MAXNERVA TECHNOLOGY SERVICES LIMITED
雲智匯科技服務有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1037)

RESULTS FOR THE YEAR ENDED 31 MARCH 2016

The board (the "**Board**") of directors (the "**Directors**") of Maxnerva Technology Services Limited (the "**Company**") would like to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2016 (the "**Financial Year**") together with the comparative figures of 2015.

RESULTS AND FINANCIAL REVIEW

During the year ended 31 March 2016, the Group has undertaken a significant change in its business focus, creating a new I.T. Integration and Solutions Services segment to serve the rapidly growing "Industry 4.0" market. As a consequence, the results for the year ended 31 March 2016 include businesses that have either been disposed of or discontinued. It is important for shareholders of the Company and potential investors to recognise this significant change in business focus when assessing the past performance of the Company and its future prospects.

For the year ended 31 March 2016, revenue of the Group was reported as HK$111.3 million (2015: restated HK$130.3 million), representing a decrease of 14.6% when compared with the last financial year. The Group recorded a consolidated gross loss from continuing operations of HK$28.0 million (2015: restated gross profit of HK$23.9 million).

After non-recurring items such as provision for impairment of inventories of approximately HK$26.3 million and impairment of property, plant and equipment of HK$7.8 million, the Group's loss from continuing operations was approximately HK$72.8 million as compared to a restated profit of approximately HK$3.9 million in the last financial year. The Group's loss for the year from discontinued operations was approximately HK$24.8 million (2015: restated HK$43.6 million).

INVENTORY AND TRADE RECEIVABLES

The inventory level decreased to approximately HK$43.3 million (2015: HK$116.3 million). Stock turnover was around 186 days (2015: 93 days). Trade receivables (excluding notes receivables) decreased by HK$53.9 million to approximately HK$26.9 million (2015: HK$80.8 million).

LIQUIDITY AND FINANCIAL RESOURCES

Cash and cash equivalents as at 31 March 2016 were approximately HK$216.2 million (2015: HK$71.7 million). Total available banking facilities of the Group were approximately HK$45.5 million (2015: HK$141.3 million), of which approximately HK$28.3 million were available for use (2015: HK$63.5 million). The Group had a net cash position as at 31 March 2016 and therefore the gearing ratio, which was defined as total borrowings after netting off cash and cash equivalents (net debt) to total capital (being total equity plus net debt) was not applicable as at 31 March 2016 (2015: 1.7%).

The Group's assets were mostly financed by shareholders' equity, trade payables and bank borrowings. Trade payables were repayable within one year. Bank borrowings comprised trade financing repayable within one year based on original contractual maturity.

Borrowings were mostly denominated in Hong Kong dollars and United State dollars ("US dollars"). The Group's cash and cash equivalents were denominated in Hong Kong dollars, US dollars, New Taiwanese dollars and Chinese Renminbi. Most of the Group's borrowings were interest-bearing at floating rates which were based on the HIBOR rate or London LIBOR rate. As a substantial part of trade payables and bank borrowings were denominated in Hong Kong dollars and US dollars, the exchange rate risk of the Group is not expected to be material. The Group did not use derivative financial instruments for speculative purposes.

CHANGE IN CONTROL AND DISCONTINUED OPERATIONS

On 29 April 2015, Mr. Lau Tak Wan ("**Mr. Lau**"), Ms. Chan Yuen Mei, Pinky ("**Ms. Chan**"), together with the entities controlled by them entered into a conditional sale and purchase agreement with Asia-IO Acquisition Fund, L.P. (the "**Offeror**") in respect of selling their entire equity interest in the Company, representing 55.17% of the Company's shares at that date at a consideration of approximately HK$276.0 million. On the same date, an entity controlled by Mr. Lau entered into a sale and purchase agreement with the Company in respect of the disposal of the Group's operating segments of electronic components distribution and personal computer products distribution, and certain property holding entities (the "**Disposal**").

The Company also entered into three separate share subscription agreements with the Offeror, Asia-IO Holdings Limited and Huatai Principal Investments Limited (the "**Parties**") pursuant to which the Company conditionally agreed to issue for a total of 225,000,000 new ordinary shares of the Company at HK$1.144 per share, representing a total amount of HK$257.4 million.

At the special general meeting held on 19 October 2015, independent shareholders duly passed the ordinary resolutions to approve these agreements and the declaration and distribution of a special dividend of HK$0.23 per ordinary share after the completion of these agreements. The transactions contemplated under these agreements were duly completed on 29 October 2015 and the consideration on the Disposal was agreed at approximately HK$102.4 million which was mainly used to distribute to shareholders as special dividend. The special dividend totaling approximately HK$100.6 million was paid to shareholders on 4 November 2015. Immediately upon completion of the agreements, the Offeror and parties acting in concert with it were interested in a total of 466,221,529 Shares, representing approximately 70.40% of the then issued share capital of the Company.

Immediately following closing of the mandatory unconditional cash offer, the Offeror and parties acting in concert with it were interested in an aggregate of 466,326,329 Shares, representing approximately 70.42% of the then issued share capital of the Company.

BUSINESS REVIEW

During the Financial Year, the Group has undertaken a significant change in its business focus after the Disposal. The Personal Computer Products Distribution and Electronics Components Distribution segments were discontinued, eliminating the Group's low margin operations. Therefore these two segments were classified as discontinued business in this results announcement.

After the Disposal, the Group is engaged in the following major businesses:

- I.T. Integration and Solutions Services; and
- Electronic Products Manufacturing.

I.T. Integration and Solutions Services

Being the cornerstone of a major change in direction for the Group, the I.T. Integration and Solutions Services segment commenced its operation in the second half of the Financial Year to serve the fast growing "Industry 4.0" market under which businesses are striving to drive efficiency through the digitalisation of their manufacturing processes. Four key drivers of digitalisation, namely: (i) the Internet of Things ("**IoT**") and the Cloud, (ii) Big Data, (iii) Artificial Intelligence and (iv) Robotics, have combined to drive significant increases in spending on Systems Integration solutions, which the Board believes will continue to offer the Group significant opportunities for future business development.

The newly launched segment generated revenue of approximately HK$17.2 million during the Financial Year, mainly from sales of I.T. products and provision of project-based system integration services in the area of smart factory and smart office initiatives.

Following shareholders' approval of various continuous connected transactions ("**CCT**") with Hon Hai Precision Industry Company Limited ("**Hon Hai**") and its group companies ("**Hon Hai Group**") on 29 February 2016, the Group secured a number of significant new orders from Hon Hai Group, to implement a series of Industry 4.0 Systems Integration projects across five of Hon Hai Group's production plants in the People's Republic of China ("**PRC**"). The financial benefit of these contracts is expected to be realised in the year ended 31 March 2017 and beyond. Further projects with Hon Hai Group and other customers are under negotiation currently.

Under the terms of the CCT, it was approved that revenue of no more than HK$3.1 billion, in aggregate, shall be generated from Hon Hai Group across the three financial years ended/(ending) 31 March 2016, 2017 and 2018. Concurrently, the Company has undertaken to generate at least 20% of its total revenue from customers other than Hon Hai and its associates for each of the financial years ended/(ending) 31 March 2016, 2017 and 2018 in order to diversify the Group's customer base.

In order to further enhance the Group's Industry 4.0 technological capability, the Group is actively exploring business collaborations with other leading industrial companies. For instance, the Group entered into a memorandum of understanding ("**MOU**") in relation to business collaboration with another leading global player in the I.T. industry (the "**Partner**"). Pursuant to the MOU, the Partner agreed to provide assistance to the Group on, among others, introducing executive talent, providing analytics tools and services, creating management systems and training programs for the Group's Industry 4.0 projects as well as providing subcontracting services in connection with Hon Hai's Industry 4.0 projects. In turn the Company will serve as a subcontractor to the Partner's Industry 4.0 projects. The Group is also actively participating in a number of marketing events for I.T. Integration and Solutions Services in both the public and commercial sectors in Hong Kong in order to broaden our customer base and increase revenues in the long term.

To spearhead this new business direction, Mr. Sung Mahn (Sam) Baker ("**Mr. Baker**"), a former senior IBM and Samsung Electronics executive, was appointed by the Board as the Group's chief executive officer ("**CEO**") in April 2016. Mr. Baker leads a growing team of senior executives drawn from some of the world's leading technology companies.

Electronic Products Manufacturing

The turnover of this segment decreased to approximately HK$94.1 million (2015: restated of HK$130.3 million), representing a drop of 27.8% when compared to last corresponding period. This segment suffered a loss of approximately HK$53.4 million (2015: restated profit of HK$3.9 million).

The segment aimed to concentrate on higher profit margin products and continued to eliminate unprofitable products during the Financial Year. This was especially spurred by the global economic slow down from the fourth quarter of 2015 when the electronic products markets suffered rapidly, leading to a drop in market demand and sales orders of electronic components in Hong Kong and the PRC. Due to these deteriorating market conditions and keen competition in the Hong Kong and the PRC markets, revenue and gross profit margin decreased resulting in an operating loss.

The condition of inventories at the end of the Financial Year was reviewed and assessed. Part of the inventories had become unmarketable due to the decrease of sales orders and sales forecast. Furthermore, the lease of the existing factory plant will expire in 2017 and relocation may be necessary. Certain inventories and some plant, machinery and equipment may need to be disposed of compulsorily. In consideration of these issues, there are provision for impairment of inventories of approximately HK$26.3 million and impairment of property, plant and equipment of approximately HK$7.8 million at the end of the Financial Year.

This segment had focused on the professional production of telecommunication modules in mobile phone infrastructures. During the Financial Year, as a result of changes of product design and revision of models of a major customer, the total sales orders and revenue dropped, though the level of sales orders have returned to normal towards the end of the Financial Year. The plant is equipped with surface mount technology ("**SMT**") production lines with nitrogen filled reflow furnaces and precision quality assurance equipment in antistatic clean room. The production team adopted certain automation processes and streamlined the production cycle with better customer communication, quality control and logistics.

FUTURE PROSPECTS

The management is optimistic about the prospects for the I.T. Integration and Solutions Services segment, which spans the provision of system and network integration, I.T. solutions development and implementation, and related maintenance services. The management is positive on the outlook for this new segment due to significant "Industry 4.0" growth drivers in the PRC and globally, including:

(i) the Chinese Government's "Made in China 2025" plan to upgrade China's industry; and

(ii) the rapid development of the IoT market and the industrial internet services market, which the management expects will generate increasing demand for the Group's I.T. Integration and Solutions Services.

In the Electronics Products Manufacturing segment, the increases in minimum wages, social welfare payments and social insurance in the PRC continue to impose burden on the cost of production. The Group will continue to invest in automation to ease labor costs and to improve consistency in quality and efficiency of production.

Across the Group, the management will continue to manage risks cautiously and is well-prepared to withstand rapid changes and future challenges in the economic environment. The Group will actively pursue business opportunities in order to maximise shareholders' value.

EVENTS AFTER REPORTING DATE

There were no material events after 31 March 2016.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in this announcement, the Group did not make any material acquisition or disposal of subsidiaries during the Financial Year.

CHARGES ON ASSETS

There were no charges on the Group's assets as at 31 March 2016 (2015: Nil).

CONTINGENT LIABILITIES

As at 31 March 2016, there were no contingent liabilities noted by the Directors (2015: Nil).

DIVIDENDS

During the year ended 31 March 2016, the Company declared and paid a special dividend of HK23 cents (2015: HK5 cents) per ordinary share totaling approximately HK$100,565,000 (2015: HK$21,862,000).

The Directors did not recommend any final dividend for the year ended 31 March 2016.

EMPLOYEES

As at 31 March 2016, the Group employed a total of approximately 450 employees (2015: 600 employees) located in Hong Kong, the PRC and Taiwan.

The Board believes that the Group's remuneration policy is in line with the prevailing market practices and is determined on the basis of performance and experience of the individuals. Sales personnel are remunerated by salaries and incentives in accordance with the achievement of their sales target. General staff are offered year-end discretionary bonuses, which are based on the divisional performance and individual appraisals. The Group also provides a Mandatory Provident Fund and medical benefits to all Hong Kong employees.

The Group is committed to devote more resources in providing internal and external training to the employees. In addition to sending staff to participate in seminars and lectures, the Group continues recommending that qualified staff take part in professional courses such as the ISO9000 Quality Systems. The training programs not only enhance employees' career development and professional knowledge, but also contribute to enhancing the management system of the Group.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2016

	Note	**2016** *HK$'000*	2015 *HK$'000* (Restated)
Continuing operations			
Revenue	*3*	**111,317**	130,310
Cost of sales			
– impairment of inventories, and property, plant and equipment		**(34,110)**	(843)
– others		**(105,197)**	(105,603)
	5	**(139,307)**	(106,446)
Gross (loss)/profit		**(27,990)**	23,864
Other income		**180**	39
Selling and distribution expenses	*5*	**(5,816)**	(4,529)
General and administrative expenses	*5*	**(38,072)**	(15,234)
Other losses, net	*4*	**(308)**	(55)
Operating (loss)/profit		**(72,006)**	4,085
Finance income	*6*	**43**	183
Finance costs	*6*	**(526)**	(788)
(Loss)/profit before income tax		**(72,489)**	3,480
Income tax (expense)/credit	*7*	**(319)**	423
(Loss)/profit for the year from continuing operations		**(72,808)**	3,903
Discontinued operations			
Loss for the year from discontinued operations	*11*	**(24,791)**	(43,627)
Loss for the year		**(97,599)**	(39,724)

	Note	**2016**	2015
		HK$'000	*HK$'000*
			(Restated)
Attributable to equity holders of the Company arising from:			
Continuing operations		**(72,808)**	3,903
Discontinued operations		**(24,791)**	(43,627)
		(97,599)	(39,724)
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company during the year			
Basic and diluted	*8*		
From continuing operations		**(13.70)**	0.89
From discontinued operations		**(4.66)**	(9.98)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Comprehensive loss:		
Loss for the year	**(97,599)**	(39,724)
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Release of exchange reserve upon disposal of subsidiaries	**16,785**	–
Currency translation differences	**(3,763)**	(9,041)
Fair value gains on available-for-sale financial assets	**390**	143
Items that will not be subsequently reclassified to profit or loss		
Revaluation gains on land and buildings, net of tax	**736**	17,163
Other comprehensive income for the year, net of tax	**14,148**	8,265
Total comprehensive loss for the year	**(83,451)**	(31,459)
Total comprehensive (loss)/income attributable to equity holders of the Company arising from:		
Continuing operations	**(72,818)**	27,542
Discontinued operations	**(10,633)**	(59,001)
	(83,451)	(31,459)

CONSOLIDATED BALANCE SHEET

As at 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Intangible assets		**1,680**	–
Property, plant and equipment		**3,946**	39,546
Investment properties		**–**	3,540
Land use rights		**–**	2,092
Available-for-sale financial assets		**–**	14,088
Deferred income tax assets		**–**	115
Other long-term assets		**1,767**	3,564
		7,393	62,945
Current assets			
Inventories		**43,265**	116,250
Trade and notes receivables	*9*	**26,857**	92,286
Prepayments, deposits and other receivables		**32,859**	11,396
Tax recoverable		**–**	1,049
Cash and cash equivalents		**216,177**	71,669
		319,158	292,650
Total assets		**326,551**	355,595
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**66,224**	43,724
Share premium		**234,640**	–
Reserves		**(41,439)**	142,577
		259,425	186,301
Non-controlling interests		**–**	215
Total equity		**259,425**	186,516

	Note	2016 HK$'000	2015 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**–**	12,311
Current liabilities			
Borrowings		**17,191**	74,805
Trade payables	*10*	**40,788**	57,930
Accruals and other payables		**9,147**	24,033
		67,126	156,768
Total liabilities		**67,126**	169,079
Total equity and liabilities		**326,551**	355,595

Notes:

1 GENERAL INFORMATION

Maxnerva Technology Services Limited (formerly known as Daiwa Associate Holdings Limited) (the "Company"), together with its subsidiaries, (the "Group") is a limited liability company incorporated in Bermuda on 3 February 1994 as an exempted company under Companies Act 1981 of Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 14 April 1994.

On 29 October 2015, Mr. Lau and Ms. Chan (being spouse to each other and collectively, the controlling shareholders) disposed of their entire beneficial equity interests in the Company, representing 55.17% of the Company's then issued share capital to the Offeror for a consideration of approximately HK$275,957,000.

Inter-conditional to the disposal of shares described above, the Company issued 225,000,000 ordinary shares to Asia-IO and two other third parties for proceeds of HK$257,400,000 on 29 October 2015. In addition, the Group disposed of its 100% equity interests in Daiwa BVI Limited and its subsidiaries (the "Disposal Group") on the same date to an entity wholly owned by Mr. Lau, at a consideration of HK$102,376,000. The operating segments of distribution of electronic components and personal computer products distribution were managed under the Disposal Group and had been classified as discontinued operations as a result of the Disposal. Further details of the Disposal and discontinued operations are set out in Note 11.

During the year, the Group also commenced businesses of the provision of system and network integration, I.T. solutions development and implementation, and related maintenance services. These, together with the Group's continuing operations in electronic products manufacturing, represents the Group's principal activities subsequent to the Disposal.

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, investment properties and land and buildings classified as property, plant and equipment, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Effect of adopting amendments to existing standards

The following amendments to existing standards are relevant to the Group's operations and mandatory for its accounting periods beginning on or after 1 April 2015:

HKAS 19 (Amendment)	Defined benefit plans: employee contribution
Annual Improvements Project	Annual improvements 2010-2012 cycle
Annual Improvements Project	Annual improvements 2011-2013 cycle

The adoption of these amendments to standards did not have any significant impact on the results and financial position of the Group.

(b) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following published standards and amendments to existing standards are mandatory for the Group's accounting periods beginning on 1 April 2016 and have not been early adopted by the Group:

HKAS 1 (Amendment)	Disclosure initiative[1]
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation[1]
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants[1]
HKAS 27 (Amendment)	Equity method in separate financial statements[1]
HKFRS 10 and HKAS 28 (Amendment)	Sale and contribution of assets between an investor and its associate or joint venture[4]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception[1]
HKFRS 11 (Amendment)	Accounting for acquisition of interests in joint operation[1]
HKFRS 9	Financial instruments[2]
HKFRS 14	Regulatory deferral accounts[1]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[3]
Annual Improvements Project	Annual improvements 2012-2014 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 A date to be determined

Management is in the process of making an assessment of the impact of these new standards and amendments to existing standards and is not yet in a position to state whether they will have a significant impact on the Group's results and financial position.

(c) In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(d) As a result of the discontinued operations mentioned in Note 1 and Note 3 during the year, comparative figures of the consolidated income statement and consolidated statement of comprehensive income in prior year have been restated to conform to the presentation of the current year. These restatements have no impact on the Group's total equity as at 31 March 2015 and 1 April 2014, or on the Group's results for the year ended 31 March 2015.

3 REVENUE AND SEGMENT INFORMATION

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Turnover		
Sales of goods	**107,929**	130,310
Rendering of services	**3,388**	–
	111,317	130,310

Segment information

During the year, the operating segments of Electronic Components Distribution and Personal Computer Products Distribution were classified as discontinued operations as a result of the Disposal taken place on 29 October 2015. The discontinued operations have resulted in a change in the Group's structure and therefore its composition of reporting segment. The comparative figures of segment disclosure has been restated to conform to current year's presentation. In addition, the businesses of provision of system and network integration, I.T. solutions development and implementation, and related maintenance services commenced during the year.

The chief operating decision maker has been identified as the executive directors (collectively referred to as the "**Chief Operating Decision Maker**" or "**CODM**") that make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from the perspective of the nature of operations and the type of products or services, and considers that the Group mainly has two operating segments, namely "Electronic Products Manufacturing segment" and "I.T. Integration and Solutions Services segment", the latter is related to the new businesses which commenced during the year.

Each of the Group's operating segments represents a strategic business unit that is managed by the respective business unit leaders. CODM assesses the performance of the operating segments based on a measure of profit before income tax. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Assets of reportable segments exclude deferred income tax assets, available-for-sale financial assets and corporate assets (mainly including certain corporate properties and equipment and corporate cash and cash equivalents), all of which are managed on a central basis. Liabilities of reportable segments exclude current and deferred income tax liabilities, corporate borrowings and other corporate liabilities. These are part of the reconciliation to total balance sheet assets and liabilities.

	Year ended 31 March 2016		
	Electronic Products Manufacturing	**I.T. Integration and Solutions Services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Turnover			
Sales of goods	**94,127**	**13,802**	**107,929**
Rendering of services	**–**	**3,388**	**3,388**
	94,127	**17,190**	**111,317**
Results of reportable segments	**(53,418)**	**(629)**	**(54,047)**

A reconciliation of results of reportable segments to loss for the year is as follows:

Results of reportable segments	**(54,047)**
Unallocated expenses *(Note (a))*	**(17,959)**
Operating loss	**(72,006)**
Finance costs – net	**(483)**
Loss before income tax	**(72,489)**
Income tax expense	**(319)**
Loss for the year	**(72,808)**

Other segment information:			
Capital expenditures	**2,241**	**1,198**	**3,439**
Depreciation of property, plant and equipment	**2,983**	**173**	**3,156**
Amortisation of intangible assets	**–**	**153**	**153**
Impairment losses of property, plant and equipment	**7,844**	**–**	**7,844**
Provision for impairment of inventories	**26,266**	**–**	**26,266**

Note:

(a) Unallocated expenses mainly include salaries, legal and professional fees and other operating expenses incurred at corporate level.

	As at 31 March 2016		
	Electronic Products Manufacturing	**I.T. Integration and Solutions Services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment assets			
Segment assets	74,288	173,627	247,915
Other unallocated assets *(Note a)*			78,636
Total assets per consolidated balance sheet			326,551
Segment liabilities			
Segment liabilities	28,801	35,883	64,684
Other unallocated liabilities *(Note b)*			2,442
Total liabilities per consolidated balance sheet			67,126

Notes:

(a) As at 31 March 2016, other unallocated assets mainly included furniture, fixtures and equipment and cash and cash equivalents for corporate usage.

(b) As at 31 March 2016, other unallocated liabilities mainly included accruals and other payables for corporate expenses.

	Year ended 31 March 2015 (Restated)		
	Electronic Products Manufacturing	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
Sales of goods	130,310	–	130,310
Result of reportable segment	3,939	–	3,939
Result of reportable segment			3,939
Unallocated income			163
Unallocated expenses			(17)
Operating profit			4,085
Finance costs – net			(605)
Profit before income tax			3,480
Income tax credit			423
Profit for the year			3,903
Other segment information:			
Capital expenditures	842	153	995
Depreciation of property, plant and equipment	4,643	–	4,643
Provision for impairment of inventories	843	–	843

	As at 31 March 2015 (Restated)	
	Electronic Products Manufacturing	Total
	HK$'000	*HK$'000*
Segment assets		
Segment assets	96,253	96,253
Deferred income tax assets		115
Available-for-sale financial assets		14,088
Assets related to discontinued operations and other unallocated assets *(Note a)*		245,139
Total assets per consolidated balance sheet		355,595
Segment liabilities		
Segment liabilities	43,957	43,957
Deferred income tax liabilities		12,311
Liabilities related to discontinued operations and other unallocated liabilities *(Note b)*		112,811
Total liabilities per consolidated balance sheet		169,079

Notes:

(a) As at 31 March 2015, other unallocated assets mainly included land and buildings in respect of office premises, and cash and cash equivalents for corporate usage. Depreciation charge in respect of factory and office premises is included in the related segment results. Assets related to discontinued operations mainly included outstanding receivables and inventories.

(b) As at 31 March 2015, other unallocated liabilities mainly included corporate borrowings. Liabilities related to discontinued operations mainly included outstanding borrowings and trade payables.

Revenue from external customers on the basis of customers' locations is analysed as follows:

	Revenue from external customers	
	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**235**	305
The PRC	**40,799**	52,196
North America	**2,789**	3,362
Europe	**57,712**	69,231
Other Asian countries	**9,782**	5,216
	111,317	130,310

Revenue of approximately HK$62,106,000 (2015: HK$68,331,000), representing 55.8% (2015: 52.4%) of the Group's total revenue, is derived from a single external customer.

During the year ended 31 March 2015, capital expenditure incurred in Hong Kong and other locations (mainly in the PRC and Canada) amounted to approximately HK$153,000 and HK$842,000, respectively. During the year ended 31 March 2016, all capital expenditure were incurred in the PRC.

At 31 March 2015, non-current assets other than other long-term assets and deferred income tax assets (there are no employment benefit assets) located in Hong Kong and other locations (mainly in the PRC and Canada) amounted to approximately HK$25,339,000 and HK$19,839,000, respectively. As at 31 March 2016, all these assets were located in the PRC.

4 OTHER LOSSES, NET

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Net exchange losses	**308**	55

5 EXPENSES BY NATURE

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Changes in inventories of finished goods and work-in-progress	**1,890**	(2,172)
Trading merchandise sold	**11,401**	–
Raw materials and consumables used	**71,645**	77,835
Auditor's remuneration		
– Audit services	**1,900**	1,992
– Audit-related services	**1,700**	–
– Non-audit services	**111**	37
Amortisation	**153**	–
Depreciation	**3,156**	4,643
Impairment of property, plant and equipment *(Note a)*	**7,844**	–
Provision for impairment of inventories *(Note b)*	**26,266**	843
Employment benefit expenses (including directors' emoluments)	**35,566**	33,584
Legal and professional fees	**7,400**	382
Operating lease rental in respect of land and buildings	**3,271**	997
Travelling and office expenses	**4,125**	2,873
Transportation expenses	**2,681**	2,537
Advertising expenses	**165**	13
Repairs and maintenance expenses	**1,983**	1,459
Other expenses	**1,938**	1,186
	183,195	126,209
Representing:		
Cost of sales	**139,307**	106,446
Selling and distribution expenses	**5,816**	4,529
General and administrative expenses	**38,072**	15,234
	183,195	126,209

Notes:

(a) During the second half of the year ended 31 March 2016, the business performance of the Electronic Products Manufacturing segment experienced a significant decline amid the increasing uncertainties surrounding the global economic environment and the resulting deterioration of customers' business. An impairment assessment has been performed by management on the property, plant and equipment of this segment and impairment of HK$7,844,000 was made on these assets.

(b) During the year ended 31 March 2016, the entire additional provision for impairment of inventory was related to the Electronic Products Manufacturing segment in the Group's continuing operations, primarily arising from loss of customers during the year leading to certain inventories specifically tailored for these customers not expected to be realisable.

6 FINANCE COSTS – NET

	2016 *HK$'000*	2015 *HK$'000* (Restated)
Interest income from bank deposits	**43**	183
Interest expense on bank loans	**(526)**	(788)
Finance costs – net	**(483)**	(605)

7 INCOME TAX EXPENSE/(CREDIT)

The Company is exempted from taxation in Bermuda. Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. Group companies established and operating in PRC and Taiwan are subject to corporate income tax at the rate of 25% and 17%, respectively (2015: 25% and 17%, respectively.)

	2016 *HK$'000*	2015 *HK$'000* (Restated)
Current taxation		
– Hong Kong profits tax	**–**	56
– PRC corporate income tax	**319**	431
Over-provision in prior years	**–**	(910)
	319	(423)

8 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2016	2015
	HK$'000	*HK$'000*
Loss attributable to equity holders of the Company	**(97,599)**	(39,724)
Excluding:		
Loss from discontinued operations attributable to equity holders of the Company	**24,791**	43,627
(Loss)/profit from continuing operations attributable to equity holders of the Company	**(72,808)**	3,903

	2016	2015
Weighted average number of ordinary shares in issue *('000)*	**531,555**	437,239
Basic (loss)/earnings per share *(rounded to HK cents)*		
– Continuing operations	**(13.70)**	0.89
– Discontinued operations	**(4.66)**	(9.98)
	(18.36)	(9.09)

(b) Diluted

Dilutive (loss)/earnings per share is of the same amount as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the year.

9 TRADE AND NOTES RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables		
– third parties	**38,167**	103,531
– related parties	**5,346**	–
	43,513	103,531
Less: provision for impairment	**(16,656)**	(22,715)
	26,857	80,816
Notes receivable	**–**	11,470
	26,857	92,286

Note:

Majority of the Group's sales are made with credit terms generally ranging from 30 days to 90 days. The ageing analysis of trade receivables by the dates on which the relevant sales were made is as follows:

	2016	2015
	HK$'000	*HK$'000*
Less than 60 days	**22,226**	66,591
60 days to 120 days	**4,631**	12,049
Over 120 days	**16,656**	24,891
	43,513	103,531

During the year ended 31 March 2016, no provision for impairment of trade receivables in respect of the Group's continuing operations and discontinued operations were made (2015: provision of HK$598,000 for continuing operations and HK$723,000 for discontinued operations).

10 TRADE PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables		
– third parties	**36,018**	57,930
– related parties	**4,770**	–
	40,788	57,930

The majority of the suppliers grant credit period ranging from 30 to 60 days.

The ageing analysis of trade payables is as follows:

	2016	2015
	HK$'000	*HK$'000*
Less than 60 days	**32,536**	47,269
60 days to 120 days	**8,252**	10,506
Over 120 days	**–**	155
	40,788	57,930

11 DISCONTINUED OPERATIONS

On 29 October 2015, the Group disposed of its 100% equity interests in the Disposal Group to an entity wholly owned by Mr. Lau at a consideration equivalent to the net asset value of the Disposal Group as of 31 August 2015, which was mutually agreed at an amount of HK$102,376,000. The operating segments of distribution of electronic components and personal computer products distribution were managed under the Disposal Group and had been classified as discontinued operations for the year ended 31 March 2016, as a result of the Disposal. In addition, the Disposal Group was also involved in property holding and provision of certain central management functions to the Group.

The relevant results are presented as discontinued operations in the consolidated income statement. Comparative figures have been restated.

During the year, the Group also commenced businesses of provision of system and network integration, I.T. solutions development and implementation, and related maintenance services. These, together with the Group's continuing operations in electronic products manufacturing, represents the Group's principal activities subsequent to the Disposal.

The results of these discontinued operations for the period from 1 April 2015 to 29 October 2015 (the date of Disposal) and for the year ended 31 March 2015 are set out below:

	Period from 1 April 2015 to 29 October 2015	2015
	HK$'000	*HK$'000*
Revenue	**216,794**	400,816
Expenses	**(222,448)**	(434,320)
Loss on disposal of the Disposal Group	**(18,577)**	–
Loss before income tax	**(24,231)**	(33,504)
Income tax expense	**(560)**	(10,123)
Loss for the period/year from discontinued operations	**(24,791)**	(43,627)

Exchange reserve amounting to HK$16,785,000 released upon disposal of subsidiaries was included as part of the loss on disposal.

12 COMMITMENTS

At 31 March 2016 and 2015, the future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases were as follows:

	2016	2015
	HK$'000	*HK$'000*
Not later than one year	**905**	3,523
Later than one year and not later than three years	**1,637**	6,527
	2,542	10,050

Generally, the Group's operating leases are for terms of one to three years.

The Group did not have other significant commitments at 31 March 2016 and 2015.

13 DIVIDENDS

During the year ended 31 March 2016, the Company declared and paid a special dividend of HK23 cents (2015: HK5 cents) per ordinary share totaling approximately HK$100,565,000 (2015: HK$21,862,000).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "**Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 March 2016, save for the following deviations:

Code Provision A.2.1

Under the Code provision A.2.1, the roles of the chairman and CEO should be separated and should not be performed by the same individual.

During the financial period and up to 3 November 2015, Mr. Lau was the Chairman of the Board and the president of the Company. In the opinion of the Board at that time, the role of the president and the CEO was the same. The then Board considered that such arrangement provided the Group with strong and consistent leadership and allowed for efficient and effective business planning and execution. Since 3 November 2015, Mr. Hui Lap Shun John assumed the position of Chairman and acting CEO of the Company in the course of recruiting the appropriate CEO. Mr. Baker was subsequently appointed as CEO as well as executive director on 12 April 2016. Code provision A.2.1 has been complied since then.

Code Provision F.1.1

Mr. Tsang Hing Bun ("**Mr. Tsang**") was appointed as company secretary of the Company with effect from 3 November 2015. Although Mr. Tsang is not an employee of the Company as required under Code provision F.1.1 of the Code, the Company has assigned Mr. Tse Tik Yang, Denis, the executive Director, as the contact person with Mr. Tsang. Information in relation to the performance, financial position and other major developments and affairs of the Group are speedily delivered to Mr. Tsang through the contact person assigned. Hence, all Directors are still considered to have access to the advice and services of the company secretary of the Company in light of the above arrangement in accordance with Code provision F.1.4 of the Code. Having in place a mechanism that Mr. Tsang will get hold of the Group's development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Tsang as the company secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations. For the year ended 31 March 2016, Mr. Tsang has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of the Listing Rules (the "**Model Code**") as its code of conduct regarding directors' securities transactions. Having made specific enquiry with all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code as provided in Appendix 10 of the Listing Rules for the year ended 31 March 2016.

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

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

AUDIT COMMITTEE

The currently comprises three independent non-executive Directors, Mr. Tang Tin Lok Stephen, Mr. Kan Ji Ran Laurie and Mr. Chen Timothy. The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed with the management internal control and financial reporting matters of the Company, including the review of the Group's audited consolidated financial results for the Financial Year.

REVIEW OF ANNUAL RESULTS

The figures in respect of the Group's results for the year ended 31 March 2016 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Financial Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 March 2016 containing all the information required by Appendix 16 of the Listing Rules will be despatched to the shareholders and available on the Company's website (www.maxnerva.com) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

By order of the Board
Maxnerva Technology Services Limited
HUI LAP SHUN, JOHN
Chairman

Hong Kong, 30 June 2016

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Hui Lap Shun John, Mr. Chien Yi-Pin Mark, Mr. Sung Mahn (Sam) Baker, Mr. Tse Tik Yang Denis, Mr. Ryu Young Sang James and Mr. Fung Wai Ching, and three independent non-executive Directors, namely Mr. Tang Tin Lok Stephen, Mr. Kan Ji Ran Laurie and Mr. Chen Timothy.