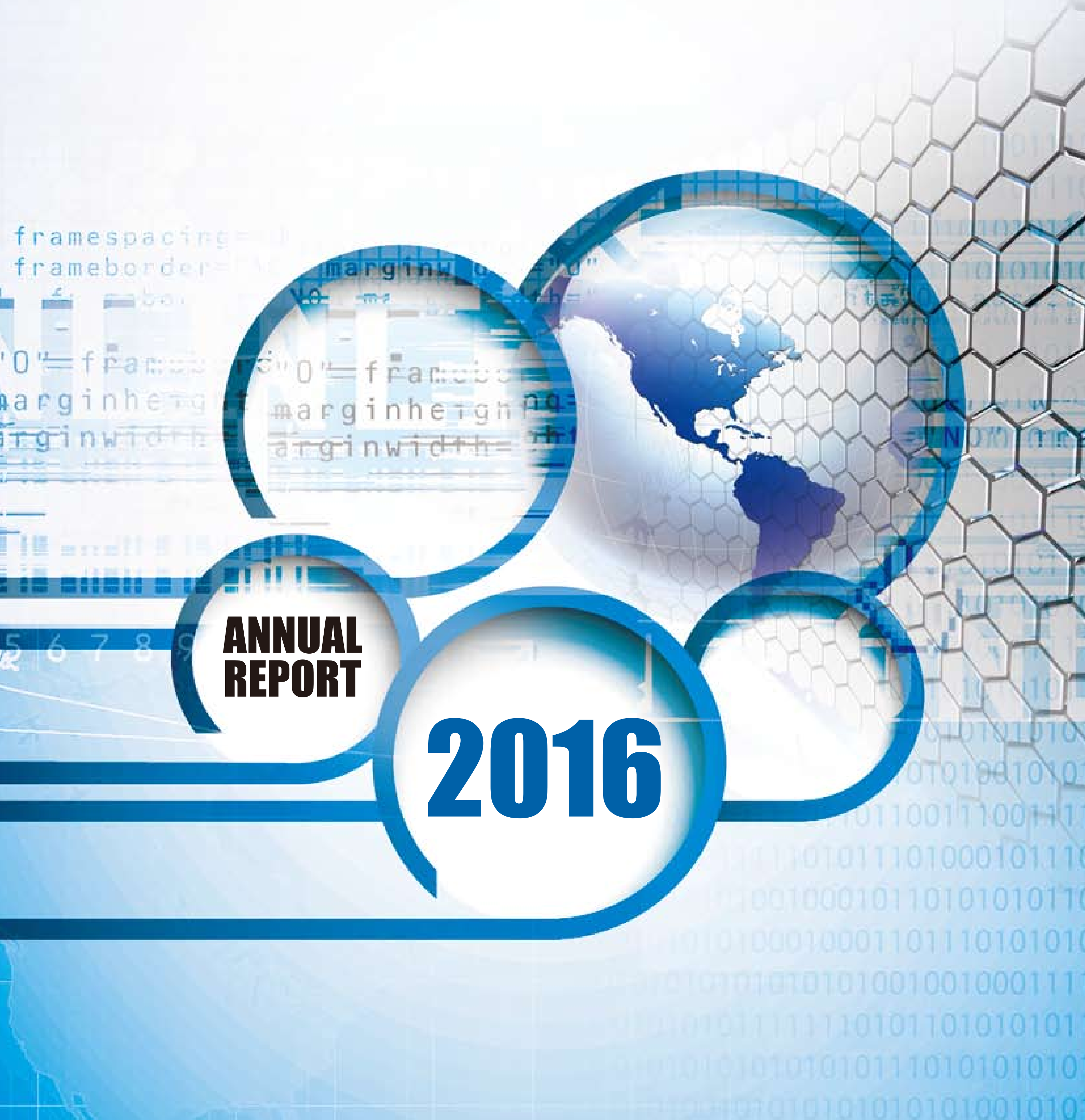
TAI SHING

Tai Shing International (Holdings) Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8103



ANNUAL REPORT 2016

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

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

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*This report, for which the directors (the "**Directors**") of Tai Shing International (Holdings) Limited (the "**Company**", together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") 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 *(Chairman) (resigned on 29 April 2016)*
Mr. Tam Kwok Leung *(Chief Executive Officer)*
Mr. Zhang Jinshu *(removed on 24 June 2016)*
Ms. Ju Lijun *(resigned on 21 June 2016)*
Mr. Luk Chi Shing *(resigned on 16 March 2016)*
Ms. Zhang He *(resigned on 16 November 2015)*
Mr. Lee Yiu Tung *(resigned on 14 December 2015)*
Mr. Lau Kelly *(appointed on 31 December 2015)*
Mr. Leung Chung Nam *(appointed on 1 March 2016)*

Non-executive Directors

Ms. Jim Ka Man *(appointed on 4 March 2016)*
Dr. Pan Jin *(resigned on 28 October 2015)*
Mr. Dai Yuanxin *(resigned on 1 December 2015)*
Ms. Xiao Yongzhen *(resigned on 11 December 2015)*

Independent non-executive Directors

Dr. Wan Ho Yuen, Terence *(appointed on 31 December 2015)*
Mr. Chan Yee Sze *(resigned on 31 December 2015)*
Ms. Hu Yun *(resigned on 19 November 2015)*
Mr. Koh Kwing Chang *(resigned on 30 March 2016)*
Mr. Lui Wai Ming *(resigned on 29 January 2016)*
Mr. Lai Chi Leung *(resigned on 29 April 2016)*
Ms. Yeung Mo Sheung, Ann *(appointed on 1 March 2016)*
Mr. Hau Chi Kit *(appointed on 4 March 2016)*

COMPANY SECRETARY

Mr. Chung Man Wai, Stephen *(appointed on 3 December 2015)*
Mr. Chiam Tat Yiu *(resigned on 3 December 2015)*

COMPLIANCE OFFICER

Dr. Chew Chee Wah *(resigned on 29 April 2016)*
Mr. Lau Kelly *(appointed on 29 April 2016)*

AUTHORISED REPRESENTATIVES

Mr. Tam Kwok Leung
Mr. Chung Man Wai, Stephen *(appointed on 3 December 2015)*
Mr. Chiam Tat Yiu *(resigned on 3 December 2015)*

AUDIT COMMITTEE

Dr. Wan Ho Yuen, Terence *(Chairman, appointed as chairman of the committee on 31 December 2015)*
Mr. Chan Yee Sze *(resigned as chairman of the committee on 31 December 2015)*
Ms. Hu Yun *(resigned on 19 November 2015)*
Mr. Koh Kwing Chang *(resigned on 30 March 2016)*
Mr. Lui Wai Ming *(resigned on 29 January 2016)*
Mr. Lai Chi Leung *(resigned on 29 April 2016)*
Ms. Yeung Mo Sheung, Ann *(appointed as a member of the committee on 1 March 2016)*
Mr. Hau Chi Kit *(appointed as a member of the committee on 4 March 2016)*

REMUNERATION COMMITTEE

Dr. Wan Ho Yuen, Terence *(Chairman, appointed as chairman of the committee on 31 December 2015)*
Mr. Chan Yee Sze *(resigned as chairman of the committee on 31 December 2015)*
Ms. Hu Yun *(resigned on 19 November 2015)*
Mr. Koh Kwing Chang *(resigned on 30 March 2016)*
Mr. Lui Wai Ming *(resigned on 29 January 2016)*
Mr. Lai Chi Leung *(resigned on 29 April 2016)*
Ms. Yeung Mo Sheung, Ann *(appointed as a member of the committee on 1 March 2016)*
Mr. Hau Chi Kit *(appointed as a member of the committee on 4 March 2016)*

NOMINATION COMMITTEE

Dr. Wan Ho Yuen, Terence *(Chairman, appointed as chairman of the committee on 31 December 2015)*
Mr. Chan Yee Sze *(resigned as chairman of the committee on 31 December 2015)*
Ms. Hu Yun *(resigned on 19 November 2015)*
Mr. Koh Kwing Chang *(resigned on 30 March 2016)*
Mr. Lui Wai Ming *(resigned on 29 January 2016)*
Mr. Lai Chi Leung *(resigned on 29 April 2016)*
Ms. Yeung Mo Sheung, Ann *(appointed as a member of the committee on 1 March 2016)*
Mr. Hau Chi Kit *(appointed as a member of the committee on 4 March 2016)*

CORPORATE INFORMATION

AUDITOR

Elite Partners 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 M2B2, 7/F.,
Kaiser Estate, Phase 3,
No. 11 Hok Yuen Street,
Hunghom, Kowloon,
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

STOCK CODE

08103

WEBSITE

www.equitynet.com.hk/8103/

FINANCIAL PERFORMANCE

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

BUSINESS PERFORMANCE AND PROSPECT

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

System development and professional services

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary trading business

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

Money lending business

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GEARING RATIO

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

FOREIGN CURRENCY EXPOSURE

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

SEGMENT INFORMATION

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

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

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

There have been no charge on the Group's assets as at 31 March 2016. Details of the Group's contingent liabilities are set out in Note 44 to the consolidated financial statements.

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

Mr. Tam Kwok Leung, aged 48, 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. He 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. Lau Kelly, aged 37, was appointed as an executive Director on 31 December 2015. He has worked with the Hong Kong Police Force for twelve years receiving commendations from Secretary of Civil Service and Secretary of Home Affairs for highly rated performances during his tenure. Mr. Lau has worked with Easy Finance Limited as Principal Consultant from 1 May 2011 to 31 October 2015 responsible for all regulatory and legal compliances.

Mr. Leung Chung Nam, aged 28, was appointed as an executive Director on 1 March 2016. He obtained a Bachelor degree of Business Administration in Accountancy from the City University of Hong Kong in 2010. He is a member of the Association of Chartered Certified Accountants and an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He has over 5 years of experience in business project management.

NON-EXECUTIVE DIRECTORS

Ms. Jim Ka Man, aged 35, was appointed as a non-executive Director on 4 March 2016. She has extensive working experience in sales and marketing, business management and planning. She has been working in management level since 2006. She is currently a managing director of a food company.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wan Ho Yuen, Terence, aged 48, was appointed as an independent non-executive Director on 31 December 2015. He is currently the director of an accounting firm based in Hong Kong and an independent non-executive Director of Union Asia Enterprise Holdings Limited (Formerly known as Pan Asia Mining Limited), a company listed on the GEM of the Stock Exchange (stock code: 8173) since November 2015. Dr. Wan was an independent non-executive Director of China Railsmedia Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 745) from 17 January 2014 to 8 April 2015. Dr. Wan obtained a bachelor of law degree from Tsing Hua University, the PRC in January 2004; and a doctorate degree of philosophy in business administration from Bulacan State University, Philippines in May 2006. Dr. Wan is a certified public accountant (Practicing) of Hong Kong Institute of Certified Public Accountants. Dr. Wan has over 10 years of experiences in taxation advisory, business management and accounting with several professional accounting firms and companies.

Ms. Yeung Mo Sheung, Ann, aged 51, was appointed as an independent non-executive Director on 1 March 2016. She is presently a solicitor of Messrs. Wong & Wong Lawyers, a legal firm in Hong Kong. She is currently an independent non-executive director of E Lighting Group Holdings Limited (stock code: 8222) and Merdeka Financial Services Group Limited (stock code: 8163), all being companies whose shares are listed on the GEM of the Stock Exchange. She is also currently an independent non-executive director of Success Universe Group Limited (stock code: 487), whose shares are listed on the Main Board of the Stock Exchange. During the past three years, she was an independent non-executive director of Hao Wen Holdings Limited (stock code: 8019) from January 2011 to July 2014, whose shares are listed on the GEM of the Stock Exchange and Dejin Resources Group Company Limited (stock code: 1163) from September 2013 to August 2015, whose shares are listed on the Main Board of the Stock Exchange. She holds a Bachelor degree of Retail Marketing with honours from the Manchester Metropolitan University in the United Kingdom and a Diploma in Marketing from The Chartered Institute of Marketing. She pursued her further study on legal course and has been awarded a Diploma in Legal Practice from the Manchester Metropolitan University in the United Kingdom in 1998. She has over 16 years of experience in legal field in private practise working with various law firms in Hong Kong.

Mr. Hau Chi Kit, aged 44, was appointed as an independent non-executive Director on 4 March 2016. He is currently an independent non-executive director of China Zenith Chemical Group Limited (stock code: 362) and eForce Holdings Limited (stock code: 943), all being companies whose shares listed on the Main Board of the Stock Exchange. Mr. Hau is a solicitor. He was a barrister-at-law in private practice in Hong Kong from 2001 to 2008. Prior to becoming a barrister, Mr. Hau worked at the Securities and Futures Commission. During the past three years, he was an independent non-executive director of CNC Holdings Limited (stock code: 8356) from May 2011 to May 2015 and Celebrate International Holdings Limited (stock code: 8212) from May to November 2015, all being companies whose shares listed on the GEM of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Lau Kelly, aged 37, is the compliance officer of the Company. Mr. Lau, an executive Director of the board of Directors, was appointed as the Company's compliance officer on 29 April 2016. Please refer to the sub-section headed "Executive Directors" above for Mr. Lau's biographical details.

Mr. Chung Man Wai, Stephen, aged 37, was appointed as a company secretary of the Company on 3 December 2015. He was the chief financial officer and company secretary of UKF (Holdings) Limited (stock code: 1468) before joining the Company. Mr. Chung holds a Bachelor's degree of Science in Applied Accountancy from Oxford Brookes University in United Kingdom. He is a member of Hong Kong Institute of Certified Public Accountants and has extensive experience in the professional field of accounting and audit.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard 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.

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

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 in compliance with the legal and regulatory requirements;

(iv) developing, reviewing and monitoring the code of conduct and compliance manual 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.

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

As at 31 March 2016, the Board comprised of eleven Directors, including (i) six executive Directors, namely Dr. Chew Chee Wah (as chairman of the Board), Mr. Tam Kwok Leung, Ms. Ju Lijun, Mr. Zhang Jinshu, Mr. Lau Kelly and Mr. Leung Chung Nam; (ii) one non-executive Directors, namely Ms. Jim Ka Man; and (iii) four independent non-executive Directors, namely Dr. Wan Ho Yuen, Terence, Ms. Yeung Mo Sheung, Ann, Mr. Hau Chi Kit and Mr. Lai Chi Leung. All of the independent non-executive Directors have 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 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 2016, the Board held forty seven board meetings and five general meetings and the attendance records of these meetings are set out below:

	Attendance	
	Board meeting	General meeting
Executive Directors		
Dr. Chew Chee Wah *(resigned on 29 April 2016)*	47/47	5/5
Mr. Tam Kwok Leung	47/47	5/5
Mr. Zhang Jinshu *(removed on 24 June 2016)*	1/47	0/5
Ms. Ju Lijun *(resigned on 21 June 2016)*	0/47	0/5
Mr. Luk Chi Shing *(resigned on 16 March 2016)*	39/46	4/5
Ms. Zhang He *(resigned on 16 November 2015)*	11/28	0/3
Mr. Lee Yiu Tung *(resigned on 14 December 2015)*	24/34	2/3
Mr. Lau Kelly *(appointed on 31 December 2015)*	10/10	1/1
Mr. Leung Chung Nam *(appointed on 1 March 2016)*	3/3	N/A
Non-executive Directors		
Ms. Jim Ka Man *(appointed on 4 March 2016)*	1/2	N/A
Dr. Pan Jin *(resigned on 28 October 2015)*	1/26	0/3
Mr. Dai Yuanxin *(resigned on 1 December 2015)*	0/32	0/3
Ms. Xiao Yongzhen *(resigned on 11 December 2015)*	1/34	0/3
Independent non-executive Directors		
Dr. Wan Ho Yuen, Terence *(appointed on 31 December 2015)*	6/10	0/1
Mr. Chan Yee Sze *(resigned on 31 December 2015)*	21/36	2/4
Ms. Hu Yun *(resigned on 19 November 2015)*	0/30	0/3
Mr. Koh Kwing Chang *(resigned on 30 March 2016)*	43/47	5/5
Mr. Lui Wai Ming *(resigned on 29 January 2016)*	22/39	0/5
Mr. Lai Chi Leung *(resigned on 29 April 2016)*	39/47	3/5
Ms. Yeung Mo Sheung, Ann *(appointed on 1 March 2016)*	1/3	N/A
Mr. Hau Chi Kit *(appointed on 4 March 2016)*	2/2	N/A

Each of the non-executive Director were appointed for a term of one year from the date of his/her appointment or re-appointment as a Director.

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 under review, all Directors 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.

The Directors also provided their training record to the Company in respect of their participation in other training activities such as attending trainings and/or seminars, or reading newspapers, journals and updates relevant to the Group's businesses or to their duties and responsibilities as directors of a listed company, particulars of which are as follows:

Name	Trainings
Executive Directors	
Dr. Chew Chee Wah *(resigned on 29 April 2016)*	✓
Mr. Tam Kwok Leung	✓
Mr. Zhang Jinshu *(removed on 24 June 2016)*	✓
Ms. Ju Lijun *(resigned on 21 June 2016)*	✓
Mr. Luk Chi Shing *(resigned on 16 March 2016)*	✓
Ms. Zhang He *(resigned on 16 November 2015)*	✓
Mr. Lee Yiu Tung *(resigned on 14 December 2015)*	✓
Mr. Lau Kelly *(appointed on 31 December 2015)*	✓
Mr. Leung Chung Nam *(appointed on 1 March 2016)*	✓
Non-executive Directors	
Ms. Jim Ka Man *(appointed on 4 March 2016)*	✓
Dr. Pan Jin *(resigned on 28 October 2015)*	✓
Mr. Dai Yuanxin *(resigned on 1 December 2015)*	✓
Ms. Xiao Yongzhen *(resigned on 11 December 2015)*	✓
Independent non-executive Directors	
Dr. Wan Ho Yuen, Terence *(appointed on 31 December 2015)*	✓
Mr. Chan Yee Sze *(resigned on 31 December 2015)*	✓
Ms. Hu Yun *(resigned on 19 November 2015)*	✓
Mr. Koh Kwing Chang *(resigned on 30 March 2016)*	✓
Mr. Lui Wai Ming *(resigned on 29 January 2016)*	✓
Mr. Lai Chi Leung *(resigned on 29 April 2016)*	✓
Ms. Yeung Mo Sheung, Ann *(appointed on 1 March 2016)*	✓
Mr. Hau Chi Kit *(appointed on 4 March 2016)*	✓

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.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established in 2005 with written terms of reference. As at 31 March 2016, the chairman of the Remuneration Committee was Dr. Wan Ho Yuen, Terence, an independent non-executive Director, and the other members were Mr. Hau Chi Kit, Mr. Lai Chi Leung and Ms. Yeung Mo Sheung, Ann. All members were independent non-executive Directors.

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.

During the financial year ended 31 March 2016, the Remuneration Committee held three meetings, and the attendance records of these meetings are set out below:

	Attendance
Dr. Wan Ho Yuen, Terence *(Chairman, appointed as chairman of the committee on 31 December 2015)*	1/2
Mr. Chan Yee Sze *(resigned as chairman of the committee on 31 December 2015)*	N/A
Ms. Hu Yun *(resigned on 19 November 2015)*	N/A
Mr. Koh Kwing Chang *(resigned on 30 March 2016)*	3/3
Mr. Lui Wai Ming *(resigned on 29 January 2016)*	1/1
Mr. Lai Chi Leung *(resigned on 29 April 2016)*	3/3
Ms. Yeung Mo Sheung, Ann *(appointed as a member of the committee on 1 March 2016)*	N/A
Mr. Hau Chi Kit *(appointed as a member of the committee on 4 March 2016)*	N/A

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 COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") was established in 2012 with written terms of reference. As at 31 March 2016, the Chairman of the Nomination Committee was Dr. Wan Ho Yuen, Terence, an independent non-executive Director, and the other members were Mr. Hau Chi Kit, Mr. Lai Chi Leung and Ms. Yeung Mo Sheung, Ann. All members were independent non-executive Directors.

Pursuant to the terms of reference of the Nomination Committee, the Nomination Committee is mainly 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.

During the financial year ended 31 March 2016, the Nomination Committee held three meetings, and the attendance records of these meetings are set out below:

	Attendance
Dr. Wan Ho Yuen, Terence *(Chairman, appointed as chairman of the committee on 31 December 2015)*	1/2
Mr. Chan Yee Sze *(resigned as chairman of the committee on 31 December 2015)*	N/A
Ms. Hu Yun *(resigned on 19 November 2015)*	N/A
Mr. Koh Kwing Chang *(resigned on 30 March 2016)*	3/3
Mr. Lui Wai Ming *(resigned on 29 January 2016)*	1/1
Mr. Lai Chi Leung *(resigned on 29 April 2016)*	3/3
Ms. Yeung Mo Sheung, Ann *(appointed as a member of the committee on 1 March 2016)*	N/A
Mr. Hau Chi Kit *(appointed as a member of the committee on 4 March 2016)*	N/A

The Company adopted a board diversity policy which sets out the approach to achieve diversity on the Board and the factors (including but not limited to age, gender, cultural and educational background, professional experience, skill and knowledge) to be considered in determining the optimum composition of the Board so as to contribute to the achievement of the Company's corporate goals and strategic objectives. The Nomination Committee will review the board diversity policy when appropriate to ensure its effectiveness and will discuss any revisions that may be required to be considered and approved by the Board.

The Nomination Committee is of the view that the current diversity of the Board is appropriate.

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.

AUDIT COMMITTEE

In full compliance with Rule 5.28 of the GEM Listing Rules, the audit committee of the Company (the "**Audit Committee**") was established in 2000 with written terms of reference. As at 31 March 2016, the chairman of the Audit Committee was Dr. Wan Ho Yuen, Terence, an independent non-executive Director, and the other members were Mr. Hau Chi Kit, Mr. Lai Chi Leung and Ms. Yeung Mo Sheung, Ann. All members were independent non-executive Directors.

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

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

(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 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 risk management and internal control systems and ensure that management has discharged its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(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) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(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.

During the financial year ended 31 March 2016, the Audit Committee held thirteen meetings, and the attendance records of these meetings are set out below:

	Attendance
Dr. Wan Ho Yuen, Terence *(Chairman, appointed as a chairman of the committee on 31 December 2015)*	1/1
Mr. Chan Yee Sze *(resigned as chairman of the committee on 31 December 2015)*	12/12
Ms. Hu Yun *(resigned on 19 November 2015)*	0/12
Mr. Koh Kwing Chang *(resigned on 30 March 2016)*	13/13
Mr. Lui Wai Ming *(resigned on 29 January 2016)*	12/12
Mr. Lai Chi Leung *(resigned on 29 April 2016)*	11/13
Ms. Yeung Mo Sheung, Ann *(appointed as a member of the committee on 1 March 2016)*	N/A
Mr. Hau Chi Kit *(appointed as a member of the committee on 4 March 2016)*	N/A

The audited consolidated results for the year ended 31 March 2014 and 31 March 2015 have been reviewed by the Audit Committee on 30 April 2015 and 13 July 2015 respectively. The results for the period ended 30 June 2014, 30 September 2014, 31 December 2014, 30 June 2015, 30 September 2015 and 31 December 2015 have been reviewed by the Audit Committee on 19 June 2015, 23 June 2015, 25 June 2015, 14 August 2015, 13 November 2015 and 12 February 2016 respectively.

The audited consolidated results of the Group for the year ended 31 March 2016 have been reviewed by the Audit Committee as at the date of this report.

AUDITOR'S REMUNERATION

The audit works of the Group for the year ended 31 March 2016 and 2015 were performed by Elite Partners 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:

	2016	2015
	HK$'000	HK$'000
– Audit services	**630**	580
– Non-audit services	**–**	–
Total	**630**	580

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 2016, there have not been any significant changes to the Company's constitutional documents.

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited financial statements of the Group for the year ended 31 March 2016.

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 46 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 31 March 2016 by 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 2016 are set out in the section headed "Consolidated statement of profit or loss or other of comprehensive income" of this report.

SHARE CAPITAL

Details of the movements in share capital of the Group during the year ended 31 March 2016 are set out in Note 37 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 2016.

DISTRIBUTABLE RESERVES

The Company did not have reserves available for distribution to the shareholders as at 31 March 2016. Under the Companies Law of the Cayman Islands, the share premium of the Company amounted to approximately HK$452.4 million at 31 March 2016 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 bank borrowings and bonds of the Group as at 31 March 2016 are set out in Notes 32 and 35 to the consolidated financial statements.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the Group during the year ended 31 March 2016 are set out in Note 20 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2016, the aggregate percentage of purchases attributable to the Group's five largest suppliers accounted for approximately 97% of the total purchases of the Group and the largest supplier amounted to approximately 66%.

For the year ended 31 March 2016, the aggregate percentage of sales attributable to the Group's five largest customers accounted for approximately 53% of the total sales of the Group and the largest customer amounted to approximately 18%.

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 Board does not recommend the payment of any final dividend for the year ended 31 March 2016.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme for the year ended 31 March 2016 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 47 to the consolidated financial statements. Such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under the GEM Listing Rules.

DIRECTORS

During the year ended 31 March 2016 and up to the date of this report, the Board comprises the following Directors:

Executive Directors
Dr. Chew Chee Wah *(resigned on 29 April 2016)*
Mr. Tam Kwok Leung
Mr. Zhang Jinshu *(removed on 24 June 2016)*
Ms. Ju Lijun *(resigned on 21 June 2016)*
Mr. Luk Chi Shing *(resigned on 16 March 2016)*
Ms. Zhang He *(resigned on 16 November 2015)*
Mr. Lee Yiu Tung *(resigned on 14 December 2015)*
Mr. Lau Kelly *(appointed on 31 December 2015)*
Mr. Leung Chung Nam *(appointed on 1 March 2016)*

Non-executive Directors
Ms. Jim Ka Man *(appointed on 4 March 2016)*
Dr. Pan Jin *(resigned on 28 October 2015)*
Mr. Dai Yuanxin *(resigned on 1 December 2015)*
Ms. Xiao Yongzhen *(resigned on 11 December 2015)*

Independent non-executive Directors
Dr. Wan Ho Yuen, Terence *(appointed on 31 December 2015)*
Mr. Chan Yee Sze *(resigned on 31 December 2015)*
Ms. Hu Yun *(resigned on 19 November 2015)*
Mr. Koh Kwing Chang *(resigned on 30 March 2016)*
Mr. Lui Wai Ming *(resigned on 29 January 2016)*
Mr. Lai Chi Leung *(resigned on 29 April 2016)*
Ms. Yeung Mo Sheung, Ann *(appointed on 1 March 2016)*
Mr. Hau Chi Kit *(appointed on 4 March 2016)*

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.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

As at 31 March 2016, Dr. Chew Chee Wah, Mr. Tam Kwok Leung, Mr. Lau Kelly and Mr. Leung Chung Nam being the executive Directors of the Company; and Dr. Wan Ho Yuen, Terence, Ms. Yeung Mo Shenug, Ann, Mr. Hau Chi Kit and Mr. Lai Chi Leung, being the independent non-executive Directors 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 of the Company.

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 executive Director and the 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 the independent non-executive directors an annual confirmation of his or her independence in relation to their services for the year ended 31 March 2016 pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that each of the independent non-executive Directors is independent.

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 2016, 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 2016, the person (other than a director or chief executive of the Company) who have interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:

Name of the shareholder	Capacity	Number of shares held	Approximate percentage of shareholding *(note 1)*
Mr. Chu Chun Piu	Beneficial owner	5,714,285	5.75%

Notes:

1. As at 31 March 2016, the issued share capital of the Company was 99,351,565 shares.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 31 March 2016, 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 2016, 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 2016, 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 2016, 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 2016.

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 2016.

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 2016.

DIRECTORS' REPORT

DIRECTORS' COMPETING INTERESTS

As at 31 March 2016, 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

Pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 12 November 2014, the Company approved and adopted a share option scheme (the "**Scheme**"). Summary of the Scheme are set out below:

(a) Purpose of the Scheme

The purpose of the Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole.

(b) Participants

The categories of the participant under the Scheme include any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group or any entity in which any member of the Group holds an equity interest (an "Invested Entity") and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers, shareholders, co-investors, lenders of or to, and persons who have business relationships with, any member of the Group or any Invested Entity (including the employees thereof) who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The scope of participants under the Scheme is with an aim to attract, retain and maintain on-going business relationship with the other participants whose contributions are or will be beneficial to the long term growth of the Group which would enhance the value of the Company and its shares on the basis of the Board's discretion with reference to their history, business relationship and contributions with/to the Group.

(c) Maximum number of shares

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30 per cent. in nominal amount of the issued share capital of the Company from time to time ("Scheme Limit").

(i) The maximum number of shares in respect of which options may be granted under the Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) exceed 10 per cent. in nominal amount of the issued share capital of the Company on the adoption date (the "Scheme Mandate Limit"). Option lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(ii) The Scheme Mandate Limit referred to in paragraph (c) (i) may be renewed at any time subject to prior Shareholders' approval but in any event shall not exceed 10 per cent. of the issued share capital of the Company as at the date of approval of the renewal of the Scheme Mandate Limit. Option previously granted under the Scheme or any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

(iii) The Company may grant options beyond the Scheme Mandate Limit to Participants if:

(a) the Company has first sent a circular to Shareholders containing a generic description of the specified participants in question, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose; and

(b) separate Shareholder's approval has been obtained.

(d) Maximum entitlement of each participant

The maximum number of shares in respect of which options may be granted to a specifically identified single grantee under the Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) in any 12-month period exceed 1 per cent. of the shares in issue (the "Individual Limit"). The Company may grant options beyond the Individual Limit to a participant at any time if:

(i) the Company has first sent a circular to Shareholders containing the identity of the participant in question, the number and terms of the options to be granted (and options previously granted to such participant); and

(ii) separate Shareholder's approval has been obtained in general meeting with the proposed relevant grantee (as the case may be) and his associates abstaining from voting.

(e) Subscription price for shares

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the greater of:

(i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on date of grant;

(ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding date of grant; and

(iii) the nominal value of a share.

(f) Duration of the Scheme

Subject to the provisions of the Scheme, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date (the "ten-year" period), after which period no further options shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

(g) Exercise of options

An option may be exercised in whole or in part in accordance with the terms of the Scheme by the grantee (or his legal personal representative(s)) by giving notice in writing to the Company stating that the option is thereby exercised and the number of shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price multiplied by the number of shares in respect of which the notice is given. Within 28 days after receipt of the notice and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial adviser to the Company, the Company shall accordingly allot and issue the relevant number of Shares to the grantee (or his legal personal representative(s)) credited as fully paid and issue to the grantee (or his legal personal representative(s)) share certificates in respect of the Shares so allotted.

(h) Movements of the options granted under the Scheme

The movements of the options granted under the Scheme are as follows:

	Number of options outstanding as at 1 April 2015	Date of grant	Number of options granted during the year	Vesting period	Adjusted due to share consolidation *(Note 1)*	Number of options exercised during the year	Number of options cancelled or lapsed during the year	Number of options outstanding as at 31 March 2016	Exercise price of the option and exercise period *(Note 1)*
Others									
Employees	Nil	4 September 2015	40,622,385	Nil	(20,311,193)	(20,311,192)	Nil	Nil	0.1
Non-employees	Nil	4 September 2015	67,700,000	Nil	(33,850,000)	(33,850,000)	Nil	Nil	0.1
	Nil	16 November 2015	67,862,431	Nil	–	(67,862,431)	Nil	Nil	0.1
Total	Nil		176,184,816		(54,161,193)	(122,023,623)	Nil	Nil	

Note:

1. The number and the exercise price of the share options were adjusted as a result of the share consolidation with effect from 8 September 2015. The above share options are exercisable within 10 years after the date of grant.

LITIGATION

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

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

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

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

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

OTHER MATTERS

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

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

DIRECTORS' REPORT

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

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

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.

AUDITOR

The consolidated financial statements for the year ended 31 March 2014 were audited by CCTH CPA Limited ("CCTH").

On 18 May 2015, CCTH resigned as a auditor of the Company and Elite Partners CPA Limited ("Elite Partners") was appointed as the new auditor of the Company.

The consolidated financial statements for the year ended 31 March 2015 and 31 March 2016 were audited by Elite Partners.

Elite Partners will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Lau Kelly
Executive Director
Hong Kong
24 June 2016

INDEPENDENT AUDITOR'S REPORT

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

We have audited the consolidated financial statements of Tai Shing International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 98, which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of profit or loss and other 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.

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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

BASIS FOR QUALIFIED OPINION

Comparative figures

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

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

INDEPENDENT AUDITOR'S REPORT

QUALIFIED OPINION

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

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 24 June 2016

Siu Edmund
Practising Certificate Number: P05333

10/F., 8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
Continuing operations			
Revenue	10	**63,289**	73,210
Cost of services		**(61,184)**	(67,756)
Gross profit		**2,105**	5,454
Net (loss)/gain on change in fair value of financial assets at fair value through profit or loss		**(139)**	1,502
Other income and gains	10	**34,684**	13,354
Selling and distribution expenses		**(171)**	(293)
Administrative expenses		**(23,406)**	(11,613)
Other losses and expenses	12	**(24,793)**	(2,408)
Finance costs	13	**(8,025)**	(6,935)
Share of profit/(loss) of an associate		**20**	(99)
Loss before tax		**(19,725)**	(1,038)
Income tax expenses	14	**(11)**	578
Loss for the year from continuing operations	15a	**(19,736)**	(460)
Discontinued operation			
Loss for the year from discontinued operation	15b & 39	**(66)**	–
Loss for the year attributable to owners of the Company		**(19,802)**	(460)
Other comprehensive income/(expense)			
Exchange difference arising on translation of foreign operations		**2,206**	(54)
Total comprehensive expenses for the year attributable to owners of the Company		**(17,596)**	(514)
Loss per share	17		
From continuing and discontinued operations			
– Basic		**HK26 cents**	HK0.80 cents
– Diluted		**N/A**	N/A
From continuing operations			
– Basic		**HK26 cents**	HK0.80 cents
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current Assets			
Plant and equipment	20	**3,949**	4,826
Interest in an associate	21	**–**	18,057
Available-for-sale investments	22	**6,600**	4,864
Deposit paid for acquisition of investment	23	**–**	11,318
		10,549	39,065
Current Assets			
Trade and other receivables	24	**38,527**	33,089
Disposal receivables	25	**11,400**	15,058
Deposit paid for acquisition of investment	23	**15,796**	10,723
Deposits and prepayments	26	**12,865**	12,879
Amounts due from customers for contract work	27	**7,311**	9,196
Financial assets at fair value through profit or loss	28	**3,465**	34,002
Pledged bank deposits	29	**–**	1,457
Bank balances and cash	29	**26,986**	6,880
		116,350	123,284
Assets classified as held for sale	30	**–**	7,000
		116,350	130,284
Current Liabilities			
Amounts due to customers for contract work	27	**8,619**	5,145
Trade and other payables	31	**86,058**	96,471
Receipts in advance		**1,269**	5,647
Bank borrowings	32	**–**	18,938
Promissory notes	33	**–**	42,521
Amount due to noteholder	34	**–**	15,000
Tax payable		**4,397**	6,907
		100,343	190,629
Net Current Assets/(Liabilities)		**16,007**	(60,345)
Total Assets less Current Liabilities		**26,556**	(21,280)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	**2016 HK$'000**	2015 HK$'000
Capital and Reserves			
Share capital	37	**99,351**	54,161
Share premium and reserves		**(85,091)**	(101,179)
Equity/(Deficit) attributable to owners of the Company		**14,260**	(47,018)
Non-current Liabilities			
Bonds	35	**12,296**	–
Convertible bonds	36	**–**	25,729
Derivative financial instruments of convertible bonds	36	**–**	9
		12,296	25,738
		26,556	(21,280)

The consolidated financial statements on pages 32 to 98 were approved and authorised for issue by the Board of Directors on 24 June 2016 and are signed on its behalf by:

Lau Kelly	**Leung Chung Nam**
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Exchange translation reserve HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2014	54,161	417,565	3,056	1,200	1,810	5,953	1,147	(531,396)	(46,504)
Loss for the year	–	–	–	–	–	–	–	(460)	(460)
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(54)	–	–	(54)
Total comprehensive expense for the year	–	–	–	–	–	(54)	–	(460)	(514)
Lapse of share options	–	–	–	–	(1,810)	–	–	1,810	–
At 31 March 2015	54,161	417,565	3,056	1,200	–	5,899	1,147	(530,046)	(47,018)
Loss for the year	–	–	–	–	–	–	–	(19,802)	(19,802)
Exchange difference arising on translation of foreign operations	–	–	–	–	–	2,206	–	–	2,206
Total comprehensive income/(expense) for the year	–	–	–	–	–	2,206	–	(19,802)	(17,596)
Recognition of equity-settled share based payment	–	–	–	–	7,321	–	–	–	7,321
Issue of shares upon									
– Exercise of warrants	2,869	9,180	–	–	–	–	(1,147)	–	10,902
– Placement of shares	24,405	7,583	–	–	–	–	–	–	31,988
– Conversion of zero coupon convertible bonds	5,714	13,343	–	–	–	–	–	–	19,057
– Exercise of share options	12,202	7,321	–	–	(7,321)	–	–	–	12,202
Share placement expenses	–	(1,562)	–	–	–	–	–	–	(1,562)
Share reorganisation expenses	–	(1,034)	–	–	–	–	–	–	(1,034)
Disposal of a subsidiary	–	–	–	–	–	(429)	–	429	–
At 31 March 2016	99,351	452,396	3,056	1,200	–	7,676	–	(549,419)	14,260

Note: According to the relevant rules and regulations of 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 31 March 2016

	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES		
Loss before tax		
Loss from continuing operations	**(19,725)**	(1,038)
Loss from discontinued operation	**(66)**	–
Adjustments for:		
Depreciation of plant and equipment	**899**	714
Loss/(gain) on disposal of financial assets at fair value through profit or loss, net	**22,498**	(483)
Loss on redemption of convertible bonds	**116**	–
Loss/(gain) on change in fair value of		
– financial assets at fair value through profit or loss	**139**	(1,502)
– derivative financial instruments of convertible bonds	**–**	7
Finance costs	**8,216**	6,935
Gain on disposal of plant and equipment, net	**–**	(644)
Gain on disposal of subsidiaries	**(698)**	–
Loss on disposal of available-for-sales investments	**664**	–
Impairment loss recognised in respect of:		
– trade receivables	**1,475**	2,401
– other receivables	**40**	–
Interest income	**(32)**	(29)
Imputed interest income	**(3,897)**	(4,583)
Reversal of impairment loss in respect of:		
– intangible assets	**–**	(445)
– trade receivables	**(2,859)**	(1,604)
– other receivables	**(25,069)**	(4,109)
Equity-settled share based payment	**7,321**	–
Share of (profit)/loss of an associate	**(20)**	99
Net exchange (gain)/loss	**(246)**	17
Operating cash flows before movements in working capital	**(11,244)**	(4,264)
Decrease in inventories	**–**	9,470
Decrease in trade and other receivables	**18,832**	625
Increase in deposits and prepayments	**(97)**	(1,013)
Decrease in financial assets at fair value through profit or loss	**7,900**	976
Decrease in amounts due from customers for contract work	**1,468**	1,089
Increase/(decrease) in amounts due to customers for contract work	**3,825**	(15,812)
(Decrease)/increase in trade and other payables	**(5,572)**	7,455
(Decrease)/increase in receipts in advance	**(4,206)**	415
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**10,906**	(1,059)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
INVESTING ACTIVITIES		
Purchase of plant and equipment	–	(31)
Proceeds from disposal of plant and equipment	–	232
Proceeds from disposal of subsidiaries in prior year	5,300	2,200
Proceeds from disposal of subsidiaries	18,138	–
Proceeds from disposal of assets held for sales	7,000	–
Proceeds from disposal available-for-sales investments	4,200	–
Acquisition of subsidiary	(465)	–
Acquisition of available-for-sale investments	(6,600)	–
Deposits refund from acquisition of subsidiaries	8,500	500
Interest received	32	29
Decrease/(increase) in pledged bank deposits	1,457	(1,168)
NET CASH FROM INVESTING ACTIVITIES	37,562	1,762
FINANCING ACTIVITIES		
Proceeds from issue of shares	55,092	–
Expenses on issue of shares	(2,596)	–
Proceeds from issue of bonds	20,331	–
New bank borrowings raised	–	18,926
Repayment of bank borrowings	(17,798)	(17,665)
Repayment of obligations under finance leases	–	(54)
Repayment of convertible bonds	(10,000)	–
Repayment of bonds	(8,770)	–
Repayment of convertible note	(17,651)	–
Repayment of promissory note	(46,000)	–
Interest and finance costs paid	(695)	(1,408)
NET CASH USED IN FINANCING ACTIVITIES	(28,087)	(201)
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,381	502
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6,880	6,386
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(275)	(8)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	26,986	6,880
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	26,986	6,880

1. GENERAL

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

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

The Company is principally engaged in investment holding and the principal activities of its principal subsidiaries are set out in Note 46.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of compliance

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

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

Basis of preparation

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Basis of preparation *(Continued)*

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

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

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

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

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

3. APPLICATION OF NEW AND REVISED HKFRSs

New and revised HKFRSs applied in current year

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

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

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statement[2]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

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

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

3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

4 Effective for annual periods beginning on or after a date to be determined.

3. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described below:

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

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

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

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

3. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

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

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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 amount by which the non-controlling interests are adjusted 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, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted 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 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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.

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 (which cannot exceed one year from the acquisition date), 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.

(c) Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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 profit or loss and other 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 (d) below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) 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.

On acquisition of investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate 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 and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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)*

(e) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount 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 subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. 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.

(f) 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) *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. 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 asset to that asset's net carrying amount on initial recognition.

(iv) *Revenue from the sale of goods*

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) 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.

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.

(h) Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of 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. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date 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), 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Borrowing costs

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

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

All other borrowing costs are recognised profit or loss in the period in which they are incurred.

(j) 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.

(k) 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.

(l) Taxation

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) 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.

Current and 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 current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

(m) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Impairment losses on tangible 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. 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. Where 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

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.

(o) 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).

(p) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial instruments *(Continued)*

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.

Interest income is recognised on an effective interest basis for debt instruments.

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 losses and expenses respectively in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 9.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

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

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; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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.

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)*

(p) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

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.

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 bonds contain debt component and derivative component (including the conversion option and the redemption option)

Convertible bonds 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. 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 bonds 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 bonds 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 bonds using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) 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 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, if any.

Other financial liabilities

Other financial liabilities (including trade and other payables, bank borrowings, promissory notes, amount due to noteholder 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.

Interest expense is recognised on an effective interest basis.

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)*

(q) 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. CRITICAL ACCOUNTING JUDGMENTS AND 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.

Key sources of estimation uncertainty

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

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 based on the higher of fair value less costs to sell and 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 31 March 2016, reversal of impairment loss of HK$Nil (2015: HK$445,000) on intangible assets has been recognised.

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

Impairment loss on deposit paid for acquisition of investment

As detailed in Note 23, deposit amounted to HK$25,000,000 (2015: HK$25,000,000) was paid for the acquisition of investment in prior year. Impairment loss of HK$4,874,000 has been recognised on such deposit paid based on the present value of the deposit by applying the discount rate of 12% per annum. Where the actual outcome of the recoverability of the deposit paid differs from the management expectation, further 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 31 March 2016, the carrying amounts of trade receivables and retention receivables are in aggregate of approximately HK$23,978,000, net of impairment losses of approximately HK$29,963,000 (2015: carrying amounts in the aggregate of HK$25,246,000, net of impairment losses of approximately HK$52,066,000).

Impairment loss recognised in respect of disposal receivables and other receivables

The policy for provision for impairment loss of disposal receivables and other receivables 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 31 March 2016, the carrying amount of the disposal receivables is HK$11,400,000, net of impairment loss of HK$27,947,000 (2015: carrying amount of HK$15,058,000, net of impairment loss of HK$27,947,000). As at that date, the carrying amount of other receivables is HK$14,549,000, net of impairment loss of approximately HK$43,800,000 (2015: carrying amount of HK$7,844,000, net of impairment loss of HK$71,816,000).

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.

Valuation of derivative financial instruments of convertible bonds

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 bonds. Detailed information about the key assumptions used in the determination of the fair value of these derivative financial instruments is set out in Note 37. The directors believe that the techniques and assumptions used are appropriate in determining the fair value of the derivative financial instruments of the convertible bonds.

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 convertible bonds as disclosed in Note 36, 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

	2016 **HK$'000**	2015 HK$'000
Financial assets		
Available-for-sale investments, at cost less impairment	**6,600**	4,864
Financial assets at fair value through profit or loss	**3,465**	34,002
Loans and receivables, at amortised cost		
Deposit paid for acquisition of investment	**15,796**	22,041
Disposal receivables	**11,400**	15,058
Trade and other receivables	**38,527**	33,089
Pledged bank deposits	**–**	1,457
Bank balances and cash	**26,986**	6,880
	102,774	117,391
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**86,058**	96,471
Bank borrowings	**–**	18,938
Promissory notes	**–**	42,521
Convertible bonds	**–**	25,729
Amount due to noteholder	**–**	15,000
Bonds	**12,296**	–
	98,354	198,659
Derivative financial instruments of convertible bonds, at fair value through profit or loss	**–**	9
	98,354	198,668

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For the year ended 31 March 2016

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, financial assets at FVTPL, deposit paid for acquisition of investment, disposal receivables, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings, promissory notes, convertible bonds, amount due to noteholder, derivative financial instruments of convertible bonds 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.

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 31 March 2016 and 2015, 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 interest rate risk in relation to its variable-rate bank deposits, bank borrowings, promissory notes 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 notes, amount due to noteholder 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

If interest rates have been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2016 would increase/decrease by approximately HK$Nil (2015: HK$95,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowings which carried interest at floating rates.

The sensitivity analysis above has been determined based on the exposure to interest rates for bank borrowings as at the end of the reporting period. The analysis is prepared assuming the bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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

Market risk *(Continued)*

Price risk

The Group is exposed to equity price risk through its investment in listed equity securities. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange.

Sensitivity analyses

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 10% (2015: 10%) higher/lower, loss for the year would decrease/increase by HK$347,000 (2015: HK$3,400,000) as a result of the changes in fair value of investment in listed equity securities.

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 69% (2015: 65%) of the total trade receivables are due from the Group's five largest customers respectively and are attributable to the systems development business segment. In addition, the Group has also concentration of credit risk regarding the other receivables and disposal receivables as detailed in Notes 24 and 25 respectively.

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

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 tables details the Group's remaining contractual maturity for its non-derivative financial liabilities. For non-derivative financial liabilities, 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 tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

In addition, the following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual cash flows of the financial assets including interest that will be earned on those assets. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

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

Liquidity risk *(Continued)*

	Within 1 year or on demand HK$'000	1-2 years HK$'000	2-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2016						
Non-derivative financial assets						
Available-for-sale investments	**6,600**	**–**	**–**	**–**	**6,600**	**6,600**
Disposal receivables	**11,400**	**–**	**–**	**–**	**11,400**	**11,400**
Deposit paid for acquisition of investment	**18,415**	**–**	**–**	**–**	**18,415**	**15,976**
Trade and other receivables	**38,527**	**–**	**–**	**–**	**38,527**	**38,527**
Financial assets at fair value through profit or loss	**3,465**	**–**	**–**	**–**	**3,465**	**3,465**
Bank balances and cash	**26,986**	**–**	**–**	**–**	**26,986**	**26,986**
	105,393	**–**	**–**	**–**	**105,393**	**102,954**
Non-derivative financial liabilities						
Trade and other payables	**86,058**	**–**	**–**	**–**	**86,058**	**86,058**
Bonds	**–**	**–**	**9,800**	**10,531**	**20,331**	**12,296**
	86,058	**–**	**9,800**	**10,531**	**106,389**	**98,354**

	Within 1 year or on demand HK$'000	1-2 years HK$'000	2-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2015						
Non-derivative financial assets						
Available-for-sale investments	4,864	–	–	–	4,864	4,864
Disposal receivables	16,700	–	–	–	16,700	15,058
Deposit paid for acquisition of investment	24,500	–	–	–	24,500	22,041
Trade and other receivables	33,089	–	–	–	33,089	33,089
Financial assets at fair value through profit or loss	34,002	–	–	–	34,002	34,002
Pledged bank deposits	1,457	–	–	–	1,457	1,457
Bank balances and cash	6,880	–	–	–	6,880	6,880
	121,492	–	–	–	121,492	117,391
Non-derivative financial liabilities						
Trade and other payables	96,471	–	–	–	96,471	96,471
Bank borrowings	18,938	–	–	–	18,938	18,938
Promissory notes	45,550	–	–	–	45,550	42,521
Convertible bonds (excluding derivative financial instruments)	–	30,000	–	–	30,000	25,729
Amount due to noteholder	15,000	–	–	–	15,000	15,000
	175,959	30,000	–	–	205,959	198,659

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

Liquidity risk *(Continued)*

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

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group's financial assets at fair value through profit or loss and derivative financial instruments of convertible bonds are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at 31 March 2016 HK$'000	2015 HK$'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial assets						
Financial assets at fair value through profit or loss	**3,465**	34,002	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial liabilities						
Derivative financial instruments of convertible bonds	**-**	9	Level 3	Binomial Option Pricing Model (2015: Binomial Option Pricing Model) key inputs are detailed in Note 36	Share price: HK$Nil (2015: HK$0.050)	The higher the share price, the higher the fair value
					Conversion price: HK$Nil (2015: HK$0.175)	The lower the conversion price, the higher the fair value
					Risk-free rate: Nil% (2015: 0.006%)	The lower the risk-free rate, the higher the fair value
					Option life: Nil years (2015: 1.007 years)	The higher the option life, the higher the fair value
					Volatility: Nil% (2015: 52.653%)	The higher the volatility, the higher the fair value
					Dividend yield: Nil% (2015: 0%)	The higher the dividend yield, the higher the fair value

There were no transfer of the financial assets and financial liabilities between the levels in both of the years presented.

9. FAIR VALUE *(Continued)*

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate their fair values. The fair values, which are included in Level 3 categories, have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflect the credit risk of counterparties.

(iii) Reconciliation of Level 3 fair value measurements

At 31 March 2016

	Derivative financial instruments of convertible bonds HK$'000
At 1 April 2015	**9**
Converted during the year	**(9)**
At 31 March 2016	**–**
Total loss recognised in the consolidated statement of profit or loss and other comprehensive income relating to liabilities held at 31 March 2016	**–**

At 31 March 2015

	Derivative financial instruments of convertible bonds HK$'000
At 1 April 2014	2
Total gain in profit or loss	7
At 31 March 2015	9
Total gain recognised in the consolidated statement of profit or loss and other comprehensive income relating to liabilities held at 31 March 2015	7

10. REVENUE AND OTHER INCOME AND GAINS

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

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

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.

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

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

(a) Segment revenues and results

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

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

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

11. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities

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

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

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

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

(c) Geographical information

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

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

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

11. SEGMENT INFORMATION *(Continued)*

(d) Other segment information

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

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

Note: Non-current assets excluded financial instruments.

(e) Information about major customers

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

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

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

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

12. OTHER LOSSES AND EXPENSES

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

13. FINANCE COSTS

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

14. INCOME TAX EXPENSES

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

14. INCOME TAX EXPENSES *(Continued)*

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

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

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

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

Details of deferred taxation are set out in Note 42.

15a. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

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

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

15b. LOSS FOR THE YEAR FROM DISCONTINUED OPERATION

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

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

16. DIVIDENDS

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

17. LOSS PER SHARE

From continuing and discontinued operations

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

Loss

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

Number of shares

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

17. LOSS PER SHARE *(Continued)*

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

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

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

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

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

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

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

Loss

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

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

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

Loss

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

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

18. STAFF COSTS (EXCLUDING DIRECTORS' EMOLUMENTS)

	2016 HK$'000	2015 HK$'000
Continuing operations		
Salaries and other benefits	**2,780**	1,377
Retirement benefits scheme contributions	**124**	44
	2,904	1,421
Discontinued operation		
Salaries and other benefits	**320**	–
Retirement benefits scheme contributions	**17**	–
	337	–
	3,241	1,421

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

	2016 HK$'000	2015 HK$'000
Directors' fees	**1,931**	1,839
Salaries and other benefits	**–**	–
Retirement benefits scheme contributions	**–**	–
	1,931	1,839

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 31 March 2016			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Dr. Chew Chee Wah (resigned on 29 April 2016)	420	–	–	420
Mr. Tam Kwok Leung	240	–	–	240
Mr. Zhang Jinshu (removed on 24 June 2016)	120	–	–	120
Ms. Ju Lijun (resigned on 21 June 2016)	120	–	–	120
Mr. Luk Chi Shing (resigned on 16 March 2016)	174	–	–	174
Ms. Zhang He (resigned on 16 November 2015)	–	–	–	–
Mr. Lee Yiu Tung (resigned on 14 December 2015)	127	–	–	127
Mr. Lau Kelly (appointed on 31 December 2015)	100	–	–	100
Mr. Leung Chung Nam (appointed on 1 March 2016)	25	–	–	25
Non-executive directors and independent non-executive directors:				
Ms. Jim Ka Man (appointed on 4 March 2016)	16	–	–	16
Dr. Pan Jin (resigned on 28 October 2015)	–	–	–	–
Mr. Dai Yuanxin (resigned on 1 December 2015)	–	–	–	–
Ms. Xiao Yongzhen (resigned on 11 December 2015)	150	–	–	150
Dr. Wan Ho Yuen, Terence (appointed on 31 December 2015)	30	–	–	30
Mr. Chan Yee Sze (resigned on 31 December 2015)	50	–	–	50
Ms. Hu Yun (resigned on 19 November 2015)	–	–	–	–
Mr. Koh Kwing Chang (resigned on 30 March 2016)	120	–	–	120
Mr. Lui Wai Ming (resigned on 29 January 2016)	100	–	–	100
Mr. Lai Chi Leung (resigned on 29 April 2016)	120	–	–	120
Ms. Yeung Mo Sheung, Ann (appointed on 1 March 2016)	10	–	–	10
Mr. Hau Chi Kit (appointed on 4 March 2016)	9	–	–	9
	1,931	–	–	1,931

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 31 March 2015			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Luk Chi Shing	179	–	–	179
Dr. Chew Chee Wah	295	–	–	295
Mr. Tam Kwok Leung	155	–	–	155
Ms. Zhang He	113	–	–	113
Mr. Lee Yiu Tung	112	–	–	112
Mr. Lai Chi Leung	42	–	–	42
Mr. Zhang Jinshu	120	–	–	120
Ms. Ju Lijun	120	–	–	120
Non-executive directors and Independent non-executive directors:				
Dr. Pan Jin	60	–	–	60
Mr. Dai Yuanxin	1	–	–	1
Ms. Xiao Yongzhen	60	–	–	60
Mr. Chan Yee Sze	120	–	–	120
Ms. Hu Yun	120	–	–	120
Mr. Tan Heming	36	–	–	36
Ms. Yuen Wai Man	100	–	–	100
Mr. Koh Kwing Chang	103	–	–	103
Mr. Lui Wai Ming	103	–	–	103
	1,839	–	–	1,839

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

(b) Senior management's emoluments

Of the five individuals with the highest emoluments in the Group, one (2015: three) was director of the Company whose emoluments included in the disclosures in note a above.

The emoluments of the remaining four (2015: two) highest paid individuals were as follows:

	2016 **HK$'000**	2015 HK$'000
Salaries and other benefits	**2,159**	575
Retirement benefits scheme contributions	**171**	35
	2,330	610

Their emoluments were within the following band:

	Number of individuals	
	2016	2015
Nil – HK$1,000,000	**4**	2

(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 31 March 2016 and 2015. 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 31 March 2016 and 2015.

During the year ended 31 March 2016, 12 directors waived emoluments amounted to HK$1,012,000 (2015: HK$1,181,000) which included in sundry income.

20. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Plant and machinery HK$'000	Computer and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2014	1,784	71	–	4,594	7,964	14,413
Exchange realignment	2	–	–	6	7	15
Additions	31	–	–	–	–	31
Disposals	(7)	(26)	–	–	(2,222)	(2,255)
At 31 March 2015	1,810	45	–	4,600	5,749	12,204
Exchange realignment	(88)	–	–	(217)	(284)	(589)
Additions through acquisition of a subsidiary	179	21	5,773	89	–	6,062
Disposal of a subsidiary	(179)	(21)	(5,773)	(89)	–	(6,062)
At 31 March 2016	1,722	45	–	4,383	5,465	11,615
ACCUMULATED DEPRECIATION						
At 1 April 2014	1,779	64	–	4,020	3,036	8,899
Exchange realignment	2	–	–	6	1	9
Provision for the year	2	1	–	63	648	714
Eliminated on disposals	(2)	(20)	–	–	(2,222)	(2,244)
At 31 March 2015	1,781	45	–	4,089	1,463	7,378
Exchange realignment	(88)	–	–	(193)	(94)	(375)
Provision for the year	33	6	190	32	638	899
Eliminated on disposals	(27)	(6)	(190)	(13)	–	(236)
At 31 March 2016	1,699	45	–	3,915	2,007	7,666
CARRYING AMOUNTS						
At 31 March 2016	23	–	–	468	3,458	3,949
At 31 March 2015	29	–	–	511	4,286	4,826

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
Plant and machinery	5 to 25 years
Computer and office equipment	5 years
Motor vehicles	3⅓ to 8 years

21. INTERESTS IN AN ASSOCIATE

	2016 HK$'000	2015 HK$'000
Unlisted investments, at cost	–	18,009
Share of post-acquisition profit	–	48
	–	18,057
Movements during the year are as follows:		
At the beginning of year	**18,057**	18,156
Share of profit/(loss) for the year	**20**	(99)
Disposal of interests in an associate	**(18,077)**	–
At the end of year	–	18,057

Notes: On 24 December 2015, the Group disposed of its entire 24.9% equity interest in 東大保險代理股份有限公司, which is the associated company under the Group of Fullmark Management Limited ("Fullmark Group"), to an independent third party for a consideration of HK$17,000,000. This transaction has resulted in the recognition of a gain in profit or loss and has included in the gain on a disposal of subsidiaries under other income and gains. The disposal was completed on 28 December 2015.

22. AVAILABLE-FOR-SALE INVESTMENTS

	2016 **HK$'000**	2015 HK$'000
Unlisted equity securities, at cost	**6,600**	27,317
Less: Impairment loss recognised	**–**	(22,453)
	6,600	4,864
Movements during the year:		
Balance at beginning of the year	**4,864**	4,864
Acquisition of equity investment (Note b)	**6,600**	–
Loss on disposal of available-for-sale investments	**(664)**	–
Disposal of equity investment (Note a)	**(4,200)**	–
Balance at end of the year	**6,600**	4,864

Notes:

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

(b) On 10 April 2015, the Group entered into a sale and purchase agreement with an independent third party for the acquisition of a subsidiary which is an investment holding company of an available-for-sale investment. Under the sale and purchase agreement, the Group agreed to acquire the subsidiary with a cash consideration of HK$6,600,000 and has been paid in full.

23. DEPOSIT PAID FOR ACQUISITION OF INVESTMENT

	2016 HK$'000	2015 HK$'000
Deposit paid for possible acquisition of not more than 20% equity interest in Gold Depot Limited ("Gold Depot")	**15,796**	22,041
Less: amount receivable within one year and included in current assets	**(15,796)**	(10,723)
Balance shown under non-current assets	**–**	11,318

The refundable deposit of HK$25,000,000 was paid for the possible acquisition of equity interest in Gold Depot. For the year ended 31 March 2014, impairment loss of HK$4,874,000 on the deposit paid has been recognised in the profit or loss. On 7 November 2014, the Company entered into a settlement agreement with the relevant contracting party, under which refund of the deposit paid is payable by the contracting party in cash by seven instalments. During the year ended 31 March 2015, negotiations for the acquisition have terminated and the Group has demanded immediate repayment of the deposits paid.

24. TRADE AND OTHER RECEIVABLES

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

24. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(a) Trade and bills receivables

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

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

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

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

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

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

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

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

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

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

24. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Retention receivables

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

Movements in impairment losses of retention receivables are as follows:

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

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

(c) Other receivables

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

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

Movements in impairment loss of other receivables are as follows:

	2016 HK$'000	2015 HK$'000
At beginning of the year	**71,816**	75,836
Exchange realignment	**(2,987)**	89
Recognised during the year (Note 12)	**40**	–
Reversal during the year (Note 10)	**(25,069)**	(4,109)
At end of the year	**43,800**	71,816

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

25. DISPOSAL RECEIVABLES

	2016 HK$'000	2015 HK$'000
Proceeds receivable from disposal of:		
– a subsidiary, net (Note a)	**11,400**	15,058
– available-for-sale investment, net (Note b)	**–**	–
	11,400	15,058
Less: amount receivable within one year and included in current assets	**(11,400)**	(15,058)
Amount shown under non-current assets	**–**	–

Movements in impairment loss recognised:

	2016 HK$'000	2015 HK$'000
Balance at end of the year	**27,947**	27,947

Notes:

(a) The Group completed the disposal of its 51% equity interest in a subsidiary, 上海景福保險經紀有限公司(「上海景福」) in prior year. On 3 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 31 December 2014, 28 February 2015, 31 March 2016, 31 May 2015 and 30 June 2015 respectively. The proceeds receivable of HK$16,735,000 represents the present value of the disposal receivable totalled RMB15,000,000 by applying the discount rate of 12% per annum and based on the terms of settlement and an impairment loss of HK$4,266,000 has been recognised in prior years.

On 16 February 2015, the Company entered into a deed of settlement with the purchaser, under which the outstanding receivable is revised from RMB15,000,000 to HK$17,700,000 and is payable by the purchaser by seven instalments. Impairment loss on the disposal receivable amounted to HK$1,347,000 has been recognised and was included in other losses and expenses for the year ended 31 March 2014. The impairment loss is determined based on the present value of the receivable estimated to be HK$15,846,000 at the date of the deed of settlement by applying the discount rate of 12% per annum.

As at 31 March 2016, the principal amount of HK$5,300,000 was settled by the purchaser. The outstanding principal receivable is HK$10,400,000 and will be settled within 1 year and hence the disposal receivable shall be classified as current assets.

(b) In August 2012, the trustee in respect of 20% equity interest in上海萬全 held by the Group disposed of such equity interest to an outside party without the consent given by the Group. In September 2013, 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 9 December 2013. The present value of the settlement fees of HK$26,600,000, which is estimated by applying the discount rate of 12% per annum, has been recognised as the receivable arising from the disposal. During the year ended 31 March 2014, 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 in prior year.

26. DEPOSITS AND PREPAYMENTS

Included in deposits and prepayments is a refundable deposit amounted to HK$10,000,000 (2015: 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.

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

	2016 **HK$'000**	2015 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**161,730**	174,717
Less: Progress billings	**(163,038)**	(170,666)
	(1,308)	4,051
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**7,311**	9,196
Amounts due to customers for contract work	**(8,619)**	(5,145)
	(1,308)	4,051

At 31 March 2016, retentions held by customers for contract works, net of impairment loss recognised, amounted to approximately HK$9,645,000 (2015: HK$7,132,000).

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

29. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The Group's bank deposits of approximately HK$Nil (2015: HK$1,457,000) were pledged to banks to secure performance bond issued for the Group.

Bank balances at 31 March 2016 carry interest at the average interest rates of 0.24% per annum (2015: 0.35% per annum).

At 31 March 2016, the Group's bank balances and cash denominated in RMB amounted to an aggregate of approximately HK$8,685,000 (2015: HK$8,116,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

30. ASSETS CLASSIFIED AS HELD FOR SALE

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

31. TRADE AND OTHER PAYABLES

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

Notes:

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

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

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

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

32. BANK BORROWINGS

	2016 **HK$'000**	2015 HK$'000
Bank borrowings due within one year	**–**	18,938

The effective interest rate on the Group's bank borrowings was Nil (2015: 7.5%) per annum.

33. PROMISSORY NOTES

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

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

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

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

34. AMOUNT DUE TO NOTEHOLDER

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

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

35. BONDS

The bonds are repayable as follows:

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

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

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

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

36. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS OF CONVERTIBLE BONDS

	Convertible bonds		Derivative financial instruments of convertible bonds	
	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000
2013 Convertible Bonds	**–**	25,729	**–**	9

(a) 2013 Convertible Bonds

On 2 April 2013, the Company issued convertible bonds with an aggregate principal amount of HK$85,000,000 ("2013 Convertible Bonds") for the acquisition of the entire equity interest in Tirack Holdings Corporation ("Tirack"). The 2013 Convertible Bonds are interest free and will be matured on 1 April 2016 ("2013 CB Maturity Date") which is the third anniversary of the date of issue. The 2013 Convertible Bonds entitle the holder thereof to convert the bonds into shares at any time after the date of issue up to the 2013 CB Maturity Date at the conversion price of HK$0.175 per share ("2013 CB Conversion Option"). The Company is entitled an option to early redeem at any time from 2 April 2013 to the 2013 CB Maturity Date the outstanding 2013 Convertible Bonds at their principal amount ("2013 CB Redemption Option"). Unless previously converted, redeemed and cancelled, the 2013 Convertible Bonds are redeemed at 100% of the outstanding principal amount at the 2013 CB Maturity Date.

During the year ended 31 March 2014, the 2013 Convertible Bonds with the principal amount of HK$55,000,000 were converted into 314,285,712 ordinary shares of the Company at the conversion price of HK$0.175 per share.

The 2013 Convertible Bonds contain a debt component and derivative component (including 2013 CB Conversion Option and the 2013 CB Redemption Option). The 2013 CB 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 2013 Convertible Bonds are denominated in Hong Kong dollar, a foreign currency of the Company.

36. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS OF CONVERTIBLE BONDS *(Continued)*

(a) 2013 Convertible Bonds *(Continued)*

The fair value of the debt component of the 2013 Convertible Bonds was estimated to be HK$53,688,000 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 16.55% per annum. The derivative component is measured at fair value at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

Movements of the debt component and derivative component of the 2013 Convertible Bonds during the year are as follows:

	Debt component HK$'000	**Derivative component** HK$'000	**Total** HK$'000
At 1 April 2014	22,076	2	22,078
Imputed interest for the year	3,653	–	3,653
Loss on change in fair value for the year	–	7	7
At 31 March 2015	**25,729**	**9**	**25,738**
Imputed interest for the year	**3,203**	**–**	**3,203**
Converted during the year	**(19,051)**	**(6)**	**(19,057)**
Early redemption	**(9,881)**	**(3)**	**(9,884)**
At 31 March 2016	**–**	**–**	**–**

37. SHARE CAPITAL

	Number of shares	Nominal amount HK$'000
Authorised:		
Ordinary shares of HK$0.05 each at 31 March 2015	4,000,000,000	200,000
Effect of share consolidation (Note e)	(2,000,000,000)	–
Effect of share consolidation (Note f)	(1,800,000,000)	–
Ordinary shares of HK$1 each at 31 March 2016	200,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK$0.05 each at 31 March 2015	1,083,223,857	54,161
Issue of shares upon:		
– exercise of warrants (Note a)	57,380,000	2,869
– placements of shares (Note b)	352,369,633	24,405
– conversion of convertible bonds (Note c)	57,142,857	5,714
– exercise of share option (Note d)	122,023,623	12,202
Effect of share consolidation (Note e and f)	(1,572,788,405)	–
Ordinary shares of HK$1 each at 31 March 2016	99,351,565	99,351

37. SHARE CAPITAL *(Continued)*

Notes:

(a) On 1 April 2015, the holders of non-listed warrants exercised its rights to subscribe for 57,380.000 shares at HK$0.19 per share.

(b) During the year ended 31 March 2016, certain placements of shares with aggregate amount of 352,369,633 shares have been placed as set out as follow:

- On 29 July 2015, a total of 216,644,771 shares have been successfully placed by a placing agent to not less than six placees at the placing price of HK$0.085 per placing share pursuant to the terms and conditions of the placing agreement.

- On 19 November 2015, a total of 135,724,862 shares have been successfully placed by placing agent to not less than six placees at the placing price of HK$0.1 per placing share pursuant to the terms and conditions of the placing agreement.

(c) On 16 November 2015, the 2013 Convertible Bonds with principal amount of HK$30,000,000 was converted into 57,142,857 ordinary shares of the Company at a conversion price of HK$0.35 per share.

(d) During the year ended 31 March 2016, 122,023,623 ordinary shares were issued to share option holder who had exercised his options.

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

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

38. ACQUISITION OF SUBSIDIARY

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

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

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

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

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

38. ACQUISITION OF SUBSIDIARY *(Continued)*

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

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

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

Net cash outflow on acquisition of subsidiary:

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

39. DISCONTINUED OPERATION

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

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

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

39. DISCONTINUED OPERATION *(Continued)*

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

	2016 HK$'000	2015 HK$'000
Revenue	**4,770**	–
Cost of services	**(4,114)**	–
Gross profit	**656**	–
Administrative expenses	**(983)**	–
Finance costs (note 13)	**(191)**	–
Loss before taxation	**(518)**	–
Income tax expenses	**–**	–
Loss for the year	**(518)**	–

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

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

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

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

Net cash inflow on disposal of subsidiary:

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

40. DISPOSAL OF A SUBSIDIARY

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

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

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

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

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

Net cash inflow on disposal of subsidiary:

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

41. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme was adopted pursuant to a resolution passed on 22 October 2003 (the "Old Scheme") for the primary purpose of providing incentives to selected participants, including directors and eligible employees. Under the Old 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. The Old Scheme was expired on 21 October 2013.

The Company's share option scheme (the "New Scheme") was adopted pursuant to a resolution passed on 12 November 2014 for the primary purpose of providing incentives to selected participants, including directors and eligible employees. Under the New 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.

During the year ended 31 March 2016, share options had been granted to certain eligible persons to subscribe for a total of 122,023,623 ordinary shares at HK$0.1 per share. All share options had been exercised during the year and there was no outstanding share options as at 31 March 2016.

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

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.

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

Year ended 31 March 2016

	Date of grant	Exercise price (Note) HK$	Exercisable period	Outstanding at 1 April 2015	Number of options granted during the year	Adjusted due to share consolidation	Number of options exercised during the year	Number of options forfeited during the year	Number of options expired during the year	Outstanding at 31 March 2016
Employees	4/9/2015	0.1	4/9/2015-3/9/2025	-	**40,622,385**	**(20,311,193)**	**(20,311,192)**	-	-	-
Non-employees	4/9/2015	0.1	4/9/2015-3/9/2025	-	**67,700,000**	**(33,850,000)**	**(33,850,000)**	-	-	-
	16/11/2015	0.1	16/11/2015-15/11/2025	-	**67,862,431**	-	**(67,862,431)**	-	-	-
Weighted average exercise price				-	**HK$0.1**	-	**HK$0.1**	-	-	-

Note: The number and the exercise price of the share option were adjusted as a result of the share consolidation with effect from 8 September 2015. The above share option are exercisable within 10 years after the date of grant.

During the year ended 31 March 2016, option was granted on 4 September 2015 and 16 November 2015 with fair values of HK$3,249,000 and HK$4,072,000, respectively.

In respect of the share options granted on 4 September 2015 and 16 November 2015, the fair values were calculated using the Black-Scholes option pricing model (the "Black-Scholes Model"). The inputs into the model were as follows:

	4 September 2015	16 November 2015
Number of options granted	54,161,192	67,862,431
Share price at grant date	HK$0.092	HK$0.1
Original exercise price	HK$0.1	HK$0.1
Expected volatility	100%	86%
Expected life	10 years	10 years
Annual risk-free rate	1.5%	1.63%
Expected dividend yield	Nil	Nil

Expected volatility was determined by using the historical volatility of the Company's share price over past 1 years up to valuation date.

The Group recognised HK$7,321,000 for the year ended 31 March 2016 (2015: HK$Nil) share-based payment expenses (included in administrative expenses) in relation to share options granted by the Company.

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

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

Year ended 31 March 2015

	Date of grant	Exercise price HK$	Exercisable period	Number of share options granted: Outstanding at 1 April 2014	Movements during the year: Granted	Exercised	Forfeited	Expired	Outstanding at 31 March 2015
Directors and employees	6/7/2010	2.78	6/7/2010-5/7/2015	1,145,000	–	–	(1,145,000)	–	–
Weighted average exercise price				HK$2.78	–	–	HK$2.78	–	–

42. DEFERRED TAXATION

Under the EIT Law, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards (the "Post-2008 Earnings"). No deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences attributable to the Post-2008 Earnings 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.

43. COMMITMENTS

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

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 three 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:

	2016 HK$'000	2015 HK$'000
Within one year	**3,988**	429
In the second to fifth years inclusive	**6,525**	–
	10,513	429

44. CONTINGENT LIABILITIES

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

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

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

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

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2016 HK$'000	2015 HK$'000
Non-current Assets			
Investments in subsidiaries		**1**	1
Deposit paid for acquisition of investment		**–**	11,318
		1	11,319
Current Assets			
Amounts due from subsidiaries	(a)	**23,597**	31,590
Disposal receivables		**11,400**	15,058
Deposit paid for acquisition of investment		**15,796**	10,723
Deposits and prepayments		**10,000**	10,000
Bank balances		**980**	–
		61,773	67,371
Current Liabilities			
Other payables		**5,016**	12,731
Promissory notes		**–**	42,521
Amount due to noteholder		**–**	15,000
Amount due to subsidiaries	(a)	**534**	–
		5,550	70,252
Net Current Assets/(Liabilities)		**56,223**	(2,881)
		56,224	8,438
Capital and Reserves			
Share capital		**99,351**	54,161
Share premium and reserves	(b)	**(55,423)**	(71,461)
Total Deficit		**43,928**	(17,300)
Non-current Liabilities			
Bonds		**12,296**	–
Convertible bonds		**–**	25,729
Derivative financial instruments of convertible bonds		**–**	9
		12,296	25,738
		56,224	8,438

The Company's statement of financial position was approval by the Board of Director on 24 June 2016 and was signed on its behalf.

Lau Kelly	**Leung Chung Nam**
Director	*Director*

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

Notes:

(a) Amounts due from/(to) subsidiaries

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

(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 1 April 2014	417,565	1,200	1,810	1,968	1,147	(490,307)	(66,617)
Loss for the year	–	–	–	–	–	(4,862)	(4,862)
Other comprehensive income	–	–	–	18	–	–	18
Total comprehensive income/ (expenses) for the year	–	–	–	18	–	(4,862)	(4,844)
Lapsed of share option	–	–	(1,810)	–	–	1,810	–
At 31 March 15	417,565	1,200	–	1,986	1,147	(493,359)	(71,461)
Loss for the year	–	–	–	–	–	(17,646)	(17,646)
Total comprehensive expenses for the year	–	–	–	–	–	(17,646)	(17,646)
Recognition of equity-settled share based payment	–	–	7,321	–	–	–	7,321
Issue of shares upon							
– Exercise of warrants	9,180	–	–	–	(1,147)	–	8,033
– Placement of shares	7,583	–	–	–	–	–	7,583
– Conversion of zero coupon bonds	13,343	–	–	–	–	–	13,343
– Exercise of share options	7,321	–	(7,321)	–	–	–	–
Share placement expenses	(1,562)	–	–	–	–	–	(1,562)
Share reorganisation expenses	(1,034)	–	–	–	–	–	(1,034)
At 31 March 2016	452,396	1,200	–	1,986	–	(511,005)	(55,423)

Notes:

(i) Capital reserve

The capital reserve represents waiver of amount due to a shareholder of the Company during the year ended 31 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 41.

(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 3 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.

On 1 April 2015, the holders of non-listed warrants exercised its rights to subscribe for 57,380,000 shares at HK$0.19 per share.

46. PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of the Company's subsidiaries at 31 March 2016 and 2015 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				
						2016 %	2015 %	**2016 %**	2015 %	**2016 %**	2015 %	
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%	Investment holding
Fullmark Management Limited	Hong Kong	Hong Kong	Ordinary shares	HK$1	Limited liability company	**-**	–	**-**	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%	Software development
High Pacific Limited	BVI	BVI	Ordinary shares	US$2	Limited liability company	**-**	–	**-**	100%	**-**	100%	Investment holding
Sage Choice Inc	Vanuatu	HK	Ordinary shares	US$100	Limited liability company	**100%**	100%	**-**	–	**100%**	100%	Investment holding

None of the subsidiaries had any debt securities outstanding at 31 March 2016 and 31 March 2015 or at the time during the years ended on those dates.

47. 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.

48. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the board of directors on 24 June 2016.

FIVE YEAR SUMMARY

	2016	2015	2014	2013	2012
	For the year ended 31 March				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**63,289**	73,210	49,302	51,857	80,902
Loss before tax	**(19,725)**	(1,038)	(204,666)	(259,207)	(19,044)
Loss for the year	**(19,802)**	(460)	(207,019)	(260,531)	(22,852)
Attributable to:					
Owners of the Company	**(19,802)**	(460)	(207,019)	(260,531)	(22,790)
Non-controlling interests	**–**	–	–	–	(62)
	(19,802)	(460)	(207,019)	(260,531)	(22,852)

	2016	2015	2014	2013	2012
	As at 31st March				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**126,899**	169,349	139,444	258,742	450,591
Total liabilities	**(112,639)**	(216,367)	(185,948)	(145,255)	(128,272)
	14,260	(47,018)	(46,504)	113,487	322,319
Equity/(deficit) attributable to owners of the Company	**14,260**	(47,018)	(46,504)	110,794	319,636
Non-controlling interests	**–**	–	–	2,693	2,683
	14,260	(47,018)	(46,504)	113,487	322,319