TAI SHING

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2013

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

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

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

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

* *For identification purpose only*

RESULTS

The board of Directors ("**Board**") presents the audited consolidated financial information of the Group for the year ended 31 March 2013, together with the audited comparative figures for the corresponding year in 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Revenue	4	**51,857**	80,902
Cost of services		**(34,294)**	(43,824)
Gross profit		**17,563**	37,078
Other income and gains	4	**7,904**	42,280
Selling and distribution expenses		**(629)**	(4,224)
Administrative expenses		**(57,385)**	(60,216)
Other expenses	5	**(223,286)**	(32,846)
Finance costs	6	**(3,289)**	(1,100)
Share of losses of associates		**(85)**	(16)
Loss before tax		**(259,207)**	(19,044)
Income tax expense	8	**(1,324)**	(3,808)
Loss for the year	9	**(260,531)**	(22,852)
Other comprehensive income for the year			
Exchange difference arising on translation of foreign operations		**1,791**	880
Total comprehensive expense for the year		**(258,740)**	(21,972)

	Notes	**2013**	2012
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(260,531)**	(22,790)
Non-controlling interests		**–**	(62)
		(260,531)	(22,852)
Total comprehensive expense attributable to:			
Owners of the Company		**(258,750)**	(21,962)
Non-controlling interests		**10**	(10)
		(258,740)	(21,972)
Loss per share			
– Basic	*11*	**HK54.34 cents**	HK8.02 cents
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current Assets			
Plant and equipment		**4,230**	4,165
Intangible assets		**34,500**	189,189
Interests in associates		**18,105**	45,973
Available-for-sale investments		**4,864**	25,600
Disposal receivable	*12*	**–**	–
Deposits paid for acquisition of subsidiaries		**40,000**	45,000
Deposits paid for acquisition of intangible assets		**–**	7,500
Deposit paid for acquisition of investment		**25,000**	–
		126,699	317,427
Current Assets			
Inventories		**15,420**	14,390
Trade and other receivables	*13*	**48,582**	58,133
Deposits and prepayments		**17,167**	18,118
Amounts due from customers for contract work		**18,882**	16,182
Financial assets at fair value through profit or loss		**519**	549
Pledged bank deposits		**1,248**	1,937
Bank balances and cash		**9,725**	23,855
		111,543	133,164
Assets classified as held for sale		**20,500**	–
		132,043	133,164
Current Liabilities			
Amounts due to customers for contract work		**21,828**	17,029
Trade and other payables	*14*	**64,891**	63,903
Receipts in advance		**7,689**	8,130
Warranty provision		**–**	31
Amount due to minority shareholder of a subsidiary		**17,435**	17,147
Bank borrowings		**–**	12,336
Promissory note payable		**10,124**	–
Convertible notes		**14,287**	–
Derivative financial instruments of convertible notes		**379**	–
Obligations under finance leases		**1,096**	1,008
Income tax payable		**6,262**	6,256
		143,991	125,840
Net Current (Liabilities)/Assets		**(11,948)**	7,324
		114,751	324,751

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

NOTES

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the GEM of the Stock Exchange.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

New and revised HKFRSs applied in the current year

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

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

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

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[9]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[8]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[10]
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 9	Financial Instruments[10]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution[8]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[7]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK(IFRIC)-Int 21	Levies[2]

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

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

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liabilities that is attributable to changes in the credit risk of those liabilities is presented in other comprehensive income, unless the presentation of the effects of changes in credit risk of the liabilities in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liabilities designated as at fair value through profit or loss was presented in profit or loss.

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

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

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

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

4. REVENUE AND OTHER INCOME AND GAINS

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

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

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

Notes:

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

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

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

5. OTHER EXPENSES

	2013	2012
	HK$'000	*HK$'000*
Research and development expenditure (Note below)	**16,000**	–
Impairment loss recognised in respect of:		
– Intangible assets	**115,189**	–
– Available-for-sale investments	**20,736**	1,717
– Disposal receivable (Note 12)	**23,600**	–
– Inventories	**22,799**	–
– Trade receivables	**8,989**	21,147
– Other receivables	**10,406**	9,960
– Assets classified as held for sale	**4,266**	–
Loss on disposal of available-for-sale investment	**1,183**	–
Loss on change in fair value of financial assets at FVTPL	**4**	–
Loss on change in fair value of promissory note payable	**114**	–
Loss on disposal of financial assets at FVTPL	**–**	22
	223,286	32,846

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

6. FINANCE COSTS

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

7. SEGMENT INFORMATION

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

For management purposes, the Group is currently organised into three operating divisions – systems development, professional services and insurance brokerage business.

Systems development	–	Provision of systems development, maintenance and installation as well as consulting service and software licensing.
Professional services	–	Provision of information technology engineering and technical support services.
Insurance brokerage business	–	Provision of brokerage services.

(a) Segment revenues and results

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

	Year ended 31st March							
	Systems development		Professional services		Insurance brokerage business		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER								
Revenue from external customers	**45,541**	76,486	**6,316**	4,416	**–**	–	**51,857**	80,902
RESULT								
Segment results	**(140,645)**	(30,125)	**(10,038)**	3,008	**–**	(2,367)	**(150,683)**	(29,484)
Interest income							**61**	59
Unallocated income							**2,417**	35,025
Unallocated expenses							**(107,628)**	(23,528)
Finance costs							**(3,289)**	(1,100)
Share of losses of associates							**(85)**	(16)
Loss before tax							**(259,207)**	(19,044)

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of interest income, central administration costs and Directors' remunerations, finance costs, and share of results of associates. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

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

	At 31st March							
	Systems development		Professional services		Insurance brokerage business		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**70,706**	254,982	**7,995**	1,514	**–**	33,100	**78,701**	289,596
Unallocated corporate assets								
– Plant and equipment							**755**	2,583
– Intangible assets							**9,500**	–
– Interests in associates							**18,105**	45,973
– Available-for-sale investments							**4,864**	25,600
– Deposits paid for acquisition of subsidiaries							**40,000**	45,000
– Deposits paid for acquisition of intangible assets							**–**	7,500
– Deposit paid for acquisition of investment							**25,000**	–
– Inventories							**15,420**	–
– Other receivables, deposits and prepayments							**34,405**	7,998
– Financial assets at fair value through profit or loss							**519**	549
– Pledged bank deposits							**1,248**	1,937
– Bank balances and cash							**9,725**	23,855
– Assets classified as held for sale							**20,500**	–
Total assets							**258,742**	450,591
LIABILITIES								
Segment liabilities	**57,693**	52,880	**3,017**	3,333	**–**	–	**60,710**	56,213
Unallocated corporate liabilities								
– Other payables							**33,698**	32,880
– Amount due to minority shareholder of a subsidiary							**17,435**	17,147
– Bank borrowings							**–**	12,336
– Promissory note payable							**10,124**	–
– Convertible notes							**14,287**	–
– Derivative financial instruments of convertible notes							**379**	–
– Obligations under finance leases							**2,360**	3,440
– Income tax payable							**6,262**	6,256
Total liabilities							**145,255**	128,272

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

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

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

(c) Geographical information

For the two years ended 31 March 2013 and 2012, over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical segments is disclosed.

(d) Other segment information

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

	For the year ended 31st March									
	Systems development		Professional services		Insurance brokerage business		Unallocated		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information										
Depreciation of plant and equipment	**165**	592	**11**	–	**–**	–	**1,878**	1,688	**2,054**	2,280
Amortisation of intangible assets	**27,465**	17,023	**–**	–	**2,986**	2,240	**500**	–	**30,951**	19,263
Impairment loss recognised in respect of:										
– intangible assets	**109,716**	–	**–**	–	**5,473**	–	**–**	–	**115,189**	–
– available-for-sale investments	**–**	–	**–**	–	**–**	–	**20,736**	1,717	**20,736**	1,717
– disposal receivable	**–**	–	**–**	–	**–**	–	**23,600**	–	**23,600**	–
– inventories	**13,149**	–	**–**	–	**–**	–	**9,650**	–	**22,799**	–
– trade receivables	**8,454**	21,147	**530**	–	**–**	–	**5**	–	**8,989**	21,147
– other receivables	**9,275**	9,960	**1,131**	–	**–**	–	**–**	–	**10,406**	9,960
– assets classified as held for sale	**–**	–	**–**	–	**–**	–	**4,266**	–	**4,266**	–
Research and development expenditure	**–**	20,737	**–**	–	**–**	–	**16,000**	1,750	**16,000**	22,487
Loss on disposal of:										
– financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	22	**–**	22
– plant and equipment	**–**	–	**–**	–	**–**	–	**77**	–	**77**	–
– available-for-sale investment	**–**	–	**–**	–	**–**	–	**1,183**	–	**1,183**	–
Loss/(gain) on change in fair value of:										
– financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**4**	(25)	**4**	(25)
– promissory note payable	**–**	–	**–**	–	**–**	–	**114**	–	**114**	–
– derivative financial instrument of convertible notes	**–**	–	**–**	–	**–**	–	**(2,295)**	–	**(2,295)**	–
– contingent consideration payable	**–**	–	**–**	–	**–**	–	**–**	(35,000)	**–**	(35,000)
Reversal of impairment loss in respect of:										
– trade receivables	**(2,149)**	(1,906)	**–**	–	**–**	–	**–**	–	**(2,149)**	(1,906)
– retention receivables	**(273)**	(291)	**–**	–	**–**	–	**–**	–	**(273)**	(291)
– other receivables	**(841)**	(375)	**–**	–	**–**	–	**–**	–	**(841)**	(375)
Gain on disposal of financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**(72)**	–	**(72)**	–
Additions to non-current assets (Note)	**2,037**	35,080	**201**	–	**–**	29,864	**38,516**	–	**40,754**	64,944

Note: Non-current assets excluded financial instruments.

e) **Information about major customers**

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

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

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

8. INCOME TAX EXPENSE

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

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

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

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

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

10. DIVIDENDS

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

11. LOSS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	**(260,531)**	(22,790)
Effect of dilutive potential ordinary shares:		
Gain on change in fair value of derivative financial instruments of convertible notes	**(2,295)**	–
Interest on convertible notes	**1,961**	–
Loss for the purpose of diluted loss per share	**N/A**	N/A

Number of shares	**Number of shares**	Number of shares
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**479,439**	284,003
Effect of dilutive potential ordinary shares:		
Convertible notes	**54,740**	–
Share options	**8,745**	9,545
Share warrants	**57,223**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**600,147**	293,548

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

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

12. DISPOSAL RECEIVABLE

	2013	2012
	HK$'000	*HK$'000*
Proceeds from disposal of available-for-sale investment receivable	26,600	–
Less: Impairment losses recognised (Note 5)	(23,600)	–
	3,000	–
Less: amount receivable within one year and included in other receivables (Note 13d(i))	(3,000)	–
	–	–

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

13. TRADE AND OTHER RECEIVABLES

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

Notes:

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

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

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

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

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

(d) Included in other receivables are:

(i) disposal receivable of HK$3,000,000 (2012: Nil) relating to disposal of 20% equity interest in 上海萬全 (Note 12).

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

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

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

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

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

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

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

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

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

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

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

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

Trade and bills receivables that were neither past due nor impaired relate to a wide range of customers who has no recent history of default.

Trade and bills receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

14. TRADE AND OTHER PAYABLES

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

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

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

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2013.

Basis for Disclaimer of Opinion

(a) Intangible assets

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

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

(b) Deposits paid for acquisition of subsidiaries

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

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

(c) Deposit paid for acquisition of investment

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

(d) Inventories

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

(e) Assets classified as held for sale

The Group disposed of its 51% equity interest in a subsidiary, 上海景福保險經紀有限公司, for a cash consideration of RMB20,000,000 subsequent to 31 March 2013. We have been unable to obtain sufficient audit evidence as to whether the outstanding consideration of RMB15,000,000 will be fully received by the Group and any further impairment loss is required to be made against the carrying amount of the assets held by the subsidiary which was classified as held for sale.

(f) Books and records of subsidiaries established in the PRC for the period subsequent to the reporting date

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

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

- Interest in an associate with the carrying amount of HK$18,105,000;

- Trade and other receivables amounted to HK$44,512,000 (net of impairment losses recognised);

- Deposits paid amounted to HK$6,251,000; and

- Amounts due from customers for contract work of HK$18,882,000.

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

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

(g) Going concern basis of accounting

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

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

DISCLAIMER OF OPINION

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

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

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

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

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) Possible placing of unlisted warrant under specific mandate

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

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

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

GEARING RATIO

The gearing ratio calculated on the basis of total liabilities over the total shareholders' fund as at 31 March 2013 was approximately 131.1% (2012: 40.1%).

FOREIGN CURRENCY EXPOSURE

During the year ended 31 March 2013, the Group experienced only immaterial exchange rate fluctuations, as the Group's operations were mainly denominated in Hong Kong dollars and Renminbi. As the risk on exchange rate difference considered being minimal, the Group did not employ any financial instruments for hedging purposes.

NEW PRODUCTS AND SERVICES

The Group did not launch any new products or services during the period under review.

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

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

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

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

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

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

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

On 30 December 2010, the Company and an independent third party entered into a memorandum of understanding in respect of the possible acquisition of the entire issued share capital of Fame Thrive Limited, a company incorporated in the British Virgin Islands with limited liability. Pursuant to the memorandum of understanding, Fame Thrive Limited will implement a reorganisation whereby it will, directly or indirectly, establish a wholly-foreign owned enterprise in the PRC and such wholly-foreign owned enterprise will enter into a co-operation arrangement with 東大保險經紀有限責任公司 (unofficial English translation being Dongda Insurance Brokerage Company Limited) ("Dongda"), a company established in the PRC. Dongda provides property and life insurance professional insurance brokers services (such as engineering insurance, cargo transportation insurance liability insurance and group life insurance) and reinsurance brokers service.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

SEGMENT INFORMATION

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

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

The Group reports its business into three business segments namely:

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

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

EMPLOYEES AND REMUNERATION POLICIES

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

Employees' remunerations are determined in accordance with their experiences, competence, qualifications and nature of duties and the current market trend. Apart from the basic salary, discretionary bonus and other incentives may be offered to the employees of the Group to reward their performance and contributions. The emoluments of the Directors are determined by the remuneration committee of the Company having regard to the performance of the individuals and market trend.

The Group has not made any changes to its remuneration policy and no bonuses were granted to any of its executive Directors or employees during the year under review.

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

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

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

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

(b) On 12 March 2012, a High court Action No.1861 of 2011 was commenced by Joint China Value Investment Fund Limited ("**Joint China Value**") against the Company regarding a dishonoured cheque amounted to HK$16,500,000 issued by the Company. Subsequently, the Company obtained a court judgment that the action taken by Joint China Value was dismissed in October 2013, accordingly no provision for liabilities in this respect has been made in the consolidated financial statements.

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

IMPAIRMENT LOSS OF INTANGIBLE ASSETS

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

- All relevant legal approvals and business licences to operate the business would be obtained;
- There will be sufficient supply of technical staff;
- The business will retain competent staff to support its operations and development;
- There will be no major changes to the taxation laws where the business operates and the tax rates shall remain unchanged and all application laws and regulations will be complied with;

- There will be no major changes in the political, legal, economic or financial conditions where the business operates;

- Interest rates and exchange rates will not differ materially from those prevailing.

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

INVENTORIES

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

BOOKS AND RECORDS OF PRC SUBSIDIARIES SUBSEQUENT TO THE REPORTING DATE

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

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

GOING CONCERN BASIS OF ACCOUNTING

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

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

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

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

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules and the Code (as defined below).

The audit committee of the Company reviews the internal accounting procedures, considers and reports to the Board with respect to other auditing and accounting matters, including selection of independent auditors, fees to be paid to the independent auditors and the performance of the independent auditors. The audit committee of the Company held four meetings during the financial year ended 31 March 2013.

For the financial year ended 31 March 2013, the audit committee of the Company reviewed with senior management and the auditors of the Company their audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and financial reporting matters (including the unaudited quarterly and interim results and audited consolidated financial statements for the year ended 31 March 2013).

The audited consolidated results of the Group for the year ended 31 March 2013 have been reviewed by the audit committee of the Company who has also reviewed the matters raised by the auditors under the "Basis for Disclaimer Opinion" section above. The audit committee agreed with the Board on those matters raised by the auditors.

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

During the year ended 31 March 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("**Code**") contained in Appendix 15 to the GEM Listing Rules throughout the year ended 31 March 2013.

Pursuant to code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year under review, the role of chief executive officer was assumed by (i) Mr. Chan Yun Sang, who was an executive Director and the then chairman of the Board until 24 September 2012; and (ii) Mr. Liu Bo, who was an executive Director and the chairman of the Board from 24 September 2012 to 29 July 2014. As at the date of this announcement, the role of chairman and chief executive officer has been separated to Dr. Chew Chee Wah and Mr. Tam Kwok Leung respectively.

SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specified enquiry with the Directors, save as disclosed below, all the Directors confirmed that they had complied with the required standard of dealings for the year ended 31 March 2013.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the financial year ended 31 March 2013,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2013 as set out in the preliminary announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CCTH CPA Limited on this preliminary announcement.

By Order of the Board of
Tai Shing International (Holdings) Limited
Zhang He
Executive Director

Hong Kong, 25 August 2014

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

executive Directors:
Dr. Chew Chee Wah *(Chairman)*
Mr. Tam Kwok Leung *(Chief Executive Officer)*
Mr. Han Fangfa
Ms. Ju Lijun
Ms. Huang Miaochan
Mr. Zhang Jinshu
Mr. Luk Chi Shing
Ms. Zhang He
Mr. Lee Yiu Tung

non-executive Directors:
Dr. Pan Jin
Mr. Dai Yuanxin
Ms. Xiao Yongzhen

independent non-executive Directors:
Mr. Chan Yee Sze
Mr. Xu Jingbin
Ms. Hu Yun
Ms. Yuen Wai Man
Mr. Koh Kwing Chang
Mr. Lui Wai Ming

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