MAXNERVA
雲智匯科技服務

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

(Incorporated in Bermuda with limited liability)

(Stock code: 1037)

ANNUAL RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

SUMMARY AND HIGHLIGHTS

For the nine months ended 31 December 2017:

- We changed the financial year end date from 31 March to 31 December and reporting currency from Hong Kong dollars to Chinese Yuan.
- We disposed of the Electronic Products Manufacturing business at a cash consideration of HK$14.0 million (equivalent to RMB11.8 million) with a disposal gain of RMB21.9 million and the Information Technology ("**I.T.**") Integration and Solutions Services business becomes our sole and continuing operations.
- Revenue from the continuing operations was approximately RMB335.4 million compared to approximately RMB344.6 million for the year ended 31 March 2017.
- Net profit from the continuing operations was approximately RMB42.7 million compared to approximately RMB91.6 million for the year ended 31 March 2017.
- The Board does not recommend the payment of a final dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

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**" or "**we**") for the nine months ended 31 December 2017 (the "**Reporting Period**") together with the comparative figures of the twelve months ended 31 March 2017.

Results and Financial Review

We changed the financial year end date from 31 March to 31 December to align the financial year end date with our major operating subsidiaries in the People's Republic of China ("**PRC**" or "**China**") which are statutorily required to have their financial year end date set at 31 December. Accordingly, the current financial period of the Group covers a nine months period from 1 April 2017 to 31 December 2017 with the comparative period of a full year from 1 April 2016 to 31 March 2017. We changed our presentation currency from Hong Kong dollars ("**HK$**") to Chinese Yuan ("**RMB**") merely to reflect that China is our most important and major market and RMB is our major currency for business transactions. During the Reporting Period, the Group disposed of its Electronic Products Manufacturing business. The operating results of Electronic Products Manufacturing business is presented separately as discontinued operations in the consolidated income statement. Thereafter, the I.T. Integration and Solutions Services business becomes our sole and continuing operations. Comparative figures were re-presented to reflect the change in reporting currency and the operating results of the continuing operations last year.

For the Reporting Period, revenue and gross profit from continuing operations were approximately RMB335.4 million (31 March 2017: RMB344.6 million) and RMB104.9 million (31 March 2017: RMB147.1 million) respectively. Profits from continuing and discontinued operations were approximately RMB42.7 million and RMB6.5 million respectively. The profit of discontinued operations, namely the Electronic Products Manufacturing business, consisted of a disposal gain of RMB21.9 million and an operating loss of RMB15.4 million for the Reporting Period. For details of the discontinued operations, please refer to the section "Business Review" below. All in all, the Group's net profit was approximately RMB49.2 million for the Reporting Period as compared to a net profit of approximately RMB65.8 million for the twelve months ended 31 March 2017. The decrease in revenue and profit of the continuing operations was mainly due to (i) the current financial period only covered nine months of operation versus twelve months for the comparative figures; (ii) change of sales mix with more revenue generated from other Internet-of-things ("**IoT**") solution businesses with lower margins; and (iii) the increase in operating expenses including staff costs, rental expenses and marketing expenses as a result of the expansion of our operation for the I.T. Integration and Solutions Services business. Our headcounts for continuing operations were more than doubled from 197 staff as at 31 March 2017 to 483 people as at 31 December 2017.

Inventory and Trade Receivables

As at 31 December 2017, the inventory level was approximately RMB24.2 million (31 March 2017: RMB22.6 million). Trade receivable was approximately RMB232.9 million (31 March 2017: RMB146.0 million). Such increase in trade receivable was attributable to significant amount of sales were made to a number of customers near year end.

In particular, we had delivered a significant amount of products to a US customer in the second half of 2017. This customer soft-launched their third generation product during thanksgiving and Christmas season in 2017. Since the software and related platform were required to fine-tune after they received feedbacks from end customers, the promotion of this product was only started in late February this year after the upgrade was done. With the delay of actual product launch, certain receivable from this customer was overdue as at 31 December 2017. Since the actual sales amount of this product have been encouraging since late February this year and we believe the sales volume in the second quarter will be crucial for this US customer, we remain confident that the receivable from this US customer will be recovered. Nevertheless, we will closely monitor the business situation of this customer and continue to evaluate their ability to settle the receivable in the coming few months.

Key Financial Performance

The above financial data were chosen to be presented in this announcement as they represent a material financial impact on the financial statements of the Group for the current financial period and/or the previous financial year, that a change of which could affect the revenue and profit conspicuously. It is believed that by presenting the changes of these financial data can effectively explain the financial performance of the Group for the Reporting Period.

Liquidity and Financial Resources

We had a net cash position as at 31 December 2017. Cash and cash equivalents and short-term bank deposit as at 31 December 2017 were approximately RMB173.8 million (31 March 2017: RMB194.6 million). As at 31 December 2017, our total assets of approximately RMB509.1 million were financed by total liabilities of approximately RMB180.2 million and shareholders' equity of approximately RMB328.9 million. We had a current ratio of approximately 2.75. Trade payables were repayable within one year. As at 31 December 2017, no banking facilities is available to the Group (31 March 2017: RMB51.0 million, of which approximately RMB16.5 million has been utilised by the Group) and we had no bank borrowings for the continuing operations.

Treasury Policy

We generally financed our operations with internally generated resources. We have adopted a prudent management approach for our treasury policies and therefore maintained a healthy liquidity position throughout the Reporting Period. We strive to reduce credit risk exposure by performing periodic credit evaluations of our external customers.

Foreign Exchange Exposure

We mainly operate in Hong Kong, Taiwan and Mainland China with most of the transactions settled in HK$, RMB, United States dollars ("**USD**") and New Taiwanese dollars ("**NTD**"). We are exposed to foreign exchange risk from various currencies, primarily with respect to USD. Management has a policy to require group companies to manage their foreign exchange risk against their functional currencies. It mainly includes managing the exposures arising from sales and purchases made by the relevant group companies in currencies other than their own functional currencies. We also manage our foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and would consider the use of foreign exchange contracts to manage our foreign exchange risks, where appropriate. We did not use derivative financial instruments for speculative purposes.

BUSINESS REVIEW

I.T. Integration and Solutions Services — Continuing Operations

The Group is committed to providing one-stop customised solutions services ranging from planning, sourcing, installation, consulting to maintenance and support for smart manufacturing and other IoT solutions.

Smart Manufacturing Solutions

We provide full range of smart manufacturing solutions to our customers, including but not limited to equipment automation and smart devices, industrial internet connection, manufacturing management systems, business decision and intelligence systems, and predictive analytic systems. Our solutions seamlessly connect operational technology and information technology to enable smart processes that utilised the power of data analytics to lower costs and increase operational effectiveness. All lines of business from sales, customer services and human resources, to procurement, production, logistics, finance and research and development ("**R&D**") can be digitalised to improve efficiency and performance. With years of domain knowledge in manufacturing industry and limited number of domestic competitors which are able to provide full range of solutions, we are able to enjoy higher margins for providing smart manufacturing solutions to our customers.

However, Industry 4.0 is a relative new concept which was only initiated to German government in 2012, followed by the issuance of "Made in China 2025" blueprint by the Chinese government in 2015. Aggressive manufacturers, including Hon Hai Precision Industry Company Limited and its subsidiaries (collectively "**Hon Hai Group**"), have fully embraced the idea in a bid to increase their productivity and competitiveness, the majority of the rest remains conservative. Therefore, we mainly focused on providing our smart manufacturing solutions to Hon Hai Group for a number of trial projects in 2016 and early 2017. However, sizeable and profitable projects from Hon Hai Group reached a short term peak in 2016 and a drop of sales from this single customer was recorded in 2017. In wake of this, we redefined our target markets in early 2017 and focused to promote our smart manufacturing solutions to selective independent customers in a handful of industries. We have been marketing our smart manufacturing solutions aggressively and making progresses. To raise our company's profile in this field, we also held our first "Maxnerva Day" at Shenzhen Marriott Hotel Nanshan on 16 November 2017 where we invited over 200 business partners, existing and potential customers to join this event. A forum about Industry 4.0 was held and we invited scholars, our business partners and our existing customers to share their thoughts on Industry 4.0 and experience on the implementation of smart manufacturing solutions on their production lines.

Other IoT Solutions

While we are promoting our smart manufacturing business, we leveraged our existing IoT expertise and know-how in early 2017 and developed solutions in other applications such as smart office, smart home, smart education, smart agriculture, smart industrial park, smart retailing solutions etc. for commercial and government related customers. All these solutions are related to connecting objects with objects or human being via internet with a goal to create better and more convenient life. The market for other IoT solutions is huge in size but is fragmented with many players. Competition is fierce and profit margin is thinner but it provides us with business opportunities from different verticals. We are currently exploring various potential opportunities and will focus on those we have comparative advantages.

Product Development Initiations

Given that most of our IoT solutions are project-based business, it is generally more volatile and has lower visibility on future income stream. Project based business is also more difficult to scale up because it depends on the availability of talents which creates obstacles for the business growth of the Group. We attempted to develop our own products and our first product is an interactive LCD white board display, targeting to substitute projectors in conference rooms at appealing prices. We have developed our proprietary interactive conference software platform for years and we witnessed the LCD panel costs have fallen to a level that is sufficient to rival the prices of projectors. We combined the software platform with the hardware LCD displays and created our VPANEL. With an available size of 65-inch and 75-inch, VPANEL fits into most of the conference room settings. Users are able to exchange ideas by writing and drawing on it as well as doing presentation and sharing photos and charts with the audiences. All the materials on the white board could be saved and shared. VPANEL implanted voice transmission function and users are able to communicate and interact with other attendees wherever they are as long as they have a handheld device with them. We launched our VPANEL on our "Maxnerva Day" in November 2017.

Operating Services

Other than IoT solutions, we also provide I.T. infrastructure services to our customers, including cloud services, planning and design, deployment and maintenance and I.T.-related equipment procurement. Our main customer at this stage is Hon Hai Group and the transactions are governed by the I.T. System Operation and Maintenance Framework Agreement of the continuous connected transactions with Hon Hai Group as set out in the circular issued on 5 February 2016 (the "**CCT Hon Hai Group**"). Operating Services are relatively stable business which generates steady income streams to the Group.

To conclude our continuing operations, there are progresses from our repositioning efforts. Revenue was RMB335.4 million for the Reporting Period versus RMB344.6 million for twelve months ended 31 March 2017. Sales from continuing operations from independent customers increased from approximately RMB68.1 million during the twelve months ended 31 March 2017 to approximately RMB176.0 million for the Reporting Period. Revenue from Hon Hai Group represented 48% of the Group's total revenue versus approximately 80% from continuing operations for last year. In light of this, we have complied with the condition in relation to CCT Hon Hai Group.

The shortcomings are gross margin fell from 42.7% to 31.3% due to change of sales mix. More sales are generated from other IoT solution businesses with lower margins. Operating expenses including staff costs, rental expenses and marketing expenses increased substantially as a result of the rebuilt and expansion of the product, sales and marketing, R&D and administrative teams in response to our repositioning strategy.

Electronic Products Manufacturing — Discontinued Operations

The Electronic Products Manufacturing business remained disappointing. The turnover and net loss of the Electronic Products Manufacturing business for the Reporting Period were approximately RMB54.3 million (31 March 2017: RMB89.8 million) and RMB15.4 million (31 March 2017: RMB25.8 million) respectively. Having considered all the available options to tackle this loss making business, the Board considered disposing the business is the best solution to the Company and its shareholders. Thus, we entered into a disposal agreement on 28 December 2017 to dispose of the entire Electronic Products Manufacturing Business at a consideration of HK$14.0 million (equivalent to RMB11.8 million). A gain on disposal of subsidiaries of RMB21.9 million was resulted and the proceeds arising therefrom would be applied for general working capital. After taking into account of a loss of RMB15.4 million from the operation of Electronic Product Manufacturing business for the Reporting Period, profit from discontinued operations was RMB6.5 million.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's business risks are mainly (i) the macroeconomic conditions of China which in turn will affect the general demand of I.T. solutions; and (ii) market acceptance of smart manufacturing solutions and other IoT solutions.

BUSINESS OUTLOOK

After the 19th National Congress of China Communist Party held in October 2017, the Chinese central government issued a policy guidance in mid of November 2017, promoting the adoption of the industrial internet together with "Internet + Advanced Manufacturing" as a way to boost domestic manufacturing sector and China economic development. Several provincial and municipal governments responded with the issuance of relevant local supportive policies and the momentum is building up. With solid government supports, we expect market interests in smart manufacturing solutions will gradually gain tractions which will generate more business opportunities to our company in the coming years. At the same time, we will continue to educate our potential customers and work closely with our strategic partners to cultivate the market.

We started to deliver VPANEL to our customers after Chinese Lunar New Year in 2018 and market the product to our suppliers, our existing and potential customers of smart manufacturing and other IoT solutions businesses. We also sell the product via an e-commerce portal, i.e. JD.com, and selective distribution channels of our strategic partners. We believe user experience is important and we would like to hear the customer feedback on VPANEL directly in its first year of launch. As a result, we will focus on direct distribution channel this year instead of distributing the product via the traditional three to four layers distribution channel. VPANEL is believed to be our key product for the forthcoming years.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION

On 29 April 2015, we entered into three separate share subscription agreements with Asia-IO Acquisition Fund, L.P., Asia-IO Holdings Limited and Huatai Principal Investments Limited 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. The market price on the same date was HK$4.42 per share. The gross proceeds of the subscription were used to strengthen the engineering and managerial teams, increase the working capital base, upgrade the Company's production and/or service capabilities, and to explore new business opportunities, details of which are set out as follows:

- approximately HK$150 million to build and expand a dedicated team of sales, software development and system implementation professionals to further explore and expand the business opportunities of the Group. It is expected the Group will gradually expand such team to 300 people for project design, development and implementation by the end of 2017;

- approximately HK$80 million to strengthen the general working capital base which includes, among others, sales and marketing expenses for the proposed new smart solutions services, purchase of inventory and administrative expenses for expanding its offices; and

- the balance of approximately HK$27 million for selective capacity expansion and upgrade of production facilities to accommodate the proposed production of smart sensor devices and IoT devices by the business of the Group.

Up to 31 December 2017, an accumulated amount of approximately RMB96.8 million has been applied to build and expand a dedicated team of sales, software development and system implementation professionals. A team of 436 people for sales and marketing, project design, development and implementation has been formed. The Company is also considering to use some of the proceeds to acquire or invest in some smaller-scale but well performed Industry 4.0 related solution providers for the purpose of customers and talents acquisition. As at the date of this announcement, we have been actively looking for opportunities in the market and spoke to a number of parties preliminarily but no definitive agreement has been made.

Up to 31 March 2017, the proceeds of HK$80 million for general working capital were fully utilised in purchasing inventory, establishing new offices in Chongqing, Shenzhen and Wuhan and allocating resources in sales and marketing activities were fully utilised. Working capital of the Group is then financed by cash flow from its business operations.

Regarding the capacity expansion and upgrade of production facilities, the Group has only utilised approximately HK$0.9 million as of 31 March 2017 on equipment for research and testing purpose. Due to the disposal of the Electronic Product Manufacturing business on 28 December 2017, the remaining proceeds are utilised as general working capital of the Group.

CAPITAL STRUCTURE

As at 31 December 2017, the Company has a total of 662,239,448 issued shares with a par value of HK$0.1 each (31 March 2017: 662,239,448 shares). No shares were issued, repurchased or cancelled during the Reporting Period.

EVENTS AFTER REPORTING DATE

There were no material events after 31 December 2017.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed the disposal of Electronic Products Manufacturing Business under the section Business Review, we had no material acquisition and disposal of subsidiaries during the Reporting Period.

SIGNIFICANT INVESTMENTS

We had no significant investments during the Reporting Period (31 March 2017: Nil).

CHARGES ON GROUP'S ASSETS

We had no charges on the Group's assets as at 31 December 2017 (31 March 2017: Nil).

CAPITAL COMMITMENTS

As at 31 December 2017, we had no significant capital commitments (31 March 2017: Nil).

CONTINGENT LIABILITIES

As at 31 December 2017, we had no significant contingent liabilities (31 March 2017: Nil).

DIVIDENDS

The Board does not recommend any payment of a final dividend in respect of the Reporting Period (31 March 2017: Nil).

EMPLOYEES

As at 31 December 2017, the Group employed a total of approximately 483 employees (31 March 2017: approximately 197 employees) located in Hong Kong, Mainland China and Taiwan for the continuing operations.

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.

We are 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, we continue recommending that qualified staff takes part in professional courses. 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 nine months ended 31 December 2017

	Note	**For the nine months ended 31 December 2017** *RMB'000*	For the year ended 31 March 2017 (Re-presented) *RMB'000*
Continuing operations			
Revenue	*3*	**335,384**	344,587
Cost of sales	*5*	**(230,522)**	(197,525)
Gross profit		**104,862**	147,062
Other income		**159**	241
Other gains/(losses), net	*4*	**164**	(3,928)
Selling and distribution expenses	*5*	**(8,968)**	(6,616)
General and administrative expenses	*5*	**(40,394)**	(28,068)
Operating profit		**55,823**	108,691
Finance income	*6*	**1,261**	249
Profit before income tax		**57,084**	108,940
Income tax expense	*7*	**(14,366)**	(17,360)
Profit for the period/year from continuing operations		**42,718**	91,580
Discontinued operations			
Profit/(loss) for the period/year from discontinued operations	*12*	**6,497**	(25,787)
Profit for the period/year		**49,215**	65,793

	Note	**For the nine months ended 31 December 2017**	For the year ended 31 March 2017 (Re-presented)
	Note	***RMB cents***	*RMB cents*
Earnings per share for profit from continuing and discontinued operations attributable to ordinary equity holders of the Company			
Basic and diluted earnings per share from continuing operations	*8*	**6.45**	13.83
Basic and diluted earnings per share from discontinued operations	*8*	**0.98**	(3.90)
Basic and diluted earnings per share for profit attributable to ordinary equity holders of the Company		**7.43**	9.93

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2017

	Note	For the nine months ended 31 December 2017 RMB'000	For the year ended 31 March 2017 (Re-presented) RMB'000
Profit for the period/year		**49,215**	65,793
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Release of exchange reserve upon disposal of subsidiaries	*12*	**(7,188)**	—
Currency translation differences		**(4,158)**	8,777
Other comprehensive (loss)/income for the period/year, net of tax		**(11,346)**	8,777
Total comprehensive income for the period/year		**37,869**	74,570
Total comprehensive income for the period/year attributable to owners of the Company arising from:			
Continuing operations		**38,560**	103,149
Discontinued operations		**(691)**	(28,579)
		37,869	74,570

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	**As at 31 December 2017** *RMB'000*	As at 31 March 2017 (Re-presented) *RMB'000*	As at 1 April 2016 (Re-presented) *RMB'000*
ASSETS				
Non-current assets				
Intangible assets		**5,924**	7,375	1,399
Property, plant and equipment		**32,070**	22,190	3,285
Finance lease receivables	9	**7,013**	—	—
Other long-term assets		**1,027**	479	1,471
Total non-current assets		**46,034**	30,044	6,155
Current assets				
Inventories		**24,204**	22,567	36,003
Trade and lease receivables	9	**233,328**	145,950	22,358
Prepayments, deposits and other receivables		**31,677**	39,997	27,355
Short-term bank deposit		**30,000**	—	—
Cash and cash equivalents		**143,819**	194,560	179,968
Total current assets		**463,028**	403,074	265,684
Total assets		**509,062**	433,118	271,839
EQUITY				
Capital and reserves attributable to owners of the Company				
Share capital		**65,111**	65,111	65,111
Share premium		**191,340**	191,340	191,340
Reserves		**72,423**	34,067	(40,503)
Total equity		**328,874**	290,518	215,948

	Note	As at 31 December 2017 RMB'000	As at 31 March 2017 (Re-presented) RMB'000	As at 1 April 2016 (Re-presented) RMB'000
LIABILITIES				
Non-current liabilities				
Obligation under finance lease		**11,764**	—	—
Current liabilities				
Trade payables	*10*	**111,843**	63,228	33,956
Accruals and other payables		**51,465**	57,727	6,548
Borrowings		**—**	16,469	14,311
Obligation under finance lease		**2,885**	—	—
Tax payables		**2,231**	5,176	1,076
Total current liabilities		**168,424**	142,600	55,891
Total liabilities		**180,188**	142,600	55,891
Total equity and liabilities		**509,062**	433,118	271,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Maxnerva Technology Services 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.

As at 31 December 2017, the Group is principally engaged in the provision of system and network integration, information technology ("**I.T.**") solutions development and implementation and related maintenance services.

On 28 December 2017, the Group entered into a sale and purchase agreement to dispose of its 100% equity interests in Daiwa Nominees Limited and its subsidiaries (collectively "**Disposal Group**"), which was engaged in electronic products manufacturing operation (the "**Discontinued Operations**"), to an independent third party. The transaction was completed on 28 December 2017.

These financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 BASIS OF PREPARATION

(a) Compliance with HKFRS and HKCO

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute Certified Public Accountants ("**HKICPA**") and requirements of the Hong Kong Company Ordinance Cap. 622.

(b) Change of year end date

Pursuant to a resolution passed on 31 August 2017, the Board of Directors has resolved to change the financial year end date of the Company from 31 March to 31 December, in order to align its financial year end date with that of the Company's major operating subsidiaries incorporated in the People's Republic of China ("**PRC**"). The Board considers that the change of the financial year end date will facilitate timely and efficient financial reporting. Accordingly, the current financial period covers a nine months period from 1 April 2017 to 31 December 2017 with the comparative financial period covers a twelve months period from 1 April 2016 to 31 March 2017.

(c) Change of presentation currency

With effect from 31 December 2017, the Group changed presentation currency from Hong Kong dollars ("**HK$**") to RMB. The RMB has been adopted as presentation currency as it represents the predominant functional currency within the Group considering the size and scale of the Group's continued operations.

Change in presentation currency has been accounted for retrospectively in accordance with HKAS 8 "Accounting policies, change in accounting estimates and errors. Net profit, comprehensive income, total assets and total equity are unaffected by these presentational changes apart from the translation from HK$ to RMB as further detailed below.

Following the change in presentation currency, the financial information as previously reported has been re-translated in accordance with the provisions in HKAS 21 using the procedures outlined below, as if RMB had always been the Group's presentational currency:

- Assets and liabilities of foreign operations where the functional currency is not RMB have been translated into RMB at the relevant closing rates of exchange. Profit and loss items were translated into RMB at the relevant average rates of exchange. Differences arising from the retranslation of the opening net assets and the results for the period/year are recognised in the foreign currency translation reserve; and

- Share capital, share premium and other reserves were translated at historical rates prevailing at the dates of transactions.

In addition to the comparative information in respect of the previous period provided in these consolidated financial statements, the Group presents an additional balance sheet as at 1 April 2016 due to the change of presentation currency in accordance with HKAS 1 Presentation of Financial Statements.

(d) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which is 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.

(e) Discontinued operations

As stated in Note 1, Note 3 and Note 12, the Group disposed of its electronic products manufacturing operation during the period and classified it as Discontinued Operations in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Comparative figures of the consolidated income statement and consolidated statement of comprehensive income in prior year have been re-presented to conform to the presentation of the current period. This re-presentation has no impact on the Group's total equity as at 31 March 2017 and 1 April 2016, or on the Group's result for the year ended 31 March 2017.

(f) New and amended standards adopted by the Group

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 2017:

HKAS 7 (amendments)	Disclosure initiative
HKAS 12 (amendments)	Recognition of deferred tax assets for unrealised losses
HKFRS 12 (amendments)	Disclosure of interest in other entities

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

(g) 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 that are relevant to the Group's operations are mandatory for the Group's accounting periods beginning on or after 1 January 2018 and have not been early adopted by the Group:

Annual Improvements Project HKFRS 1 and HKAS 28 (amendments)	Annual improvement 2014–2016 Cycle[1]
HKFRS 2 (amendments)	Classification and measurement of share-based payment transactions[1]
HKFRS 9	Financial instruments[1]
HKFRS 9 (amendments)	Prepayment features with negative compensation[2]
HKFRS 15	Revenue from contracts with customers[1]
HKFRS 15 (amendments)	Clarifications to HKFRS 15[1]
HKAS 40 (amendments)	Transfer of investment property[1]
HK(IFRIC) 22	Foreign currency transactions and advance consideration[1]
HK(IFRIC) 23	Uncertainty over income tax treatments[2]
HKFRS 16	Leases[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture[3]

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

The Group will apply the above new standards and amendments to existing standards when they become effective. The Group anticipates that the application of the above new standards and amendments to existing standards have no material impact on the results and the financial position of the Group, except for HKFRS 9 "Financial Instruments", HKFRS 15 "Revenue from contracts with customers" and HKFRS 16 "Leases" as explained below:

HKFRS 9, "Financial instruments"

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The financial assets currently held by the Group includes debt instruments currently classified as loans and receivables which would likely continue to be measured at amortised cost. Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, contract assets under HKFRS 15 Revenue from Contracts with Customers and the Group's trade and lease receivables. Management is currently assessing the effects of applying the new standard on the Group's financial statements and has not yet determined the amount of the credit loss provision under the new model.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The new standard is applied by the Group only from the financial year ending 31 December 2018.

HKFRS 15, "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

While the Group is continuing to assess the effect of applying HKFRS 15 on the Group's consolidated financial statements, the Group has identified a number of current revenue recognition policies and disclosures that will be impacted by HKFRS 15. Those major impacts are as below:

HKFRS 15 requires the identification of deliverables in contracts with customers that qualify as separate "performance obligations". The performance obligations identified will depend on the nature of individual customer contracts. The transaction price receivable from customers must be allocated between the Group's performance obligations under the contracts on a relative stand-alone selling price basis. Currently the Group accounts for I.T. project as a single deliverable using percentage of completion method. The application of HKFRS 15 may result in the identification of more separate performance obligations for some of the I.T. projects, depending on the nature of individual customer contracts during the reporting period. The primary impact on revenue reporting will be that when the Group determines that there are separate performance obligations in the I.T. project, revenues will be recognised separately for the hardware/software and service components on a relative standalone selling price basis at a point in time or over time. In addition, the Group has to determine if it acts as principal or agent for each of the performance obligations identified depending on whether the Group controls the specified goods or services before they are transferred to the customer. These changes could affect the amount, timing and pattern of the revenue recognition. The total net profit recognised by the Group over the full contract period is not expected to be materially affected.

The adoption of HKFRS 15 will not have any material impact on the Group's consolidated statement of cash flows.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The directors, based on the results of an initial assessment, consider that the new standard does not have a significant impact on the consolidated financial statements on transition.

HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change except for the definition of lease and accounting for sublease.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of approximately RMB19,058,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16. The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3 REVENUE AND SEGMENT INFORMATION

In December 2017, the operating segment-electronic products manufacturing has been disposed of and therefore classified as discontinued operations for the nine months ended 31 December 2017. The discontinued operations have resulted in a change in the Group's structure and therefore its composition of reporting segment. The comparative figures of the segment disclosure has been re-presented.

The chief operating decision maker has been identified as the executive directors (collectively referred to as the "**Chief Operation 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, after the Disposal the Group has only one operating segment, namely "I.T. Integration and Solutions Services".

	For the nine months ended 31 December 2017	For the year ended 31 March 2017 (Re-presented)
	RMB'000	*RMB'000*
Revenue		
I.T. project	**132,273**	252,903
Maintenance and consulting services	**45,927**	60,985
Sales of goods	**154,398**	29,474
Lease income	**2,786**	1,225
	335,384	344,587

Revenue by geographical location is determined by the destination where the services/products were delivered for the nine months ended 31 December 2017 and for the year ended 31 March 2017. Substantially all of the Group's revenue were derived in PRC with others in Hong Kong, Taiwan and North America.

For the nine months ended 31 December 2017, revenue of approximately RMB69,380,000 (year ended 31 March 2017: RMB67,002,000), representing 21% (year ended 31 March 2017: 19%) of the Group's total revenue for continuing operations, is derived from a single customer. For the nine months ended 31 December 2017, sales to the five largest customers of the Group in total accounted for approximately 63% (year ended 31 March 2017: 59%) of the Group's total revenue for continuing operations.

For the nine months ended 31 December 2017, revenue of approximately RMB159,360,000 (year ended 31 March 2017: RMB276,464,000), representing 48% (year ended 31 March 2017: 80%) of the Group's total revenue for continuing operations, is derived from related parties, Hon Hai Precision Industry Company Limited and its group companies.

During the nine months year ended 31 December 2017, all capital expenditure were incurred in PRC, Hong Kong, Taiwan and North America (31 March 2017: PRC and Taiwan).

At 31 December 2017 and 31 March 2017, majority of the Group's non-current assets were located in PRC with others located in Hong Kong, Taiwan and North America.

4 OTHER GAINS/(LOSSES), NET

	For the nine months ended 31 December 2017	For the year ended 31 March 2017 (Re-presented)
	RMB'000	*RMB'000*
Fair value loss on financial asset at fair value through profit or loss	**—**	(4,126)
Gain on disposals of property, plant and equipment	**175**	90
Net exchange (losses)/gains	**(11)**	108
	164	(3,928)

5 EXPENSES BY NATURE

	For the nine months ended 31 December 2017	For the year ended 31 March 2017 (Re-presented)
	RMB'000	*RMB'000*
Cost of hardware and software for I.T. projects and cost of goods sold	**154,810**	97,769
Employment benefit expenses (including directors' emoluments)	**81,925**	50,547
Sub-contracting fee	**13,048**	59,679
Depreciation	**5,993**	3,831
Operating lease rental in respect of land and buildings	**5,076**	3,580
Travelling expenses	**4,979**	2,817
Legal and professional fees	**3,837**	3,279
Office expenses	**2,770**	3,398
Amortisation	**2,477**	2,005
Auditors' remuneration		
— Audit services	**1,997**	1,457
— Non-audit services	**52**	205
Provision for impairment of trade receivables	**219**	—
Advertising expenses	**176**	867
Other expenses	**2,525**	2,775
	279,884	232,209
Representing:		
Cost of sales	**230,522**	197,525
Selling and distribution expenses	**8,968**	6,616
General and administrative expenses	**40,394**	28,068
	279,884	232,209

6 FINANCE INCOME

	For the nine months ended 31 December 2017	For the year ended 31 March 2017 (Re-presented)
	RMB'000	*RMB'000*
Interest income from bank deposits	**1,261**	249

7 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda. Hong Kong profits tax has been provided for at the rate of 16.5% (31 March 2017: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. Group companies established and operating in Mainland China and Taiwan are subject to corporate income tax at the rate of 25% and 17%, respectively, for nine months ended 31 December 2017 and year ended 31 March 2017, where applicable.

One of the subsidiaries in Mainland China was approved by the relevant local tax bureaus under the preferential tax policy for the western region of Mainland China, and was entitled to a preferential corporate income tax rate of 15% from 2017 until 2020.

	For the nine months ended 31 December 2017	For the year ended 31 March 2017 (Re-presented)
	RMB'000	*RMB'000*
Current taxation		
— PRC corporate income tax	**13,142**	16,242
— Taiwan income tax	**1,224**	1,118
	14,366	17,360

8 EARNINGS PER SHARE

(a) Basic

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

	For the nine months ended 31 December 2017	For the year ended 31 March 2017 (Re-presented)
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**49,215**	65,793
Excluding:		
(Profit)/loss from discontinued operations attributable to equity holders of the Company	**(6,497)**	25,787
Profit from continuing operations attributable to equity holders of the Company	**42,718**	91,580

	For the nine months ended 31 December 2017	For the year ended 31 March 2017 (Re-presented)
Weighted average number of ordinary shares in issue *('000)*	**662,239**	662,239
Basic earnings per share *(rounded to RMB cents)*		
— Continuing operations	**6.45**	13.83
— Discontinued operations	**0.98**	(3.90)
	7.43	9.93

(b) Diluted

Dilutive earnings per share is of the same amount as the basic earnings per share as the share options are anti-dilutive.

9 TRADE AND LEASE RECEIVABLES

	As at 31 December 2017 *RMB'000*	As at 31 March 2017 *RMB'000*
Trade receivables		
— third parties	**106,436**	62,127
— related parties	**117,240**	72,408
	223,676	134,535
Amounts due from contract customers		
— third parties	**4,897**	1,474
— related parties	**4,547**	24,710
	233,120	160,719
Finance lease receivables — total	**7,440**	—
Trade and lease receivables — gross	**240,560**	160,719
Less: provision for impairment	**(219)**	(14,769)
Trade and lease receivables — net	**240,341**	145,950
Less: Finance lease receivables — non current	**(7,013)**	—
Trade and lease receivables — current	**233,328**	145,950

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 based on invoice date is as follows:

	As at 31 December 2017 *RMB'000*	As at 31 March 2017 *RMB'000*
Less than 60 days	**109,350**	68,643
60 days to 120 days	**75,175**	41,980
Over 120 days	**39,151**	23,912
	223,676	134,535

10 TRADE PAYABLES

	As at 31 December 2017 *RMB'000*	As at 31 March 2017 *RMB'000*
Trade payables		
— third parties	**33,784**	55,117
— related parties	**78,059**	8,111
	111,843	63,228

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

The ageing analysis of trade payables is as follows:

	As at 31 December 2017 *RMB'000*	As at 31 March 2017 *RMB'000*
Less than 60 days	**110,494**	63,228
60 days to 120 days	**573**	—
Over 120 days	**776**	—
	111,843	63,228

11 DIVIDENDS

For the nine months ended 31 December 2017, the Company did not recommend the payment of dividend (year ended 31 March 2017: Nil).

12 DISCONTINUED OPERATIONS

In December 2017, the Group disposed of its 100% equity interest in the Disposal Group to an independent third party at a cash consideration of HK$14,000,000 (equivalent to approximately RMB11,843,000). Pursuant to the disposal agreement, the Group also waived the outstanding intercompany balance of HK$27,000,000 (equivalent to approximately RMB22,500,000) owed by the Disposal Group to the Group. The consideration receivable of approximately RMB11,843,000 is included in other receivables and subsequently received by the Group in January 2018. The operating segment of Electronic Products Manufacturing had been classified as discontinued operations for the nine months ended 31 December 2017, with the relevant results presented as discontinued operations in the consolidated income statement for the nine months ended 31 December 2017. Comparative figures have been re-presented.

The results of the discontinued operations for the period from 1 April 2017 to 28 December 2017 (the date of Disposal) and for the year ended 31 March 2017 are set out below.

	Period from 1 April 2017 to 28 December 2017 *RMB'000*	Year ended 31 March 2017 *RMB'000*
Revenue	**54,294**	89,848
Expenses	**(69,252)**	(115,159)
Loss before income tax	**(14,958)**	(25,311)
Income tax expense	**(430)**	(476)
Loss after income tax	**(15,388)**	(25,787)
Gain on disposal	**21,885**	—
Profit/(loss) from discontinued operations	**6,497**	(25,787)
Other comprehensive income from discontinued operations		
— Release of exchange reserve upon disposal of subsidiaries	**(7,188)**	—
— Currency translation differences	**—**	2,792

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 nine months ended 31 December 2017, save for the following deviations:

Code provisions A.4.1 and D.1.4

Under code provision A.4.1 of the Code, non-executive directors shall be appointed for a specific term and be subject to re-election while under Code provision D.1.4 Issuers should have formal letters of appointment for directors setting out the key terms and conditions for their appointment. The independent non-executive Directors are appointed for a specific term of office of one year while all non-executive Directors and all executive Directors have not entered into any service agreements with the Company for their directorship and have no fixed term of service therewith. However, they are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Bye-laws. As such the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

Code provision F.1.1

Mr. Tsang Hing Bun ("**Mr. Tsang**") was appointed as company secretary of the Company (the "**Company Secretary**") 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. Cheng Yee Pun, 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 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 nine months ended 31 December 2017, 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 Reporting Period.

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

During the Reporting Period and the year ended 31 March 2017, neither the Company nor any of its subsidiaries purchased, sold and redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee 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, the risk management, internal control and financial reporting matters of the Company, including the review of the Group's audited consolidated financial results for the Reporting Period.

REVIEW OF ANNUAL RESULTS

The figures in respect of the Group's results for the Reporting Period 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 Reporting Period. 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 Reporting Period 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
CHIEN YI-PIN MARK#
Chairman

Hong Kong, 28 March 2018

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Chien Yi-Pin Mark#, Mr. Kao Shih-Chung, Mr. Kao Chao Yang* and Mr. Cheng Yee Pun*, two non-executive directors, namely, Mr. Tse Tik Yang Denis and Mr. Lee Eung Sang, and three independent non-executive directors, namely, Mr. Tang Tin Lok Stephen, Mr. Kan Ji Ran Laurie and Mr. Chen Timothy.*

Redesignated as Chairman on 28 March 2018

* *Appointed on 28 March 2018*