understanding for the possible acquisition of the entire equity interest in Fame Thrive Limited ("Fame Thrive"), under which a refundable deposit of HK$20,000,000 was paid by the Group. The final consideration for the acquisition has not yet been determined. Fame Thrive Limited, through its subsidiary to be established in the PRC, will be principally engaged in the provision of insurance brokerage services in the PRC. Subsequent to 31st March 2013, negotiations for the acquisition have terminated and the Group has demanded immediate repayment of the deposits paid of HK$20,000,000.

25. DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES *(Continued)*

(c) In 2012, the Company entered into a memorandum of broad terms (the "Acquisition Memorandum") for the possible acquisition of not less than 50% equity interest in Gold Depot Limited ("Gold Depot"), under which a refundable deposit of HK$25,000,000 was paid by the Group. The final consideration for the acquisition has not yet been determined. Management of the Company understands that Gold Depot Investments Limited, directly or indirectly, owns an exploration right and a mining right of a gold mine located in Guizhou, the PRC. During the year, the Company entered into an addendum to the Acquisition Memorandum under which the scale of the proposed acquisition was revised to not more than 20% equity interest in Gold Depot, Accordingly, the deposit paid of HK$25,000,000 has been reclassified and included in deposit paid on acquisition of investment (Note 27).

26. DEPOSITS PAID FOR ACQUISITION OF INTANGIBLE ASSETS

	2013 **HK$**	2012 HK$
Deposits paid for the acquisition of technical know-how	**16,000**	7,500
Less: charged as other expenses (Note 12)	**(16,000)**	–
	–	7,500

The deposits paid represent payments made by the Group for the development of technical know-how in respect of computer applications. Under the terms of the relevant acquisition agreements, such deposits can be refunded in full upon the request of the Group. As the development of the technical know-how has taken for a considerately long period of time, the directors are of the view that the technical know-how may not be eventually developed which will generate probable future economic benefits to the Group. Under these circumstances, the recoverability of the deposits paid cannot be assured with reasonable certainty and such deposits paid amounted to HK$16,000,000 have been charged to the profit or loss for the year and included in research and development expenditure (Note 12).

27. DEPOSIT PAID FOR ACQUISITION OF INVESTMENT

	2013 **HK$'000**	2012 HK$'000
Deposit paid for possible acquisition of not more than 20% equity interest in Gold Depot	**25,000**	–

As referred to in Note 25 (c), the deposit of HK$25,000,000 paid for the possible acquisition of equity interest in Gold Depot has been reclassified from deposits paid for acquisition of subsidiaries during the year. Subsequent to 31st March 2013, negotiations for the acquisition have terminated and the Group has demanded immediate repayment of the deposits paid of HK$25,000,000.

28. INVENTORIES

	2013 HK$'000	2012 HK$'000
Cost of inventories acquired:		
Raw cottons (Note a)	**15,820**	–
Printing presses (Note b)	**9,250**	–
Software (Note c)	**13,149**	14,390
	38,219	14,390
Less: Impairment loss recognised (Note 12)	**(22,799)**	–
	15,420	14,390

Notes:

(a) During the year, a third party purchased certain raw cottons from a PRC entity (the "PRC Enterprise") and then sold such raw cottons to the Company for a consideration of HK$15,820,000. The PRC Enterprise is controlled by Mr. Dai Yuanxin, who was appointed as a director of the Company after the raw cottons were purchased by the Company. These raw cottons, which are held by the Company for trading purposes and remained unsold up to the date of approval of these consolidated financial statements, are kept under the custody of the PRC Enterprise free of charge.

In view of the market conditions, the net realisable value of these raw cottons is estimated to be in the region of HK$15,020,000, accordingly, impairment loss on such raw cottons amounted to HK$800,000 (2012: Nil) has been recognised in the consolidated financial statements.

(b) In May 2012, the Group purchased certain printing presses from a third party for an aggregate consideration of HK$9,250,000 for resale purposes. These printing presses remained unsold as at the date of approval of these consolidated financial statements.

As the Group is currently unable to secure a suitable purchaser for the printing presses, under the prevailing circumstances the directors are of the view that it is appropriate to determine the net realisable value of these printing presses on scrap value basis. Under this basis, the net realisable value of the printing presses is estimated to be in the region of HK$400,000 and impairment loss amounted to HK$8,850,000 (2012: Nil) has been recognised in the consolidated financial statements.

(c) The software represents the rights to use certain computer software which were acquired by a subsidiary of the Company for resale purpose during the year ended 31st March 2012. In light of the rapid computer technology development, the directors are of the view that the related computer software acquired has been obsolete, accordingly, impairment loss amounted to HK$13,149,000 (2012: Nil) on such rights to use the computer software has been recognised in the consolidated financial statements.

29. TRADE AND OTHER RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade and bills receivables	**69,241**	72,921
Less: Impairment loss recognised (Note (e))	**(44,627)**	(37,710)
	24,614	35,211
Retention receivables	**2,382**	4,344
Less: Impairment loss recognised (Note (f))	**(931)**	(1,201)
	1,451	3,143
Other receivables	**60,392**	47,958
Less: Impairment loss recognised (Note (g))	**(37,875)**	(28,179)
	22,517	19,779
	48,582	58,133

Notes:

(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 for settlement of all outstanding balances before any further credit is granted.

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

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

	2013 HK$'000	2012 HK$'000
0-30 days	**9,859**	15,264
31-90 days	**3,023**	11,133
Over 90 days	**11,732**	8,814
	24,614	35,211

(c) Retention receivables, net of impairment loss recognised, amounting to approximately HK$1,451,000 as at 31st March 2013 (2012: HK$3,143,000) are due for settlement after a period of more than 12 months.

(d) Included in other receivables are:

(i) disposal receivable of HK$3,000,000 (2012: Nil) relating to disposal of 20% equity interest in 上海萬全 (Note 24).

(ii) advances to third parties amounted to HK$57,392,000 (2012: HK$47,958,000) which are unsecured, interest free and repayable on demand, of which impairment loss of HK$37,875,000 (2012: HK$28,179,000) has been recognised.

29. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(e) Movements in impairment losses on trade receivables are as follows:

	2013 HK$'000	2012 HK$'000
At beginning of the year	37,710	17,897
Exchange realignment	77	572
Reversal during the year	(2,149)	(1,906)
Recognised during the year	8,989	21,147
At end of the year	44,627	37,710

Trade receivables amounting to approximately HK$44,627,000 at 31st March 2013 (2012: HK$37,710,000) were individually determined to be impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

(f) Movements in impairment losses of retention receivables are as follows:

	2013 HK$'000	2012 HK$'000
At beginning of the year	1,201	1,450
Exchange realignment	3	42
Reversal during the year	(273)	(291)
At end of the year	931	1,201

Retention receivables amounting to approximately HK$931,000 at 31st March 2013 (2012: HK$1,201,000) were individually impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

(g) Movements in impairment losses of other receivables are as follows:

	2013 HK$'000	2012 HK$'000
At beginning of the year	28,179	17,961
Exchange realignment	131	633
Reversal during the year	(841)	(375)
Recognised during the year	10,406	9,960
At end of the year	37,875	28,179

Other receivables amounting to approximately HK$37,875,000 at 31st March 2013 (2012: HK$28,179,000) were individually impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

29. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(h) An analysis of trade and bills receivables at 31st March 2013 and 31st March 2012 not impaired is as follows:

			Past due but not impaired	
	Total	**Neither past due nor impaired**	**Not more than 90 days**	**More than 90 days but less than 1 year**
	HK$'000	HK$'000	HK$'000	HK$'000
31st March 2013	24,614	5,620	7,262	11,732
31st March 2012	35,211	6,800	19,597	8,814

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.

30. DEPOSITS AND PREPAYMENTS

Included in deposits and prepayments is a refundable deposit amounted to HK$10,000,000 (2012: HK$10,000,000) paid to a third party relating to the provision of services by the third party in respect of seeking business opportunity in the PRC.

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

	2013	2012
	HK$'000	HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**202,990**	169,793
Less: Progress billings	**(205,936)**	(170,640)
	(2,946)	(847)
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**18,882**	16,182
Amounts due to customers for contract work	**(21,828)**	(17,029)
	(2,946)	(847)

At 31st March 2013, retentions held by customers for contract works, net of impairment loss recognised, amounted to approximately HK$1,451,000 (2012: HK$3,143,000) (Note 29(c)).

32. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 **HK$'000**	2012 HK$'000
Equity securities listed in the PRC, at fair value	**519**	549

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

33. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The Group's bank deposits of approximately HK$1,248,000 (2012: HK$1,937,000) were pledged to banks to secure performance bond issued for the Group (Note 48 (a)).

At 31st March 2013, bank balances and cash comprise of cash held by the Group and short-term deposits with an original maturity of three months or less.

Bank balances and pledged bank deposits at 31st March 2013 carry interest at the average interest rates of 0.35% per annum (2012: 0.35% per annum).

At 31st March 2013, the Group's bank balances and cash and pledged bank deposits, which are denominated in RMB, amounted to an aggregate of approximately HK$9,653,000 (2012: HK$24,575,000). 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.

34. ASSETS CLASSIFIED AS HELD FOR SALE

On 28th March 2013, the Group entered into an agreement with the purchaser (a third party) for the disposal of the Company's 51% equity interest in a subsidiary, 上海景福保險經紀有限公司(「上海景福」, formerly known as 青島博達保險經紀有限公司) for a cash consideration of RMB20,000,000. Pursuant to the agreement, the consideration to the extent of RMB5,000,000 and RMB5,000,000 is payable within 20 days and 60 days respectively from the date of the agreement, with the balance of RMB10,000,000 payable upon completion of the disposal. The completion of the disposal took place subsequent to 31st March 2013 (Note 52(iii)) and part of the consideration amounted to RMB5,000,000 was received by the Group. 上海景福 was principally engaged in the provision of insurance brokerage services. The assets of 上海景福 at the end of the reporting period are analysed as follows:

	31.3.2013 HK$'000
Intangible assets (Note 21)	19,270*
Trade and other receivables	5,496
Less: Impairment loss recognised (Note below)	(4,266)
	20,500

* The intangible assets represent insurance brokerage licence owned by 上海景福.

Note: On 3rd July 2014, the Company and the purchaser reached an agreement for the revision of terms of settlement of the outstanding disposal consideration, under which the outstanding consideration of RMB15,000,000 will be paid by the purchaser to the Company in five equal instalments of RMB3,000,000, each of which falls due on 31st December 2014, 28th February 2015, 31st March 2015, 31st May 2015 and 30th June 2015 respectively. The present value of the disposal consideration is estimated to be HK$20,500,000 by applying the discount rate of 12% per annum and based on the revised terms of settlement and an impairment loss for the year of HK$4,266,000 (2012: Nil) has been recognised and included in other expenses (Note 12).

35. TRADE AND OTHER PAYABLES

	2013 HK$'000	2012 HK$'000
Trade payables	**21,326**	24,889
Accrued expenses and other payables	**43,565**	39,014
	64,891	63,903

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

	2013 HK$'000	2012 HK$'000
0-30 days	**2,388**	6,142
31-90 days	**2,619**	1,769
Over 90 days	**16,319**	16,978
	21,326	24,889

The average credit period granted by the suppliers of the Group is 30-90 days (2012: 30-90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

36. CONTINGENT CONSIDERATION PAYABLE

	2013 HK$'000	2012 HK$'000
Contingent consideration payable for acquisition of a subsidiary:		
At beginning of the year	**–**	35,000
Decrease in fair value	**–**	(35,000)
At end of the year	**–**	–

The contingent consideration represents the principal balance of HK$35,000,000 payable under the relevant acquisition agreement in connection with the acquisition of a subsidiary, Fullmark Management Limited ("Fullmark"), in case that the net profit after tax of a subsidiary of Fullmark as defined in the agreement (the "Guaranteed Profit") is not less than RMB16,500,000. Having reviewed the financial information of Fullmark Shanghai, the Company and the vendor agreed that, based on the Guaranteed Profit, the balance payable had been reduced to approximately HK$70,000 which was further waived by the vendor.

The decrease in fair value of the contingent consideration payable of HK$35,000,000 for the year ended 31st March 2012 has been recognised in profit or loss for that year and included in other income and gains (Note 10).

37. WARRANTY PROVISION

	2013 HK$'000	2012 HK$'000
At beginning of the year	**31**	53
Exchange realignment	**–**	2
Utilisation of provision	**(25)**	(32)
Reversal of unused provision	**(6)**	(22)
Provision for the year	**–**	30
At end of the year	**–**	31

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 one to two year warranty granted based on the past experience of the level of defective works.

38. AMOUNT DUE TO MINORITY SHAREHOLDER OF A SUBSIDIARY

The amount due to minority shareholder of a subsidiary is unsecured, interest free and repayable on demand.

39. BANK BORROWINGS

	2013 HK$'000	2012 HK$'000
Bank borrowings due within one year	**–**	12,336

The effective interest rate on the Group's bank borrowings was 7.568% (2012: 7.872%) per annum.

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

40. PROMISSORY NOTE PAYABLE

On 12th July 2012, the Company issued a promissory note with an aggregate principal amount of HK$10,000,000 to Mr. Dai Yuanxin, a director of the Company. The note was interest free and was wholly payable on 11th January 2013, being the date which is 6 months after the date of the issue of the note. The fair value of the promissory note at the date of issue was estimated to be HK$9,584,000 based on the effective interest rate of 8.69 % per annum.

In January 2013, the Company entered into an agreement with the director for the revision of terms of the promissory note, under which the maturity date of the note has been extended to 11th July 2013 and interest is chargeable on the note at 1% per month for the period from 1st February 2013 to 11th July 2013. The fair value of the promissory note at the date of revision of the note terms was estimated to be HK$10,114,000 based on the effective interest rate of 9.69% per annum.

Movements of the promissory note payable during the year are as follows:

	2013 **HK$'000**	2012 HK$'000
At beginning of the year	**–**	–
Proceeds received from issue of promissory note	**10,000**	–
Gain on change in fair value of promissory note at date of issue	**(416)**	–
Fair value of promissory note at date of issue	**9,584**	–
Loss on change in fair value of promissory note upon revision of note terms	**530**	–
Interest charge for the year (Note 13)	**210**	–
Interest payable on promissory note included in trade and other payables	**(200)**	–
At end of the year	**10,124**	–
Net loss on change in fair value of promissory note payable recognised in profit or loss (Note 12)	**114**	–

The promissory note remained unsettled up to the date of approval of these consolidated financial statements.

41. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS OF CONVERTIBLE NOTES

On 3rd May 2012, the Company issued Hong Kong dollar denominated convertible notes with principal amount of HK$15,000,000 ("Convertible Notes") to a third party. The Convertible Notes, which are unsecured and interest free, are mature on 2nd August 2013 ("CN Maturity Date") which is fifteen months from the date of issue of the Convertible Notes. The Convertible Notes entitle the holder thereof to convert the notes into shares at any time after the date of issue up to the CN Maturity Date at the initial conversion price of HK$0.25 per share ("CN Conversion Option").

The Company is entitled to an option to early redeem at any time from 3rd May 2012 to the CN Maturity Date the outstanding Convertible Notes at their principal amount.

Unless previously converted, redeemed and cancelled, the Convertible Notes are redeemed at 100% of the outstanding principal amount on the CN Maturity Date.

The Convertible Notes contain a debt component and derivative component (including CN Conversion Option and redemption option ("CN Redemption Option")). The CN Conversion Option is classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments on the basis that the Convertible Notes are denominated in Hong Kong dollar, a foreign currency of the Company.

The fair value of the debt component of the Convertible Notes was estimated to be HK$12,326,000 on the initial recognition date. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 21.7% per annum. The derivative component is measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

The fair value of the CN Conversion Option is calculated based on the Black-Scholes Option Pricing Model with reference to the following:

	3rd May 2012 (date of issue)	31st March 2013
Share price	HK$0.255	HK$0.148
Conversion price	HK$0.25	HK$0.25
Risk-free rate	0.174%	0.065%
Option life	1.25 years	5 months
Volatility	93.943%	53.316%
Dividend yield	0%	0%

Risk free interest rate is estimated based on the yields of the Hong Kong government bonds and treasury bills.

The volatility of the underlying shares during the life of the options was estimated based on the historical price of the Company.

The dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment in the next two years of the Company.

The fair value of the CN Redemption Option at 3rd May 2012 and 31st March 2013 is insignificant.

41. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS OF CONVERTIBLE NOTES

(Continued)

Movements of the debt component and derivative component of the Convertible Notes during the year are as follows:

	Debt component HK$'000	**Derivative component** HK$'000	**Total** HK$'000
At beginning of the year	–	–	–
Issue of the Convertible Notes	12,326	2,674	15,000
Imputed interest for the year (Note 13)	1,961	–	1,961
Gain on change in fair value (Note 10)	–	(2,295)	(2,295)
At 31st March 2013	14,287	379	14,666

As at 31st March 2013, the Convertible Notes with the principal amount of HK$15,000,000 remained outstanding.

42. OBLIGATIONS UNDER FINANCE LEASES

The Group leased certain of its motor vehicles under finance leases. The average lease term is 5 years. Interest rates on obligations 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 payment		**Present value of minimum lease payment**	
	2013 **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
Amounts payable under finance leases:				
Within one year	**1,205**	1,256	**1,096**	1,008
In more than one year and not more than two years	**1,205**	1,205	**1,164**	1,168
In more than two years and not more than five years	**101**	1,306	**100**	1,264
	2,511	3,767	**2,360**	3,440
Less: Future finance charges	**(151)**	(327)	**N/A**	N/A
Present value of lease obligations	**2,360**	3,440	**2,360**	3,440
Less: Amounts due for settlement within 12 months			**(1,096)**	(1,008)
Amounts due for settlement after 12 months			**1,264**	2,432

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

43. SHARE CAPITAL

	Number of shares	Nominal amount HK$'000
Authorised:		
Ordinary shares of HK$0.005 each at 1st April 2011	40,000,000,000	200,000
Share consolidation (Note a)	(36,000,000,000)	–
Ordinary shares of HK$0.05 each at 31st March 2012 and 31st March 2013	4,000,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK$0.005 each at 1st April 2011	2,198,484,547	10,993
Issue of shares upon:		
Share placements (Note b)	393,500,000	1,967
Acquisition of subsidiaries (Note c)	449,196,909	2,246
Share consolidation (Note a)	(2,737,063,311)	–
Issue of shares upon share placement (Note d)	12,820,000	641
Ordinary shares of HK$0.05 each at 31st March 2012	316,938,145	15,847
Issue of shares upon share placements (Note e)	395,000,000	19,750
Ordinary shares of HK$0.05 each at 31st March 2013	711,938,145	35,597

Notes:

(a) Pursuant to the extraordinary resolution passed on 10th November 2011, the authorised share capital of the Company was changed from 40,000,000,000 ordinary shares of HK$0.005 each into 4,000,000,000 ordinary shares of HK0.05 each.

(b) Pursuant to a placing agreement dated 27th April 2011 entered between the Company and Kingsway Financial Services Group Limited, the Company allotted and issued 393,500,000 ordinary shares of HK$0.005 each at the subscription price of HK$0.161 per share on 18th May 2011 for a total cash consideration of HK$63,354,000 (before expenses).

(c) On 15th July 2011, the Company issued 49,196,909 shares of HK$0.005 each as partial consideration in exchange of the 51% equity interest in 上海景福 (Note 46(a)). The closing price of the Company's shares as quoted on the Stock Exchange on 15th July 2011 was HK$0.155 per share.

On 12th September 2011 the Company issued 400,000,000 shares of HK$0.005 each as partial consideration in exchange of the entire equity interest in Joint Bridge Investment Limited (Note 46(b)). The closing price of the Company's shares as quoted on the Stock Exchange on 12th September 2011 was HK$0.085 per share.

(d) Pursuant to a placing agreement dated 23rd November 2011 entered between the Company and Metro Capital Securities Limited, the Company allotted and issued 12,820,000 ordinary shares of HK$0.05 each at the subscription price of HK$0.21 per share on 23rd November 2011 for a total cash consideration of HK$2,692,000 (before expenses).

43. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(e) During the year ended 31st March 2013, the Company allotted and issued 395,000,000 ordinary shares of HK$0.05 each to certain placees for an aggregate cash consideration of HK$51,140,000 (before expenses), as follows:

Date of issue	Number of ordinary shares issued	Subscription price per share HK$	Consideration received (before expenses) HK$'000
18th September 2012	260,000,000	0.115	29,900
21st November 2012	39,000,000	0.20	7,800
21st December 2012	24,000,000	0.14	3,360
17th March 2013	72,000,000*	0.14	10,080
	395,000,000		51,140

* On 28th December 2012 the Company entered into a share placing agreement with a third party, under which the third party has agreed to place, on a best effort basis, a maximum of 250,000,000 new shares of the Company at an issue price of HK$0.14 per share during the period from 8th February 2013 to 30th April 2013 (further extended to 30th June 2013). On 17th March 2013, 72,000,000 new shares of the Company of HK$0.05 each were issued at the price of HK$0.14 per share pursuant to the share placing agreement.

(f) The ordinary shares issued during the years ended 31st March 2013 and 2012 rank pari passu with the then existing ordinary shares of the Company in all respects.

44. 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 Scheme, 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 2013, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 1,145,000 (2012: 8,745,000), representing 0.16% (2012: 2.8%) 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.

No share options were granted during each of the years ended 31st March 2013 and 31st March 2012.

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

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

Year ended 31st March 2013

	Date of grant	Exercise price HK$	Exercisable period	Outstanding at 1st April 2012	Granted	Exercised	Forfeited	Expired	Outstanding at 31st March 2013
Directors and employees	5/7/2010	2.8	5/7/2010-4/7/2015	800,000	-	-	(800,000)	-	-
	5/7/2010	2.8	5/7/2010-4/7/2015	800,000	-	-	(800,000)	-	-
	6/7/2010	2.78	6/7/2010-5/7/2015	1,145,000	-	-	-	-	1,145,000
	20/10/2010	1	20/10/2010-23/2/2013	6,000,000	-	-	-	(6,000,000)	-
				8,745,000	-	-	(1,600,000)	(6,000,000)	1,145,000
Weighted average exercise price				HK$1.56	-	-	HK$2.8	HK$1	HK$2.78

Year ended 31st March 2012

	Date of grant	Exercise price HK$	Exercisable period	Outstanding at 1st April 2012	Granted	Exercised	Forfeited	Expired	Outstanding at 31st March 2013
Directors and employees	5/7/2010	2.8	5/7/2010-4/7/2015	1,600,000	–	–	(800,000)	–	800,000
	5/7/2010	2.8	5/7/2010-4/7/2015	800,000	–	–	–	–	800,000
	6/7/2010	2.78	6/7/2010-5/7/2015	1,145,000	–	–	–	–	1,145,000
	20/10/2010	1	20/10/2010-23/2/2013	6,000,000	–	–	–	–	6,000,000
				9,545,000	–	–	(800,000)	–	8,745,000
Weighted average exercise price				HK$1.67	–	–	HK$2.8	–	HK$1.56

45. DEFERRED TAXATION

At the end of the reporting period, the Group had unused tax losses of approximately HK$77,836,000 (2012: HK$69,265,000) 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.

Under the EIT Law, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries from 1st January 2008 onwards (the "Post-2008 Earnings"). Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the Post-2008 Earnings amounting to approximately HK$3,870,000 (2012: HK$17,630,000) 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.

46. ACQUISITION OF SUBSIDIARIES

During the prior year ended 31st March 2012, the Group had the following acquisition of subsidiaries:

(a) On 15th July 2011, the Group acquired 51% equity interest in 上海景福保險經紀有限公司(「上海景福」, formerly known as 青島博達保險經紀有限公司) for a consideration which was satisfied by the payment in cash of approximately HK$25,040,000 and the issue of 49,196,909 new shares in the Company. The closing price of the Company's shares at the date of completion of the acquisition was HK$0.155 per share. 上海景福 was established in the PRC and is principally engaged in the provision of insurance brokerage services.

The assets and liabilities acquired at the date of acquisition are as follows:

	Fair value of acquired assets and liabilities HK$'000
Intangible assets	29,864
Amount due from a former shareholder	5,492
Bank balances and cash	2
	35,358

The intangible assets acquired represent insurance brokerage license owned by 上海景福.

The fair value of amount due from the former shareholder acquired amounting to RMB4,544,000 approximate the gross contractual amounts. There are no contractual cash flows not expected to be collected.

	HK$'000
Consideration transferred	
Cash consideration	25,040
Consideration satisfied by issue of shares	7,625
	32,665
Plus: non-controlling interest (49%)	2,693
	35,358

The non-controlling interests in 上海景福 recognised at the acquisition date were measured at the non-controlling interests' proportionate share of the fair value of the identifiable net assets and amounted to HK$2,693,000.

	HK$'000
Net cash outflow arising on acquisition:	
Cash consideration paid	(25,040)
Bank balances and cash acquired	2
	(25,038)

46. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) On 12th September 2011, the Group acquired 100% equity interest in Joint Bridge Investment Limited ("Joint Bridge") for a consideration which was satisfied by the issue of 400,000,000 new shares in the Company. The closing price of the Company's shares at the date of acquisition was HK$0.085 per share. Joint Bridge is principally engaged in investment holding and its subsidiaries are principally engaged in the development and application of computer hardware and software, system integration, and provision of related technology consultancy services.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	Fair value of acquired assets and liabilities HK$'000
Plant and equipment	210
Intangible assets	35,045
Inventories	227
Trade and other receivables	2,761
Bank balances and cash	255
Trade and other payables	(3,023)
Receipts in advance	(1,325)
Income tax payable	(150)
	34,000

The intangible assets acquired represent technical know-how in respect of computer systems.

The fair value of trade and other receivables acquired amounting to RMB2,406,000 approximate the gross contractual amounts. There are no contractual cash flows not expected to be collected.

	HK$'000
Goodwill arising on acquisition:	
Consideration transferred	34,000
Less: net assets acquired	(34,000)
Goodwill arising on acquisition	–
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	255

Impact of acquisitions on the results of the Group

Included in the loss for the year ended 31st March 2012 are loss of HK$2,305,000 and HK$2,970,000 attributable to the additional businesses generated by 上海景福 and Joint Bridge respectively. Revenue for that year includes HK$Nil and HK$3,366,000 in respect of 上海景福 and Joint Bridge respectively.

Had these acquisition of subsidiaries been effected on 1st April 2011, the revenue of the Group and the loss for the year ended 31st March 2012 would have been HK$81,376,000 and HK$28,772,000 respectively. The directors of the Company 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 上海景福 and Joint Bridge 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 acquisition of subsidiaries rather than the carrying amounts recognised in the pre-acquisition financial statements.

47. COMMITMENTS

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

(a) Capital commitments contracted but not provided for in respect of acquisition of:

	2013 **HK$'000**	2012 HK$'000
Intangible assets	**4,000**	12,500
Acquisition of a subsidiary	**90,000**	–
	94,000	12,500

(b) Commitments under operating leases

The Group as lessee

The Group leased certain of its office premises under operating leases. Leases for properties were negotiated for a term ranging from one to two years and rentals were 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 as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**586**	562
In the second to fifth years inclusive	**49**	–
	635	562

48. CONTINGENT LIABILITIES

(a) At 31st March 2013, the Group's bank deposits of approximately HK$1,248,000 (2012: HK$1,937,000) were pledged to two banks for bank guarantees of approximately HK$1,248,000 (2012: HK$1,937,000) issued to certain customers on the performance of contracts under systems development. The Directors consider that it is not probable that a claim will be made against the Group under any of the above bank guarantees.

(b) On 12th March 2012, a High court Action No.1861 of 2011 was commenced by Joint China Value Investment Fund Limited against the Company regarding a dishonoured cheque amounted to HK$16,500,000 issued by the Company. The Company has contested the case vigorously. Having sought legal advices, the Directors believe that the Company has a strong defence against the allegation and the legal action would not result in a material loss to the Group, accordingly no provision for liabilities in this respect has been made in the consolidated financial statements.

(c) 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 2000 to purchase from the Plaintiffs all their shareholdings in Epplication.Net Limited ("Epplication.Net") at a consideration of HK$6,800,000, being twice of the actual amount that the Plaintiffs expended on Epplication.Net by way of transfer or allotment of the shares of the Company of the equivalent value, or alternatively, damages with interests and costs. The Company has filed a defence denying the allegation as the Company has no record of any agreement for the purchase of the Plaintiffs' shareholdings in Epplication.Net and the Plaintiffs have not produced any documentary evidence to support their claim. The action has been dormant since the end of 2008. The Directors believe that the Company has a strong defence in this action, accordingly, no provision for liabilities has been made in the consolidated financial statements.

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2013 HK$'000	2012 HK$'000
Non-current Assets			
Plant and equipment		–	–
Investments in subsidiaries		–	45,460
Investments in associates		–	27,783
Disposal receivable		–	–
Deposits paid for acquisition of subsidiaries		40,000	45,000
Deposit paid for acquisition of investment		25,000	–
		65,000	118,243
Current Assets			
Inventories		15,120	–
Amounts due from subsidiaries	(a)	5	224,247
Trade and other receivables		3,029	180
Deposits and prepayments		10,000	10,000
Bank balances		11	1,148
		28,165	235,575
Current Liabilities			
Amounts due to subsidiaries	(a)	5,529	120
Other payables		7,421	10,626
Promissory note payable		10,124	–
Convertible notes		14,287	–
Derivative financial instruments of convertible notes		379	–
		37,740	10,746
Net Current (Liabilities)/Assets		(9,575)	224,829
		55,425	343,072
Capital and Reserves			
Share capital		35,597	15,847
Share premium and reserves	(b)	19,828	327,225
		55,425	343,072

Notes:

(a) Amounts due from/(to) subsidiaries

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

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

Notes: *(Continued)*

(b) Share premium and reserves

	Share premium HK$'000	Capital reserve HK$'000 (Note i)	Share option reserve HK$'000 (Note ii)	Exchange translation reserve HK$'000	Warrant reserve HK$'000 (Note iii)	Accumulated losses HK$'000	Total HK$'000
At 31st March 2011	256,251	1,200	13,515	–	–	(24,113)	246,853
Loss for the year	–	–	–	–	–	(20,445)	(20,445)
Other comprehensive income							
Exchange difference arising on translation of financial statements	–	–	–	602	–	–	602
Total comprehensive income/ (expense) for the year	–	–	–	602	–	(20,445)	(19,843)
Issue of shares upon							
– placement of shares	63,438	–	–	–	–	–	63,438
– acquisition of subsidiaries	39,379	–	–	–	–	–	39,379
Share issue expenses	(2,602)	–	–	–	–	–	(2,602)
Forfeiture of share options granted	–	–	(1,246)	–	–	1,246	–
At 31st March 2012	356,466	1,200	12,269	602	–	(43,312)	327,225
Loss for the year	–	–	–	–	–	(337,555)	(337,555)
Other comprehensive income	–	–	–	–	–	–	–
Exchange difference arising on translation of financial statements	–	–	–	1,082	–	(1,082)	–
Total comprehensive income/ (expense) for the year	–	–	–	1,082	–	(338,637)	(337,555)
Issue of shares upon placement of shares	31,390	–	–	–	–	–	31,390
Share issue expenses	(2,379)	–	–	–	–	–	(2,379)
Issue of warrants	–	–	–	–	1,147	–	1,147
Forfeiture and expiration of share options granted	–	–	(10,459)	–	–	10,459	–
At 31st March 2013	385,477	1,200	1,810	1,684	1,147	(371,490)	(19,828)

Notes:

(i) 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.

(ii) 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 44.

(iii) Warrant reserve

Warrant reserve represents proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium account upon exercise of the warrants.

On 3rd April 2012, the Company issued 57,380,000 units of non-listed warrants at an issue price of HK$0.02 per unit. Each unit of warrants entitles the holder thereof to subscribe for one ordinary share of the Company at the subscription price of HK$0.19 per share during the period of three years commencing from the date of issue of the warrants. No warrant has been exercised up to the date of approval of these consolidated financial statements.

50. PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of the Company's subsidiaries at 31st March 2013 and 2012 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				Proportion of voting power held		Principal activities
						Directly		Indirectly				
						2013 %	2012 %	2013 %	2012 %	2013 %	2012 %	
Tongfang Electronic Company Limited	British Virgin Islands "BVI"	BVI	Ordinary shares	US$65	Limited liability company	**100%**	100%	**-**	–	**100%**	100%	Investment holding
Tongfang Electronic (Hong Kong) Company Limited	Hong Kong	Hong Kong	Ordinary shares	HK$100,000	Limited liability company	**-**	–	**100%**	100%	**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%	**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%**	100%	**-**	–	**100%**	100%	Investment holding
Fullmark Management Limited	BVI	BVI	Ordinary shares	US$1	Limited liability company	**-**	–	**100%**	100%	**100%**	100%	Investment holding
Fullmark Management Limited	Hong Kong	Hong Kong	Ordinary shares	HK$1	Limited liability company	**-**	–	**100%**	100%	**100%**	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%**	100%	**100%**	100%	Software development
上海景福保險經紀有限公司 (formerly known as「青島博達保險經紀有限公司」)	PRC	PRC	Contributed capital	RMB5,000,000	Limited liability company	**-**	–	**51%**	51%	**51%**	51%	Provision of insurance brokerage services
High Pacific Limited	BVI	BVI	Ordinary shares	US$2	Limited liability company	**-**	–	**100%**	100%	**100%**	100%	Investment holding
Joint Bridge Investments Limited	BVI	BVI	Ordinary shares	US$100	Limited liability company	**100%**	100%	**-**	–	**100%**	100%	Software development and investment holding
Most Power International Limited	Hong Kong	Hong Kong	Ordinary shares	HK$100	Limited liability company	**-**	–	**100%**	100%	**100%**	100%	Investment holding
北京楷峰科技有限公司	PRC	PRC	Contributed capital	RMB2,194,150	Limited liability company	**-**	–	**100%**	100%	**100%**	100%	Software development

None of the subsidiaries had any debt securities outstanding at 31st March 2013 and 31st March 2012 or at the time during the years ended on those dates.

51. RELATED PARTY TRANSACTIONS

All material transactions and balances with related parties have been 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 19. The remuneration of the directors of the Company is determined by the remuneration committee having regard to the performance of the individuals and market trends.

52. EVENTS AFTER THE REPORTING PERIOD

In addition to those disclosed in other notes to the consolidated financial statements, the following events took place subsequent to 31st March 2013:

(i) The trading of shares of the Company on the GEM of the Stock Exchange was suspended on 2nd July 2013 and has not been resumed as at the date of approval of these consolidated financial statements.

(ii) The Company completed the acquisition of the entire issued share capital of Tirack Holdings Corporation ("Tirack") on 2nd April 2013. The outstanding consideration for the acquisition of HK$90,000,000 was satisfied by (i) payment in cash of HK$5,000,000 by the Company and (ii) issue by the Company of convertible notes with an aggregate principal amount of HK$85,000,000. As the fair values of the convertible notes issued for the acquisition and certain assets and liabilities of Tirack as at the date of acquisition are currently not determined, accordingly, goodwill on this acquisition is yet to be measured. Up to the date of approval of the consolidated financial statements, part of these convertible notes with the principal amount of HK$55,000,000 have been converted into 314,285,712 new shares of the Company of HK$0.05 each.

Subsequent to the date of acquisition of Tirack, the Group is unable to provide financial support, as originally planned, to enable Tirack and its subsidiary ("Tirack Group") to carry out their principal operations of sale of air tickets, hotel reservations and travel products online in the PRC. As a result, Tirack Group has ceased its principal operations and become inactive as at the date of approval of these consolidated financial statements.

(iii) As referred to in Note 34, the disposal of the Company's 51% equity interest in 上海景福 for a cash consideration of RMB20,000,000 was completed subsequent to 31st March 2013. The consideration for disposal amounted to RMB5,000,000 has been received by the Group. On 28th May 2013, the Company entered into a supplemental agreement with the purchaser, under which the remaining disposal consideration of RMB5,000,000 and RMB10,000,000 will be settled by the purchaser on or before 1st September 2013 and 1st December 2013 respectively. On 3rd July 2014, the Company and the purchaser reached an agreement for the revision of terms of settlement of the outstanding disposal consideration, under which the outstanding consideration of RMB15,000,000 will be paid by the purchaser to the Company in five equal instalments of RMB3,000,000, each of which falls due on 31st December 2014, 28th February 2015, 31st March 2015, 31st May 2015 and 30th June 2015 respectively. Up to the date of approval of these consolidated financial statements, such disposal consideration to the extent of RMB15,000,000 remained unsettled.

(iv) As referred to in Note 43(e), the Company has entered into a share placing agreement relating to the placement, on a best effort basis, a maximum of 250,000,000 shares of the Company at a price of HK$0.14 per share during the period up to 30th June 2013. In accordance with the share placing agreement, the Company further issued 57,000,000 new shares of HK$0.05 each on 10th April 2013 to certain placees at an issue price of HK$0.14 per share, giving rise to a proceed of HK$7,980,000 (before expenses). In addition, pursuant to the share placing agreement, the contracting parties have agreed for the issue of 70,000,000 new shares of the Company to certain placees at an issue price of HK$0.14 per share, the completion of which is subject to, interalia, the resumption of the listing of the Company's shares on the GEM of the Stock Exchange.

(v) On 28th December 2012, the Company entered into a warrant placing agreement with a third party, under which the third party has agreed to place, on a best effort basis, up to 64,600,000 units of warrants at an issue price of HK$0.01 per unit during the period up to 30th April 2013 (further extended to 30th June 2013). Up to the date of issue of these consolidated financial statements, no warrants have been issued pursuant to the warrant placing agreement.

52. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(vi) A non-legally binding memorandum of understanding was entered into by the Company with a third party on 16th April 2013 in relation to the proposed acquisition of the entire equity interest in a company incorporated in the Republic of Vanuatu which, together with its subsidiaries, are principally engaged in research and development and production of batteries and related technologies in the PRC, details of which are disclosed in the announcements of the Company dated 16th April 2013 and 19th April 2013.

(vii) 深圳市淘淘通航空服務有限公司(“Taoaoto”), a subsidiary of Tirack referred to in Note 52(i) above, entered into a framework cooperation agreement with a third party, pursuant to which Taoaoto has agreed to allow the retailers and distributors of the third party to purchase air tickets and hotel accommodation through Taoaoto’s online platform and telephone hotline system commencing from 14th June 2013, details of which are subject to the execution of formal agreement between the parties concerned.

(viii) On 9th September 2013, a deed of settlement was entered into between the Company and the trustee of 20% equity interest in 上海萬全 (Note 23 and 24), under which, in response to the disposal by the trustee of 20% equity interest in上海萬全 previously owned by the Group, the said trustee agreed to pay settlement fees at the aggregate of HK$30,000,000 in cash to the Company by four equal instalments on a quarterly basis commencing from 9th December 2013. Up to the date of approval of these consolidated financial statements, the settlement fees to the extent of HK$27,000,000 remain unsettled. Details of the deed of settlement are set out in the announcement of the Company dated 9th September 2013.

(ix) In September 2013, a legal action has been taken against a subsidiary of the Company demanding payments for the outstanding instalments together with accrued interests amounted to an aggregate of HK$2,556,958 relating to a motor car held by the subsidiary under finance lease arrangement. In October 2013, the subsidiary disposed of the motor car for a cash consideration which is above its carrying amount and the outstanding instalments together with accrued interests were fully settled.

(x) As referred to in Note 48(b), a legal action was taken by Joint China Value Investment Fund Limited (“Joint China Value”) against the Company regarding a dishonoured cheque amounted to HK$16,500,000 issued by the Company. In October 2013, the Company obtained a court judgment under which the action taken by Joint China Value is dismissed.

(xi) On 30th October 2013, the Company received a writ of summons issued by the plaintiff. Li Mingren (“Mr. Li”), in which Questex Development Inc. (“Questex”) and the Company were named as the defendants, relating to the transfer of the legal title of the convertible notes issued by the Company in the principal amount of HK$20 million to the plaintiff. The Directors are of the view that this legal action would not have any material adverse impact on the Group’s operations or financial position.

(xii) On 4th April 2014, the Company was served with a petition issued by a third party, Metal Winner Limited (“MWL”), under which MWL claimed that the Company was indebted to MWL in the sum of HK$5,700,000 and petitioned that the Company be wound up. On 8th April 2014, the Company was informed by MWL’s representative that MWL intended to withdraw the winding-up petition against the Company and has written to the official receiver with regard to the withdrawal. However no action was taken by the petitioner to withdraw the petition and the Company has applied to court to strike out or dismiss the petition on 10th June 2014.

FIVE YEAR SUMMARY

	For the year ended 31st March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**51,857**	80,902	50,167	68,583	108,003
(Loss) profit before tax	**(259,207)**	(19,044)	(47,298)	3,147	13,729
(Loss) profit for the year	**(260,531)**	(22,852)	(47,550)	3,644	11,449
Attributable to:					
Owners of the Company	**(260,531)**	(22,790)	(47,550)	3,644	11,449
Non-controlling interests	**—**	(62)	—	—	—
	(260,531)	(22,852)	(47,550)	3,644	11,449

	As at 31st March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**258,742**	450,591	352,468	130,648	106,854
Total liabilities	**(145,255)**	(128,272)	(115,939)	(74,973)	(78,871)
	113,487	322,319	236,529	55,675	27,983
Equity attributable to owners of the Company	**110,794**	319,636	236,529	55,675	27,983
Non-controlling interests	**2,693**	2,683	—	—	—
	113,487	322,319	236,529	55,675	27,983