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 31ST MARCH 2011

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.

*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 document misleading.*

* *For identification purposes only*

RESULTS

The board of Directors ("**Board**") is pleased to present the audited consolidated financial information of the Group for the year ended 31st March 2011, together with the audited comparative figures for the corresponding year in 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Revenue	*4*	**50,167**	68,583
Cost of services		**(39,184)**	(52,278)
Gross profit		**10,983**	16,305
Other income	*4*	**13,960**	12,281
Selling and distribution expenses		**(6,628)**	(5,806)
Administrative expenses		**(51,866)**	(14,110)
Other expenses		**(12,821)**	(4,921)
Finance costs	*5*	**(1,049)**	(602)
Share of profit of associates		**123**	—
(Loss)/profit before taxation		**(47,298)**	3,147
Income tax (expense)/credit	*7*	**(252)**	497
(Loss)/profit for the year	*8*	**(47,550)**	3,644
Other comprehensive income/(expense) for the year			
Exchange difference arising on translation		**144**	(86)
Total comprehensive (expense)/income for the year		**(47,406)**	3,558
(Loss)/earnings per share	*10*		
— Basic		**(HK2.73 cents)**	HK0.33 cents
— Diluted		**N/A**	HK0.33 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Non-current assets			
Plant and equipment		**6,106**	1,887
Intangible assets		**143,543**	—
Interests in associates		**45,989**	—
Available-for-sale investments		**27,317**	—
Deposit paid for acquisition of intangible asset, plant and equipment		**18,500**	300
		241,455	2,187
Current assets			
Trade and other receivables and prepayments	*11*	**73,897**	51,955
Deposit for acquisition of a subsidiary	*12*	**—**	25,000
Amounts due from customers for contract work		**16,332**	24,014
Financial assets at fair value through profit or loss		**570**	529
Pledged bank deposits		**2,724**	1,106
Bank balances and cash		**17,490**	25,857
		111,013	128,461
Current liabilities			
Amounts due to customers for contract work		**12,095**	8,044
Trade and other payables	*13*	**67,114**	36,207
Receipts in advance		**5,724**	7,308
Warranty provision		**53**	947
Amount due to a substantial shareholder		**10,930**	9,152
Income tax payable		**3,711**	1,866
Bank borrowings		**11,954**	11,449
Obligations under finance leases		**961**	—
		112,542	74,973
Net current (liabilities)/assets		**(1,529)**	53,488
Total assets less current liabilities		**239,926**	55,675
Capital and reserves			
Share capital	*14*	**10,993**	6,529
Reserves		**225,536**	49,146
Total equity		**236,529**	55,675
Non-current liabilities			
Obligations under finance leases		**3,397**	—
		239,926	55,675

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2011

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

Notes:

(a) General reserve

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

(b) Capital reserve

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

(c) Share option reserve

The share option reserve relates to share options granted to employees under the Company's employee share option scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"). Other than the subsidiary established in the PRC whose functional currency is Renminbi ("**RMB**"), the functional currency of the Group is HK$.

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

The principal activities of the Group is the provision of systems development and integration services, the sales of software and hardware products and provision of professional services.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

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

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the HKICPA.

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

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

New and revised HKFRSs affecting the reported results and financial position

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

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

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

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

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

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

4. REVENUE AND OTHER INCOME

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

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

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

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

5. FINANCE COSTS

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

6. SEGMENT INFORMATION

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

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

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

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

(a) Segment revenues and results

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

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

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

Segment results represents the results of each segment without allocation of interest income, central administration costs and directors' remunerations, finance costs, and share of results of associates. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

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

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

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

- all major assets are allocated to reportable segments other than deposit paid for acquisition of plant and equipment, deposit paid for acquisition of a subsidiary, financial assets at fair value through profit or loss and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all major liabilities are allocated to reportable segments other than amount due to a substantial shareholder, payable for acquisition of a subsidiary (included in trade and other payables), income tax payable, bank borrowings and obligations under finance leases. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Geographical information

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

(d) Other segment information

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

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

Note: Non-current assets excluded financial instruments.

(e) Information about major customers

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

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

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

7. INCOME TAX (EXPENSE)/CREDIT

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

(i) Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there was no estimated assessable profit derived from Hong Kong in both years.

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

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

8. (LOSS)/PROFIT FOR THE YEAR

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

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

9. DIVIDENDS

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

10. (LOSS)/EARNINGS PER SHARE

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

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

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

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) At 31st March 2011 and 2010, the analysis of trade and bills receivables that were past due but not impaired are as follows:

			Past due but not impaired	
	Total	**Neither past due nor impaired**	**Not more than 90 days**	**More than 90 days but less than one year**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31st March 2011	26,812	7,712	—	19,100
31st March 2010	42,320	5,147	8,157	29,016

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

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

12. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

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

13. TRADE AND OTHER PAYABLES

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

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

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

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

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

14. SHARE CAPITAL

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

Notes:

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

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

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

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

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

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

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

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

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

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

For the year under review, the principal activities of the Group included (i) system development; and (ii) professional services.

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

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

BUSINESS OUTLOOK

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st March 2011, the shareholders' funds of the Group amounted to approximately HK$236.5 million (2010: HK$55.7 million). Current assets amounted to approximately HK$111 million (2010: HK$128.5 million), of which approximately HK$17.5 million (2010: HK$25.9 million) were cash and cash equivalents. Current liabilities were approximately HK$112.5 million (2010: HK$75 million) mainly comprised of trade and other payables, amounts due to customers for contract work and receipts in advance. Total borrowings of the Group as at 31st March 2011 were approximately HK$12 million (2010: 11.4 million) which were unsecured short-term bank loan with an effective interest rate of 6.666% (2010: 5.841%).

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

On 23rd April 2010, the Company announced the placing of 130,000,000 Shares beneficially owned by Wide Source at the price of HK$0.265 per Share, representing a discount of approximately 18.46% to the closing price of HK$0.325 per Share as quoted on the Stock Exchange on 23rd April 2010, and a discount of approximately 12.54% to the average closing price of HK$0.303 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 22nd April 2010, pursuant to a placing agreement between Wide Source, the Company and VC Brokerage and the subscription ("**Wide Source Subscription**") for 130,000,000 Shares by Wide Source pursuant to a subscription agreement between the Company and Wide Source dated 23rd April 2010. Pursuant to the Wide Source Subscription, the Company has allotted and issued a total of 130,000,000 Shares to Wide Source. The net proceeds from the Wide Source Subscription amounted to approximately HK$33.48 million which was intended to be used to finance future investments and/or for future business development. The net price of each Share issued was approximately HK$0.26 and the aggregate nominal value of the Shares issued was HK$650,000. As disclosed in the announcement of the Company dated 23rd April 2010, the placing of the Shares by Wide Source and the Wide Source Subscription represented an opportunity to enlarge the equity base of the Company. Out of such net proceeds, HK$27 million of which has been utilized for acquiring the entire issued share capital of High Pacific Limited, details of which are disclosed in the announcement of the Company dated 2nd July 2010 and the remaining net proceeds have been used as general working capital of the Group.

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

On 5th May 2010, the Company announced that it had entered into (i) the subscription agreement dated 5th May 2010 ("**Subscription Agreement I**") and entered into between the Company, Galaxy Fund I and VC Brokerage in relation to the subscription of 40,000,000 Shares by Galaxy Fund I at the price of HK$0.265 per Share; and (ii) the subscription agreement dated 5th May 2010 ("**Subscription Agreement II**", together with the Subscription Agreement I, the "**Subscription Agreements**") and entered into between the Company, Galaxy Fund II and VC Brokerage in relation to the subscription of 60,000,000 Subscription Shares by Galaxy Fund II at the price of HK$0.265 per Share, representing a discount of approximately 8.62% to the closing price of HK$0.29 per Share as quoted on the Stock Exchange on 5th May 2010, and a discount of approximately 12.03% to the average closing price of HK$0.30125 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 4th May 2010. 40,000,000 and 60,000,000 Shares were issued and allotted to Galaxy Fund I and Galaxy Fund II respectively. As disclosed in the announcement of the Company dated 5th May 2010, the subscription of the Subscription Agreements represented an opportunity to enlarge the equity base of the Company. Pursuant to the Subscription Agreements, the Company has allotted and issued a total of 100,000,000 Shares. The net proceeds received by the Company from the subscriptions under the Subscription Agreements (collectively, the "**Subscriptions**") amounted to approximately HK$26.5 million which was intended to be used to finance future investments and/or for future business development. The net price of each Share issued was approximately HK$0.26 and the aggregate nominal value of the Shares issued was HK$500,000. HK$20 million of the net proceeds from the Subscriptions were used to pay as earnest money to the prospective seller for the proposed acquisition of the entire issued share capital of Fame Thrive Limited pursuant to the addendum dated 6th May 2011 to the memorandum of understanding entered into between the Company and such prospective seller and the remaining net proceeds from the Subscriptions were used to pay as earnest money to Gold Tycoon Limited for the proposed acquisition of a controlling interest in Gold Depot Investments Limited pursuant to the addendum dated 17th May 2011 to the memorandum of broad terms entered into between the Company and Gold Tycoon Limited.

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

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

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

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

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

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

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

GEARING RATIO

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

FOREIGN CURRENCY EXPOSURE

During the year ended 31st March 2011, the Group experienced only immaterial exchange rate fluctuations, as the Group's operations were mainly denominated in Hong Kong dollars and Renminbi. As the risk on exchange rate difference considered being minimal, the Group did not employ any financial instruments for hedging purposes.

NEW PRODUCTS AND SERVICES

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SEGMENT INFORMATION

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

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

The Group reports its businesses in two business segments namely:

- systems development; and
- professional services.

Turnover generated from the PRC represented over 90% of the total turnover of the Group for the year ended 31st March 2011 and 2010.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March 2011, the Group had 19 and 109 (2010: 4 and 186) employees in Hong Kong and the PRC respectively, which included the Directors. Total staff costs including Directors' remuneration for the year under review amounting to approximately HK$36.4 million (2010: HK$21.2 million).

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

The Group has not made any changes to its remuneration policy and no bonuses were granted to any of its executive directors or employees for the year ended 31st March 2011, save that the Company has granted options to two Directors and two employees of the Group to subscribe an aggregate of 41,450,000 Shares.

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

CHANGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

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

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

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

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules.

The audit committee of the Company reviews the internal accounting procedures, considers and reports to the Board with respect to other auditing and accounting matters, including selection of independent auditors, fees to be paid to the independent auditors and the performance of the independent auditors. The audit committee of the Company held four meetings during the financial year ended 31st March 2011.

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

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

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

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

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 31st March 2011.

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

AUDITOR

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

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

By order of the Board
Tai Shing International (Holdings) Limited
Wong Chung Wai, Eric
Chairman and executive Director

Hong Kong, 30 June 2011

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

Executive Directors:
Mr. Wong Chung Wai, Eric *(Chairman)*
Mr. Chan Yun Sang
Mr. Choi King Lit
Mr. Han Fangfa

Non-executive Director:
Dr. Pan Jin

Independent non-executive Directors:
Mr. Yan Yonghong
Mr. Tang Sze Lok
Mr. Lee Kwok Yung
Mr. Chan Wai Kwong, Peter

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