ANNUAL REPORT 2009

偉俊集團控股有限公司
WAI CHUN GROUP HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 1013)

CONTENTS

	PAGES
CORPORATE INFORMATION	2
CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS	3-6
DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES	7-8
CORPORATE GOVERNANCE REPORT	9-16
REPORT OF THE DIRECTORS	17-29
INDEPENDENT AUDITOR'S REPORT	30-31
CONSOLIDATED INCOME STATEMENT	32
CONSOLIDATED BALANCE SHEET	33
BALANCE SHEET	34
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	35
CONSOLIDATED CASH FLOW STATEMENT	36-37
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	38-73
FIVE YEARS FINANCIAL SUMMARY	74

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Lam Ching Kui *(Chairman)* # +
Mr. Guo Qing Hua *(CEO)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shaw Lut, Leonardo * # +
Dr. Tang Tin Sek * # +
Mr. Ko Ming Tung Edward * # +

* *Member of Audit Committee*
\# *Member of Remuneration Committee*
\+ *Member of Nomination Committee*

CHIEF EXECUTIVE OFFICER

Mr. Guo Qing Hua

AUTHORISED REPRESENTATIVES

Mr. Lam Ching Kui
Mr. Guo Qing Hua

COMPANY SECRETARY

Mr. Wong Man Tai

AUDITORS

Morison Heng
Certified Public Accountants
7/F Allied Kajima Building,
138 Gloucester Road,
Wanchai, Hong Kong.

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 4917-4932
49/F., Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

REGISTRARS IN HONG KONG

Union Registrars Limited
Room 1901-1902
Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

1013

COMPANY WEBSITE

http://www.1013.hk

On behalf of the Board of directors (the "Board") of Wai Chun Group Holdings Limited (the "Company"), I am pleased to present the audited consolidated results and operations of the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 March 2009 (the "Year").

RESTRUCTURING

On 17 December 2004, trading in the shares of the Company on the Main Board of the Stock Exchange was suspended at the request of the Company. On 15 November 2006, the Company had received an unexpected winding-up petition filed by Lolliman Finance Limited ("Lolliman") against the Company. Upon the application of Lolliman, Mr. Liu Yiu Keung Stephen and Mr. Robert Armor Morris, both of Ernst & Young Transactions Limited, had been appointed by the Court of First Instance of the High Court of The Hong Kong Special Administrative Region (the "High Court") as joint and several provisional liquidators of the Company (the "Provisional Liquidators") on 17 May 2007. On 5 July 2007, the Company, acting by the Provisional Liquidators, had entered into the head of agreement with the investor, who had funded the initial application costs and restructuring expenses and had undertaken in principal to provide the fund to the Company to assist with the Proposed Restructuring.

On 3 April 2008, the Company announced a restructuring plan of the Group, involving capital reorganization, debt restructuring, subscription of shares and preference shares.

In August 2008, upon the successful implementation of the restructuring plan, the court orders for the withdrawal of the winding-up petitions and the discharge of the Provisional Liquidators of the Company were granted on 5 August 2008 by the High Court and on 8 August 2008 by the Supreme Court of Bermuda. Details of the Restructuring are set out in note 3 to the financial statements.

On 25 August 2008, trading in the shares of the Company on the Stock Exchange was resumed. The fact that it was able to do so, in spite of the global market turmoil, reflected on the commitment to the Group by the new Board and executive management team working in tandem with a group of dedicated professional advisors.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF COMPANY NAME

By a special resolution passed on 23 June 2008, the name of the Company was changed from "Plus Holdings Limited普納集團有限公司" to "Wai Chun Group Limited偉俊集團有限公司" with effect from 28 August 2008.

By a special resolution passed on 17 November 2008, the name of the Company was further changed from "Wai Chun Group Limited偉俊集團有限公司" to "Wai Chun Group Holdings Limited偉俊集團控股有限公司" with effect from 19 November 2008.

FINANCIAL PERFORMANCE

The Group's revenue for the year ended 31 March 2009 amounted to approximately HK$152,859,000 (2008: HK$65,605,000), representing an increase of approximately 133% over last year. The Group's audited consolidated net profit attributable to the shareholders was approximately HK$22,606,000 for the Year (2008: net loss of approximately HK$27,774,000). Profit per share was HK$0.59 cents.

Gross margin generated for the financial ended 31 March 2009 amounted to HK18,267,000 (12%), compared with HK$7,985,000 (12%) in the preceding financial year. With the waiver of trade creditors and other payables as approved by Hong Kong and Bermuda Court and Creditors Meeting amounted to approximately HK$28.3 million, the Group recorded profit after tax attributable to equity holders for the year ended 31 March 2009 of approximately HK$22.6 million, comparing the loss after tax of approximately HK$27.8 million last year.

The Group is currently organized into three operating divisions, namely sales and integration services, services income and contract income. The increase in turnover was primarily due to the increase in revenue from sales and integration services. Sales and integration services represents income from the provision of integration services of computer and communication systems. For the year ended 31 March 2009, the Group recorded revenue from sales and integration services amounted to approximately HK$131 million. This represented a significant increase from approximately HK$54 million in same period last year. However, the net profit generated from this segment was not satisfactory as expected. In fact, it recorded an operating segment loss of approximately HK$4.5 million for the year ended 31 March 2009, which was a slight improvement from the operating segment loss of approximately HK$5.8 million in the same period last year.

FINANCIAL PERFORMANCE (continued)

Revenue generated form services income was contributed to the satisfactory result of the Group for the Year. Service income represents income derived from design, consultation, production of information system software and management training services. For the year ended 31 March 2009, the Group recorded revenue and segment profits from service income amounted to approximately HK$21 million and HK$7.6 million respectively. This represented a significant improvement from approximately HK$8.1 million and segment loss of HK$1.4 million respectively in the same period last year.

BUSINESS REVIEW AND PROSPECTS

The Company is an investment holding company and has been, via its major operating subsidiaries, principally engaged in (i) network and system integration by manufacturing of software and provision of solutions and related services; (ii) trading of communication products; (iii) provision of financial services; (iv) investment holdings; and (v) provision of telecommunications infrastructure solution service. Following the completion of group restructuring on 20 August 2008, the Group has started a new page for focusing its existing business. Through the operations of Beijing HollyBridge System Integration Co., Limited ("Beijing HollyBridge"), the major subsidiary of the Group, the Group has provided one stop solution, including hardware and system modification for the customers. During the year ended 31 March 2009, Beijing HollyBridge has entered into business contracts with various customers such as banks, governmental agencies, public transportation companies and internationally well-known computer network companies of approximately RMB103 million.

The new management stepped in and took over the Company from the provisional liquidators on 22 August 2008. Since then, the management had devoted all its effort to enhance the operational efficiency of the subsidiary which is engaged in the provision of IT solutions and related services. Looking forward, the Management will devote its effort to turn around the Group back to the position with operating profit. In addition, the Group is monitoring closely the latest trends and the development of the global economy and to take advantage of all business opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2009, the total assets of the Group amounted to approximately HK$134,959,000 (2008: HK$96,313,000) which were financed by total liabilities and shareholders' equity of HK$51,461,000 (2008: HK$206,942,000) and HK$83,498,000 (2008: shareholders' deficit of HK$110,629,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES (continued)

The Group's current assets and current liabilities were approximately HK$134,318,000 (2008: HK$93,774,000) and HK$51,461,000 (2008: HK$206,942,000) respectively. The Group's current ratio, which equals current assets divided by current liabilities, was 2.61 (2008: 0.45)

The Group has maintained a sound financial position. As at 31 March 2009, the Group had cash and bank balances amounted to approximately HK$84 million (2008: HK$6.9 million) and had no other borrowings (2008: short term and long term borrowing of approximately HK$ 42.6 million).

As at 31 March 2009, there was no capital commitment outstanding.

EXPOSURE TO FOREIGN EXCHANGE

The revenue and bank deposit of the Group are mainly denominated in Renminbi and Hong Kong Dollars. The operating costs are mainly denominated in Hong Kong dollars and Renminbi. Therefore, the Group is not exposed to any material foreign currency exchange risk. The Group does not therefore engage in hedging contracts.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2008: Nil).

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the staff and management team of the Group for their contribution during the Year and also to give our sincere gratitude to all shareholders for their continuous support.

Lam Ching Kui
Chairman

Hong Kong, 23 July 2009

Executive Directors:

Mr. Lam Ching Kui, aged 50, has over 15 years of experience in project investments and securities investments. Mr. Lam has been engaged in industrial and residential property development in the PRC and commercial property investment in Hong Kong. He has made investments in listed securities and renewable energy. Mr Lam will be responsible for the overall strategic planning of the Group.

Mr. Guo Qing Hua, aged 46, graduated from Department of Automation and Computer Science of Huazhong Industrial College (presently known as Huazhong University of Science and Technology) in 1983. He also graduated from the post-graduate study of World Economy of College of Economics of Hubei University in 2002. He has more than 20 years experience in credit management and information technology consulting in PRC.

Independent Non-executive Directors:

Mr. Ko Ming Tung Edward, aged 48, was appointed as an independent non-executive Director in August 2008. Mr. Ko obtained an external bachelor of laws degree from the University of London in the United Kingdom in August 1986 and is a member of The Law Society of Hong Kong. Mr. Ko is the principal of Messrs. Edward Ko & Company and has been practicing as a solicitor in Hong Kong for more than 18 years. He was appointed as Deputy Presiding Officer of the Labour Tribunal and is presently a member of the Panel of Adjudicators of the Obscene Articles Tribunal, the Solicitors Disciplinary Tribunal Panel, the Disciplinary Panel A of the Hong Kong Institute of Certified Public Accountants and the Employment Law Committee of The Law Society of Hong Kong. Mr. Ko has been appointed as Tribunal Chairman of the Appeal Tribunal Panel under the Buildings Ordinance. He is also a manager of the Chiu Chow Association Secondary School. Other than the directorship in the Company, currently, Mr. Ko is an independent non-executive director of Sinofert Holdings Limited, Interchina Holdings Company Limited and Kai Yuan Holdings Limited and a non-executive director of New Smart Energy Group Limited, all of which are companies whose shares are listed on the main board of the Stock Exchange. Mr. Ko was previously an independent non-executive director of China Pipe Group Limited whose shares are listed on the Main Board of the Stock Exchange.

Independent Non-executive Directors: (continued)

Dr. Tang Tin Sek ("Dr. Tang"), aged 50, was appointed as an Independent Non-executive Director of the Company In August 2008. Dr. Tang is a Certified Public Accountant practicing in Hong Kong and a partner of Terence Tang & Partners. He has over 28 years of experience in corporate finance, business advisory, financial management and auditing. Dr. Tang is also a member of The Chinese Institute of Certified Public Accountants, the Institute of Chartered Accountants in Australia and The Chartered Association of Certified Accountants in the United Kingdom. He obtained a Bachelor of Science degree from The University of Hong Kong in 1980, a Master of Business Administration degree from The University of Sydney, Australia in 1990 and a Doctor of Accountancy degree from The Hong Kong Polytechnic University in 2004. Dr. Tang is currently an independent non-executive director of CEC International Holdings Limited and Sinofert Holdings Limited, all of which are companies whose shares are listed on the main board of the Stock Exchange. In the last 3 years, Dr. Tang was previously an independent non-executive director of New Smart Energy Group Limited, Interchina Holdings Company Limited, Frankie Dominion International Limited and China Mining Resources Group Limited, all being listed companies in Hong Kong.

Mr. Shaw Lut, Leonardo, aged 44, is the deputy director of 華頓綜合經濟研究所 (Huadun Economic Institute), the director of 行政及公務人員研修基金 (Administrator and Official Study Fund), the vice director of 國務院發展研究中心東方公共管理綜合研究所專家委員會 (the Expert Committee of the Eastern Public Management Institute of the Development Research Centre of State Council). Mr. Shaw graduated from Shanghai Fudan University and was a teacher and researcher at Fudan University and was a director of Po Leung Kuk. Mr. Shaw is currently a committee member of All-China Youth Federation, the deputy chairman of Beijing United Youth Association and the deputy chairman of Internet Professional Association, Hong Kong. Mr. Shaw is currently an independent non-executive director of Wai Chun Mining Industry Group Company Limited whose shares are listed on the main board of the Hong Kong Stock Exchange.

Senior Management:

Mr. Wong Man Tai, aged 39, is the Chief Financial Officer and Company Secretary of the Company. Mr. Wong is an associate member of The Hong Kong Institute of Certified Public Accountants and is a fellow member of the Association of Chartered Certified Accountants with more than 15 years experience in auditing, financial management and accounting. Prior to joining the Company, Mr. Wong was the Financial Controller, Qualified Accountant and Company Secretary in a Hong Kong listed company.

The Board of Directors of the Company is committed to ensure a high standard of corporate governance to safeguard the interests of shareholders and the Company as a whole.

COMPLIANCE WITH THE "CODE ON CORPORATE GOVERNANCE PRACTICES"

For the period from 1 April 2008 to 24 August 2008

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). However, due to the prolonged suspension of trading in the shares of the Company on the Stock Exchange and the severe financial difficulties of the Group before resumption of trading which took place on 25 August 2008, the Board is unable to comment as to whether the Company had complies with the CG Code during the period from 1 April 2008 to 24 August 2008.

For the period from 25 August 2008 to 31 March 2009 (the "CG Report Period")

The Company has restored its corporate governance practices immediate after resumption of trading and complied with the CG Code throughout the CG Report Period except for the following deviations from the CG Code:

1. CG Code A2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. There is no separation of the role of chairman and chief executive officer of the Company during CG Report Period. The Board is of the view that vesting the roles of chairman and chief executive officer in Mr. Lam Ching Kui provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies, especially during the period of implementation of the reorganization plan. The Board considers this structure will not impair the balance of power as there is a strong independent element in the composition of the Board with half of Board's member is independent. On 15 July 2009, Mr. Guo Qing Hua, the executive director of the Company, has been appointed as the chief executive officer of the Company in compliance with the requirement of the CG Code.

COMPLIANCE WITH THE "CODE ON CORPORATE GOVERNANCE PRACTICES" (continued)

For the period from 25 August 2008 to 31 March 2009 (the "CG Report Period") (continued)

2. CG Code A4.1 stipulates that the non-executive directors should be appointed for a specific term and subject to re-election. The Company has not fixed the term of appointment of Mr. Ko Ming Tung Edward and Dr. Tang Tin Sek as the independent non-executive director, however, all independent non-executive directors are subject to retirement by rotation at least once every three years and re-election at the annual general meeting of the Company pursuant the Company's bye-laws. As such, the Board considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting those in the CG Code.

3. CG Code E1.2 stipulates that the chairman of the Board should attend annual general meeting of the Company. The chairman did not attend and chair the 2008 annual general meeting as he has had a separate business meeting which must be attended by him on the date that the annual general meeting was held.

The current corporate governance practice of the Company will be reviewed and updated in a timely manner in order to comply with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

Trading in the shares of the Company was suspended from 17 December 2004 to 24 August 2008(both days inclusive) and the Board is of the opinion that the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules was not applicable during the period from 17 December 2004 to 24 August 2008.

The Company has re-adopted the Model Code on 25 August 2008. Having made specific enquiry of all Directors of the Company, the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the period from 25 August 2008 to 31 March 2009.

BOARD OF DIRECTORS

Responsibilities

The Board has a balance of skill and experience and a balanced composition of Executives and Non-Executive Directors and is responsible for oversight of the management of the Company's business and affairs. The Board has delegated the day-to-day responsibility to the Executive Directors and senior management of the Company.

BOARD OF DIRECTORS (continued)

Composition of the Board

The Board comprises the Chairman, the Chief Executive Officer (the other Executive Director) and three Independent Non-Executive Directors. The positions of the Chairman and Chief Executive Officer are held by Mr. Lam Ching Kui and Mr. Guo Qing Hua respectively. The Chairman is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures. He also steers the Board and the Company towards corporate goals. The Chief Executive Officer is responsible for effective implementation of the overall strategies and initiatives adopted by the Board as well as the daily operation of the Group.

With the support of the Chief Executive Officer and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues brought up at Board meetings and receive adequate and reliable information in relation to matters discussed at Board meetings and also other affairs of the Group on a timely basis.

There is no separation of the role of chairman and chief executive officer of the Company during CG Report Period. The Board is of the view that vesting the roles of chairman and chief executive officer in Mr. Lam Ching Kui provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies, especially immediate after the implementation of the reorganization plan. Mr Guo Qing Hua, the executive director of the Company, was appointed as the chief executive officer on 15 July 2009 and thus, the Company has not complied with the CG Code A2.1 throughout the CG Report Period.

Independent Non-executive Directors

During the CG Report period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company had received from each of the current Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules for the year ended 31 March 2009. The Company considers that all the Independent Non-Executive Directors are independent.

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive Directors make various contributions to the effective direction of the Company.

BOARD OF DIRECTORS (continued)

Appointment, re-election and removal of directors

There are formal, considered and transparent procedures for the appointment and removal of Directors. All Directors newly appointed to fill a casual vacancy are subject to election at the first general meeting after their appointment. Every Director is subject to retirement by rotation at least once every three years.

Board Process

During the CG Report period, the Board held 7 regular board meetings. In addition, executive Board meetings are convened when necessary to deal with everyday matters that require the Board's prompt decision, and are thus usually only executive directors would be attended. The Directors participated in person or through electronic means of communication. The attendance of each Director is set out as follows:

Name of Director	Number of meetings attended/held
Executive Directors	
Mr. Lam Ching Kui	7/7
Mr. Guo Qing Hua *(CEO)* (appointed on 7 November 2008)	5/5
Mr. Zhang Xin (resigned on 7 November 2008)	0/2
Mr. Li Tong (resigned on 5 December 2008)	0/3
Independent Non-executive Directors:	
Mr. Ko Ming Tung Edward	6/7
Dr. Tang Tin Sek	6/7
Mr. Shaw Lut Leonardo (appointed on 1 May 2009)	0/0
Mr. Chan King Hung (resigned on 1 May 2009)	6/7

Directors are provided with relevant information to make informed decisions. The Board and each director have separate and independent access to the Company's senior management for information and making enquires if necessary. A director of the Company who considers it necessary to seek independent professional advice in order to perform his/her duties as a director of the Company may convene, or request the Company Secretary of the company to convene, a meeting of the Board to approve the consultation of independent legal or other professional advisor for advice. For regular Board meetings, an agenda and accompanying board papers of the meeting are sent in full to all directors at least three days before the intended date of a meeting.

BOARD OF DIRECTORS (continued)

Board Process (continued)

Every Director is entitled to have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, and all applicable rules and regulations, are complied with. All minutes are kept by the Company Secretary and are opened for inspections by any Director during normal office hours by giving reasonable advance notice.

If a substantial shareholder or a Director has a conflict of interest in a matter before the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

BOARD COMMITTEES

The Board has established the following committees with defined terms of reference, which are of no less than exact terms than those set out in the Code.

Remuneration Committee

The Remuneration Committee comprises one Executive Director and three Independent Non-Executive Directors.

The primary function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The Company's emolument policy is to ensure that the remuneration offered to employees including executive Directors and senior management is based on the skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages are also determined by reference to the Company's performance and profitability, remuneration level in the industry and the prevailing market conditions. The emolument policy for non-executive Directors, mainly comprising directors' fees, is subject to annual assessment with reference to the market standard. Individual Director and senior management would not be involved in deciding their own remuneration.

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

During the CG Report period, the Remuneration Committee held two meetings, with attendance record as follows:

Name of Director	Number of meeting attended/held
Mr. Ko Ming Tung Edward *(Chairman)*	2/2
Dr. Tang Tin Sek	2/2
Mr. Lam Ching Kui	2/2
Mr. Shaw Lut Leonardo (appointed on 1 May 2009)	0/0
Mr. Chan King Hung (resigned on 1 May 2009)	2/2

Nomination Committee

The Nomination Committee comprises one Executive Director and three Independent Non-Executive Directors.

The primary function of the Nomination Committee is to make recommendations to the Board on new appointment and re-appointment of Directors and Senior Management. New directors are sought mainly through referrals and internal promotions. In evaluating whether an appointee is suitable to act as a director, the Board will review the independence, experience and skills of the appointee as well as personal ethics, integrity and time commitment of the appointee.

During the CG Report period, the Nomination Committee held one meeting, with attendance record as follows:

Name of Director	Number of meetings attended/held
Mr. Shaw Lut Leonardo *(Chairman)* (appointed on 1 May 2009)	0/0
Mr. Ko Ming Tung Edward	1/1
Dr. Tang Tin Sek	1/1
Mr. Lam Ching Kui	1/1
Mr. Chan King Hung (resigned on 1 May 2009)	1/1

AUDIT COMMITTEE

The Audit Committee comprises the three Independent Non-Executive Directors namely Mr. Shaw Lut, Leonardo, Mr. Ko Ming Tung Edward, Dr. Tang Tin Sek. The duties of the Audit Committee include the review of the independence of the Auditors, the audit plan and process and the Group's financial statements in accordance with its terms of reference which is substantially the same as the CG Code.

AUDIT COMMITTEE (continued)

During the year ended 31 March 2009, the Audit Committee held one meeting, with attendance record as follows:

Name of Director	Number of meetings attended/held
Dr. Tang Tin Sek *(Chairman)*	1/1
Mr. Ko Ming Tung Edward	1/1
Mr. Shaw Lut Leonardo (appointed on 1 May 2009)	0/0
Mr. Chan King Hung (resigned on 1 May 2009)	1/1

At the meeting, the Audit Committee has reviewed the unaudited interim report for the six months ended 30 September 2008. The Audit Committee has also reviewed the Group accounting principles and practices, Listing Rules and statutory compliance, internal controls and financial reporting matters. At the Audit Committee meeting held on 20 July 2009, the Committee is satisfied with their review of the independence of the Auditors and their audit process for 2009 audit and recommended the Board their re-appointment in 2010 at the forthcoming Annual General Meeting.

The Group's results and financial statements for the year ended 31 March 2009 have been reviewed by the Audit Committee.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards.

The statement of the external Auditor, Messrs. Morison Heng, Certified Public Accountants, in connection with their reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditors' Report on pages 30 to 31 of the Annual Report.

AUDITORS' REMUNERATION

The amount of fees charged by the auditor general depends on the scope and volume of the auditor's work. For the year ended 31 March 2009, the remuneration to the auditor of the Company was approximately HK$500,000 for audit service. Non-audit service provided by the Auditors during the year amounted to approximately HK$180,000.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective internal control system of the group. The system includes a defined management structure with limits of authority, safeguards its assets against unauthorized use of disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliances with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

The Directors acknowledge their responsibilities to ensure a sound and effective internal control system designed to facilitate efficient operations and to provide reasonable assurance in the financial reporting and compliance with applicable laws and regulations.

During the Internal Control system review performed in CG report period, the Company has reviewed the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management function. There are no material internal controls deficiencies that may affect the shareholders of the Company have come to the attention of the Audit Committee or the Board. At the Audit Committee meeting held on 20 July 2009, the Committee considered that the system had effectively safeguarded the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

COMMUNICATION WITH SHAREHOLDERS

The Company discloses relevant information to shareholders through the Company's annual report and financial statements, the interim report, as well as the Annual General Meeting (the "AGM"). The section under "Chairman's Statement and Management Discussion and Analysis" of the annual report facilitate the shareholders' understanding of the Company's activities. The AGM allows the Directors to meet and communicate with shareholders. The Company's financial statements and each of the required disclosure of information are dispatched within the prescribed period imposed by laws and regulations.

To further promote effective communication, the corporate website, http://www.1013.hk, is maintained to disseminated Company's announcements and other relevant financial and non-financial information electronically on a timely basis.

The directors of the Company present their annual report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2009.

CHANGE OF COMPANY NAME

By a special resolution passed on 23 June 2008, the name of the Company was changed from "Plus Holdings Limited普納集團有限公司" to "Wai Chun Group Limited偉俊集團有限公司" with effect from 28 August 2008.

By a special resolution passed on 17 November 2008, the name of the Company was further changed from "Wai Chun Group Limited偉俊集團有限公司" to "Wai Chun Group Holdings Limited偉俊集團控股有限公司" with effect from 19 November 2008.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The Company acts as an investment holding company. The principal activities of its associated companies and subsidiaries are set out in notes 21 and 36 to the consolidated financial statements respectively.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 10 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2009 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 32 to 73.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: Nil).

RESUMPTION OF SHARES TRADING

The trading of shares of the Company in the Hong Kong Stock Exchange was resumed on 25 August 2008.

CAPITAL STRUCTURE

Upon the completion of group restructuring on 20 August 2008, the Company increased its authorized share capital of the Company from HK$300,000,000 divided into 3,000,000,000 shares at HK$0.10 each into HK$1,000,000,000 divided into 100,000,000,000 shares at HK$0.01 each. Before the group restructuring, the number of issued ordinary shares of the Company was 1,391,162,483 at HK$0.10 each. Pursuant to the group restructuring, the issued share capital of the Company was reduced by cancelling the paid up capital to the extent of HK$0.09 each on each issued share of par value HK$0.10 in the share capital of Company such that the nominal value of all issued shares was reduced from HK$0.10 to HK$0.01 each.

Pursuant to the group restructuring, the Company issued 4,000,000,000 ordinary shares at HK$0.01 each, 11,000,000,000 convertible preference shares at HK$0.01 each and 20,000,000,000 shares options at HK$0.001 each. The proceeds in the amounts of HK$170 million were mainly used for settlement of outstanding debts and restructuring costs in accordance with the Hong Kong and Bermuda Court Scheme and the remaining balance were used working capital for the Group. As of the date of the completion of group restructuring, the number of issued ordinary shares of the Company was at 5,391,162,483 of HK$0.01 each.

SHARE CAPITAL

Details of movements in share capital are set out in note 30 to the consolidated financial statements.

RESERVES

Details of movement in the reserves of the Group and of the Company during the year are set out in note 32 to the consolidated financial statements.

PROPERTY, PLANT, EQUIPMENT

Details of movements in the property, plant, equipment of the Group during the year are set out in notes 18 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2009, the sales to the Group's five largest customers accounted for 38% of the total sales and sales to the largest customers included therein amounted to 12%. Purchases from the Group's five largest suppliers accounted for 51% of the total purchases for the year and purchases from the largest suppliers included therein amounted to 18%.

None of the Directors of the Company or any of their associates or any shareholders (which to the best knowledge of the Directors, owned more than 5% of the Company's issued share capital) had a material interest in the Group's five largest customers or suppliers.

RETIREMENT BENEFIT SCHEMES

Details are set out in note 34 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details are set out in note 35 to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 28 October 2008, Beijing HollyBridge, a subsidiary of the Company, disposed of 39% equity interest in an associate at the consideration of RMB 6.5 million, in cash. Save for disclosed above, the Group has no material acquisitions and disposals of subsidiaries and associated companies for the year ended 31 March 2009.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed above and in the section of "Chairman's Statement and Management Discussion and Analysis", the Directors do not have any future plans for material investment or capital assets.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2009, the Group pledged bank deposits of HK$300,000 to a bank to secure banking facilities granted to the Group.

As at 31 March 2009, the Group did not have any material contingent liabilities.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements is set out on page 74.

DIRECTORS

The Directors of the Company during the year and up to the date of this Annual Report are:

Executive Directors:

Mr. Lam Ching Kui *(Chairman)*	(appointed on 20 August 2008)
Mr. Guo Qing Hua *(CEO)*	(appointed on 7 November 2008)
Mr. Zhang Xin	(appointed on 20 August 2008 and resigned on 7 November 2008)
Mr. Li Tong	(appointed on 20 August 2008 and resigned on 5 December 2008
Mr. Zou Yishang	(removed on 20 August 2008)
Mr. Hu Jian	(removed on 20 August 2008)
Mr. Cui Jingya	(removed on 20 August 2008)
Mr. Zou Yicheng	(retired on 23 May 2008)
Mr. Liu Yiquan	(retired on 23 May 2008)
Mr. Zhang Yi	(retired on 23 May 2008)

Non-executive Directors:

Mr. Weng Xianding	(removed on 20 August 2008)

Independent Non-executive Directors:

Mr. Ko Ming Tung Edward	(appointed on 20 August 2008)
Dr. Tang Tin Sek	(appointed on 20 August 2008)
Mr. Shaw Lut Leonardo	(appointed on 1 May 2009)
Mr. Chan King Hung	(appointed on 20 August 2008 and resigned on 1 May 2009)
Mr. Chan Kin Sang	(resigned on 20 August 2008)
Mr. Choi Man On	(resigned on 20 August 2008)
Mr. Young Meng Cheung Andrew	(resigned on 20 August 2008)

Pursuant to Bye-law 86(2) of the Company's Bye-laws, Mr. Guo Qing Hua and Mr. Shaw Lut Leonardo, who were appointed after the AGM held on 10 September 2008, shall hold office until the next AGM and being eligible, to offer themselves for re-election as directors at the next AGM.

DIRECTORS (continued)

Pursuant to Bye-law 87 of the Company's Bye-laws, Mr. Lam Ching Kui will retire as director at the next AGM and being eligible, to offer himself for re-election as director at the next AGM.

Pursuant to Bye-law 87(2) of the Bye-laws, Dr. Tang Tin Sek will retire as director at the next AGM. Dr. Tang has decided not to offer himself for re-election.

No director proposed for re-election at the next AGM has a service contract which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of not more than three years commencing from their date of appointment, which continues thereafter until terminated by either party giving not less than one months' notice in writing to the other party.

As at the date of this annual report, Mr. Shaw Lut Leonardo, the independent non-executive Directors of the Company, has entered into a service agreement with the Company for a term of two years from their date of appointment, which can be terminated by either party giving not less than one month notice in writing to the other party. Except for Mr. Shaw, no INEDs have entered into any service agreements with the Company.

Each of the Directors is subject to the relevant provisions of retirement and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws and pursuant to the Code on Corporate Governance Practices of the Listing Rules.

DIRECTORS' INTERESTS IN SHARES

At 31 March 2009, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by directors of Listed Companies (the "Model Code"), were as follows:

Long positions in the shares and underlying shares of the Company

	Number of Shares held			Percentage of
Name of director	Personal interests	Corporate interests	Total	shareholding
Lam Ching Kui	–	35,000,000,000 *(Note 1)*	35,000,000,000	649.21% *(Note 2)*

Notes:

1. Mr. Lam Ching Kui is the beneficial owner of the entire issued share capital of Wai Chun Ventures Limited, which owned 4,000,000,000 Shares as at the 31 March 2009, HK$110,000,000 convertible preference shares giving rise to an interest in 11,000,000,000 underlying Shares and 20,000,000,000 options for subscribing 20,000,000,000 Shares.

2. Based on the existing issued share capital of the Company of 5,391,162,483 Shares as at the 31 March 2009, the 4,000,000,000 Shares and 11,000,000,000 underlying Shares under the HK$110,000,000 convertible preference shares and 20,000,000,000 Shares under the 20,000,000,000 options represent 74.20% and 204.03% and 370.98% of the issued share capital of the Company respectively, thus the total of deemed interests of 35,000,000,000 shares represents 649.21% of the existing share capital of the Company.

Directors' interests in associated corporation

Long Position in Shares

Name	Nature of associated corporation	Capacity	Number of shares	Percentage of shareholding
Lam Ching Kui	Wai Chun Ventures Limited	Beneficial Owner	10 ordinary shares	100%

DIRECTORS' INTERESTS IN SHARES (continued)

Directors' interests in share options of the Company

As 31 March 2009, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken pr deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing of the Listing of Securities on the Stock Exchange ("Listing Rules") to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009 the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

So far as is known to the Directors, as at 31 March 2009, the persons other than a Director or chief executive of the Company who has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, who is expected, directly or indirectly, to be interest in 5 per cent, or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital, were as follow:

Name of Shareholder	Capacity	Number of Shares	Percentage of shareholding
Wai Chun Ventures Limited	Beneficial Owner	35,000,000,000 *(Note 1)*	649.21% *(Note 2)*

SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

1. Mr. Lam Ching Kui, the Chairman and executive Director of the Company, is the beneficial owner of the entire issued share capital of Wai Chun Ventures Limited, which owned 4,000,000,000 Shares as at 31 March 2009, HK$110,000,000 convertible preference shares giving rise to an interest in 11,000,000,000 underlying Shares and 20,000,000,000 options for subscribing 20,000,000,000 Shares. Mr. Lam Ching Kui is the sole director and shareholder of Wai Chun Ventures Limited.

2. Based on the issued share capital of the Company of 5,391,162,483 Shares as at 31 March 2009, the 4,000,000,000 Shares and 11,000,000,000 underlying Shares under the HK$110,000,000 convertible preference shares and 20,000,000,000 Shares under the 20,000,000,000 options represent 74.20% and 204.03% and 370.98% of the existing issued share capital of the Company respectively, thus the total of deemed interests of 35,000,000,000 Shares represents 649.21% of the existing issued share capital of the Company.

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the 31 March 2009, had an interest of short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any options in respect of such capital.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of the providing incentives and rewards to eligible participants who contribute to the success of the Group’s business. Eligible participants of the Scheme include any director (including executive, non-executive and independent non-executive director), any employee, or any consultant, advisor, customer, shareholder and business associate.

Other details are set out in note 31 to the consolidated financial statements.

SHARE OPTION SCHEME (continued)

The following table discloses movements in the Company's share option held by the Company's directors, employees and other registered holders under the Scheme during the year:

	Number of share options						
Name and category of participants	At 1 April 2008	Exercised during the year	Lapsed during the year	At 31 March 2009	Date of Grant	Exercisable period	Exercise price/share
Ex-directors							
Mr. Zou Yishang ("Mr. Zou")	20,000,000	–	(20,000,000)	–	29 August 2001	29 August 2001 to 28 August 2011 *(Notes a and b)*	0.3520
Mr. Hu Jian ("Mr. Hu)	3,800,000	–	(3,800,000)	–	29 August 2001	29 August 2001 to 28 August 2011 *(Notes a and b)*	0.3520
	23,800,000	–	(23,800,000)	–			
Other employees in aggregate	20,719,000	–	(20,719,000)	–	29 August 2001	29 August 2001 to 28 August 2011 *(Notes a and b)*	0.3520
	44,519,000	–	(44,519,000)	–			

Note a: The options have vested in four tranches in the proportion of 15%: 25%: 30%: 30%. The first, the second, the third and the fourth tranches of the options have vested on 1 April 2002, 1 April 2003, 1 April 2004 and 1 April 2005 respectively.

Note b: Subsequent to removal of Mr. Zou and Mr. Hu as the directors of the Company and those staff whose granted share options, the share options of the above-mentioned persons were lapsed.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from as disclosed under the headings "Directors' interests in shares" and "Share Option Scheme" above, to the best knowledge of the directors having made all reasonable enquiries, as at 31 March 2009, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

1. Administrative Services Agreement

On 8 December 2008, the Group has entered into an Administrative Services Agreement with Wai Chun Mining Industry Group Company Limited ("Wai Chun Mining"), a listed company in Hong Kong, pursuant to which the Company agreed to reimburse the Wai Chun Mining the costs incurred in respect of the administrative service provided in the Premises located in Flat 4917-4932, 49 Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong. The lease term lasts for 22 months commencing from 1 September 2008.

Mr. Lam Ching Kui indirectly owns and controls approximately 74.2% and 74.99% of the issued capital of the Company and Wai Chun Mining respectively. Mr. Lam Ching Kui, being a director and the ultimate controlling shareholder (as defined in the Listing Rules) of both the Company and Wai Chun Mining and therefore, the entering into of the Administrative Services Agreement between the Company and Wai Chun Mining constitutes a continuing connected transaction for each of the Company and Wai Chun Mining under Chapter 14A of the Listing Rules.

2. Tenancy Agreement

On 23 January 2009, the Group has entered into a Tenancy Agreement with Ms. Chan Oi Mo ("Ms. Chan"), pursuant to which the Group agreed to pay Ms. Chan the rental charge of the Premises located in Unit 1L and 1K of Block A6, Xili Residences, Tang Lang Village, Nam Shan District, Shenzhen, PRC. The lease term lasts for 14 months commencing from 1 February 2009.

Ms. Chan is the wife of Mr. Lam Ching Kui who is director and indirectly owns approximately 74.2% of the issued capital of the Company. Mr. Lam Ching Kui, being a director and the ultimate controlling shareholder (as defined in the Listing Rules) of the Company and therefore, the entering into of the Tenancy Agreement between Ms. Chan and the Company constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS (continued)

2. Tenancy Agreement (continued)

During the year ended 31 March 2009, the Company has paid a total administrative services fee of HK1,400,000 to Wai Chun Mining and has paid a total rental expenses of HK$600,000 to Ms Chan. Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the above continuing connected transactions and opined that the transactions are

(1) in the ordinary and usual course of business of the Group;
(2) on normal commercial terms;
(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole

The Board has also confirmed that a letter pursuant to Rule 14A.38 of the Listing Rules has been issued to the Board by auditors of the Company.

Details of the above are set out in note 35 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in Connected and Continuing Connected Transactions, no Director of the Company had a significant beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any its subsidiaries was a party at any time during the year ended 31 March 2009.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

No Director of the Company has interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, during the year up to the date of this report.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2009, the Group had approximately 68 (2008: 50) employees. Total staff cost (including directors' emoluments) incurred during the year amounted to approximately HK$8.01 million (2008: approximately HK$5.11 million). The Group has maintained a policy to ensure that the pay levels of its employees are competitive and employees are rewarded on a performance related basis with the general framework of the Group's salary and bonus system.

No new share options were granted during the current year and all share options was lapsed during the year and therefore, the total outstanding share options granted to certain directors and employees amounted to zero as at 31 March 2009 (2008: HK$44,519,000).

DIRECTORS' REMUNERATION

Details of emoluments of the Directors are set out in note 14 to the consolidated financial statements.

The Directors' fees are subject to shareholders' approval at the Annual General Meeting. Other emoluments are determined by the Company's Board of Directors with reference to the directors' duties, responsibilities and performance and the results of the Group.

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

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors of the Company, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Details of the compliance by the Company with the Code on Corporate Governance Practices are set out under section headed the Corporate Governance Report on pages 9 and 10 of this Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Details of the compliance by the Company with the Model Code for Securities Transactions are set out under section headed the Corporate Governance Report on page 10 of this Annual Report.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive directors, namely Dr. Tang Tin Sek, Mr. Ko Ming Tung Edward and Mr. Shaw Lut Leonardo.

The audit committee has reviewed the Group's audited consolidated annual results for the year ended 31 March 2009.

AUDITORS

The consolidated financial statements for the year have been audited by Messrs. Morison Heng, Certified Public Accountants. A resolution to re-appoint the retiring auditors, Messrs. Morison Heng, Certified Public Accountants, will be proposed at the forthcoming Annual General Meeting.

On Behalf Of The Board
Lam Ching Kui
Chairman

Hong Kong, 23 July 2009

TO THE SHAREHOLDERS OF
WAI CHUN GROUP HOLDINGS LIMITED
(FORMERLY KNOWN AS "WAI CHUN GROUP LIMITED"
AND "PLUS HOLDINGS LIMITED")
偉俊集團控股有限公司
(前稱"偉俊集團有限公司"及"普納集團有限公司")
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wai Chun Group Holdings Limited (Formerly known as "Wai Chun Group Limited" and "Plus Holdings Limited") (the "Company') and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 73 which comprise the consolidated and company's balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

The consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Morison Heng
Certified Public Accountants

Hong Kong: 23 July 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	**2009**	**2008**
		HK$'000	*HK$'000*
Turnover	9	152,859	65,605
Cost of sales		(134,592)	(57,620)
Gross profit		18,267	7,985
Other operating income	11	38,043	2,540
Selling and distribution expenses		(521)	(330)
Administrative expenses		(18,144)	(9,338)
Other operating expenses		(13,556)	(22,696)
Profit/(Loss) from operations	12	24,089	(21,839)
Share of results of associates		(1,110)	(1,636)
Finance costs	13	–	(4,218)
Profit/(Loss) before taxation		22,979	(27,693)
Taxation	16	(373)	(81)
Profit/(Loss) for the year		22,606	(27,774)
Attributable to:			
Equity holders of the Company		22,606	(27,774)
Earnings/(Loss) per share			
Basic	17	0.59 cents	(2.00) cents
Diluted	17	0.10 cents	N/A

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	18	641	7
Goodwill	19	–	–
Interests in associates	21	–	2,532
		641	2,539
Current assets			
Inventories	22	20,140	36,254
Trade and other receivables, prepayments and deposits	23	20,246	50,611
Amount due from a related company	24	918	–
Financial assets at fair value through profit or loss	25	8,890	–
Fixed deposits – secured	26	300	–
Fixed deposits – unsecured	26	72,913	–
Bank balances and cash		10,911	6,909
		134,318	93,774
Current liabilities			
Trade and other payables	27	49,751	147,434
Amount due to a related company	35	1,476	–
Amount due to an associate	35	–	167
Tax payable		234	2,719
Borrowings	28	–	42,582
Convertible bonds	29	–	14,040
		51,461	206,942
Net current assets/(liabilities)		82,857	(113,168)
Total assets less current liabilities		83,498	(110,629)
Capital and Reserves			
Share capital	30	53,912	139,116
Reserves	32	29,586	(249,745)
Equity/(Capital deficiency) attributable to equity holders of the Company		83,498	(110,629)
Total equity/(Capital deficiency)		83,498	(110,629)

The financial statements on pages 32 to 73 were approved and authorised for issue by the directors on 23 July 2009 and are signed on its behalf by:

Lam Ching Kui
Director

Guo Qing Hua
Director

BALANCE SHEET

As at 31 March 2009

	Notes	2009	2008
		HK$'000	HK$'000
Non-current assets			
Interests in subsidiaries	20	11	10
Current assets			
Other receivables, prepayments and deposits		82	315
Amounts due from subsidiaries	20	103,974	–
Amount due from a related company	24	918	–
Financial assets at fair value through profit or loss	25	1,180	–
Bank balances and cash		–	3,935
		106,154	4,250
Current liabilities			
Other payables and accruals		910	40,864
Amounts due to subsidiaries	20	–	86
Borrowings	28	–	11,495
Convertible bonds	29	–	14,040
		910	66,485
Net current assets/(liabilities)		105,244	(62,235)
Total assets less current liabilities		105,255	(62,225)
Capital and Reserves			
Share capital	30	53,912	139,116
Reserves	32	51,343	(201,341)
Total equity/(capital deficiency)		105,255	(62,225)

Approved by the directors on 23 July 2009

Lam Ching Kui	**Guo Qing Hua**
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Attributable to equity holders of the Company						
	Share capital	Share premium	Convertible preference shares	Convertible share option reserve	Translation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007	139,116	383,117	–	–	–	(602,028)	(79,795)
Translation difference	–	–	–	–	(3,060)	–	(3,060)
Loss for the year	–	–	–	–	–	(27,774)	(27,774)
At 31 March 2008	139,116	383,117	–	–	(3,060)	(629,802)	(110,629)
Reduction of share capital	(125,204)	–	–	–	–	125,204	–
Reduction in share premium	–	(383,117)	–	–	–	383,117	–
Issue of share capital	40,000	–	–	–	–	–	40,000
Issue of convertible preference shares	–	–	110,000	–	–	–	110,000
Issue of convertible share options	–	–	–	20,000	–	–	20,000
Translation difference	–	–	–	–	1,521	–	1,521
Profit for the year	–	–	–	–	–	22,606	22,606
At 31 March 2009	53,912	–	110,000	20,000	(1,539)	(98,875)	83,498

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	2009	2008
	HK$'000	*HK$'000*
Cash flow from operating activities		
Profit/(Loss) before taxation	22,979	(27,693)
Adjustments for:		
Allowance for amounts due from related companies	–	50
Allowance for amount due from a director	–	30
Depreciation	58	91
Dividend income from financial assets at fair value through profit and loss	(20)	(82)
Impairment loss on goodwill	–	11,160
Interest expense	–	4,218
Interest income	(738)	(48)
Gain on disposal of an associate	(6,042)	–
Loss/(Gain) on disposal of property, plant and equipment	1	(1,403)
Provision for bad and doubtful debts	9,649	4,891
Realised gain on financial assets at fair value through profit or loss	–	(880)
Share of results of associates	1,110	1,636
Unrealised gain on financial assets at fair value through profit or loss	(2,649)	–
Gain on debt restructuring	(28,363)	–
Operating loss before working capital changes	(4,015)	(8,030)
Decrease/(Increase) in inventories	16,114	(13,158)
Decrease/(Increase) in trade and other receivables, prepayments and deposits	26,793	(17,985)
Increase in amount due from a related company	918	–
(Decrease)/Increase in trade and other payables	(76,506)	46,912
(Decrease)/Increase in amount due to a related company	(1,476)	371
(Decrease)/Increase in amounts due to directors	(240)	191
(Decrease)/Increase in amount due to an associate	(167)	15
Cash (used in)/generated from operations	(38,579)	8,316
Interest paid	–	(4,218)
Tax paid	(373)	(95)
Net cash (used in)/from operating activities	(38,952)	4,003

	2009	2008
	HK$'000	*HK$'000*
Cash flow from investing activities		
Interest received	738	48
Dividends received	–	82
Purchases of property, plant and equipment	(693)	(9)
Purchases of financial assets at fair value through profit and loss	(6,241)	–
Proceeds from disposals of financial assets at fair value through profit and loss	–	6,445
Proceeds from disposal of an associate	7,378	–
Net cash inflow from investing activities	1,182	6,566
Cash flow from financing activities		
Issuance of convertible preference shares	110,000	–
Issuance of convertible share options	20,000	–
Issuance of share capital	40,000	–
Repayments of convertible bonds	(14,040)	–
Repayments of borrowings	(42,582)	(2,586)
Net cash from/(used in) financing activities	113,378	(2,586)
Net increase in cash and cash equivalents	75,608	7,983
Cash and cash equivalents at beginning of year	6,909	1,587
Effect of foreign exchange rate changes	1,607	(2,661)
Cash and cash equivalents at end of year	84,124	6,909
Analysis of the balances of cash and cash equivalents		
Fixed deposits – secured	300	–
Fixed deposits – unsecured	72,913	–
Bank balances and cash	10,911	6,909
	84,124	6,909

1. GENERAL

Wai Chun Group Holdings Limited (Formerly known as "Wai Chun Group Limited" and "Plus Holdings Limited") (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The shares of the Company have been suspended for trading on the Stock Exchange since 17 December 2004. Following the completion of the Company's restructuring agreement on 20 August 2008, trading of the Company's shares on the Stock Exchange was resumed on 25 August 2008.

The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the principal place of business for the Company was Room 4917-4932, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the company as the Company is a public company incorporated in Bermuda with its shares listed in the Stock Exchange, where most of its investors are located in Hong Kong. The majority of the Company's subsidiaries are operated in the People's Public of China (the "PRC") with Renminbi as their functional currency.

The principal activity of the Company is investment holding. The principal activities of its associates and subsidiaries are set out in notes 21 and 36 to the consolidated financial statements respectively.

2. WITHDRAWAL OF WINDING-UP PETITIONS AND DISCHARGE OF PROVISIONAL LIQUIDATORS

On 15 November 2006, Lolliman Finance Limited ("Lolliman") petitioned for the winding up of the Company. The Company, as guarantor, is required to repay the outstanding loan owed by Holy (Hong Kong) Universal Limited ("Holy HK"), an indirect wholly-owned subsidiary of the Company. Upon the application of Lolliman, Messrs. Liu Yiu Keung Stephen and Robert Armor Morris, both of Ernst & Young Transactions Limited, were appointed as the Provisional Liquidators of the Company on 17 May 2007 by the High Court of Hong Kong Court of First Instance (the "Hong Kong Court") so as to preserve the assets of the Group, to consider and review all restructuring proposals to maximise the recovery of the creditors and shareholders of the Company.

The Court orders for the withdrawal of the winding-up petitions and the discharge of the Provisional Liquidators of the Company were granted on 5 August 2008 by the High Court and on 8 August 2008 by the Supreme Court of Bermuda. Following completion of the Company's Restructuring Agreement (as defined in hereinafter), trading in the shares of the Company on the Stock Exchange was resumed on 25 August 2008.

3. RESTRUCTURING AGREEMENT

The following are the summary of the Debt Restructuring Agreement and the Subscription Agreement as set out in the announcement made by the Company dated 3 April 2008.

(i) The Capital Restructuring

Under the Capital Restructuring, the share capital of the Company was restructured in the following manner:

(a) Capital Reduction and share premium reduction

The par value of every issued and unissued share was reduced from HK$0.10 to HK$0.01 and the resulting in the reduction of the issued share capital of the Company from HK$139,116,248 by HK$125,204,623 to HK$13,911,625 which gave rise to a credit of HK$125,204,623 on the basis of 1,391,162,483 shares in issue.

3. RESTRUCTURING AGREEMENT (continued)

(i) The Capital Restructuring (continued)

(a) Capital Reduction and share premium reduction (continued)

As a result of the reduction of the amount of HK$0.09 from each issued share, the entire amount standing to the credit of share premium account of the Company was transferred to the contributed surplus account of the Company.

(b) Set off of accumulated losses and subdivision of shares

The total credits of HK$508,321,623 arising from the Capital Reduction and share premium reduction were credited to the contributed surplus account of the Company. On the basis of the balance of the contributed surplus account of the Company of approximately HK$107,992,000, the contributed surplus account of the Company was increased to HK$616,313,623 after such proposed transfer. Such contributed surplus was applied to set off against most of the Company's accumulated losses as at 31 March 2007 of approximately HK$675,935,000. The contributed surplus account was reduced to nil after setting off against the accumulated losses of the Company, which will have a remaining deficit of HK$59,621,377.

Upon the capital reduction took effect, each of the authorized but unissued shares in the share capital of the Company subdivide into 10 New shares.

(c) Authorized Share Capital increase

The Company's authorized share capital of the Company was increased from HK$300,000,000 to HK$1,000,000,000 by the creation of an additional 70,000,000,000 new shares.

This was achieved by a re-designation of 11,000,000,000 new shares into 11,000,000,000 convertible preference shares.

(ii) The Debt Restructuring

A majority of the number of creditors representing more than 50% in number and not less than 75% in value of each of the relevant classes of creditors present and voting either in person or by proxy have voted in favour of the Scheme at the meeting of the creditors, the Scheme has been sanctioned by the Court.

(iii) Subscription of subscription shares, convertible preference shares and options.

Under the terms of the subscription agreement, Wai Chun Ventures Limited has agreed to subscribe for the subscription shares, the convertible preference shares and the options in the following manner:

i) as to HK$40 million for the subscription of 4,000,000,000 subscription shares at the subscription price of HK$0.01 each;

ii) as to HK$110 million for the subscription of 11,000,000,000 convertible preference shares at the subscription price of HK$0.01 each; and

iii) as to HK$20 million for the subscription of 20,000,000,000 share options at the subscription price of HK$0.001 each.

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

In the current year, the Group has applied the following amendment and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The adoption of the new HKFRSs had no material effect on how the results and the financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combination[4]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for annual periods beginning on or after 1 July 2008
7 Effective for annual periods ending on or after 1 October 2008
8 Effective for transfers on or after 1 July 2009

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKAS 1 (Revised) "Presentation of Financial Statements" is expected to materially change the presentation of the Group's financial statements. This amendment affects the presentation of owner's changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3. Business Combinations are recognised at recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill arising on acquisition of subsidiaries, the Group has discontinued amortisation from 1 April 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Goodwill arising on acquisitions on or after 1 January 2005 (continued)

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalized is included in the determination of the amount of profit or loss on disposal.

Associated companies

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following bases:

Sales of goods are recognised when goods are delivered and title has passed.

Integration services, services income and contract income are recognised upon receipt of acceptance from outside customers.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income from investments is recognised when the shareholder's rights to receive payment is established.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum:

Building	2-4%
Furniture, fixtures and office equipment	20%
Motor vehicle	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Financial instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are mainly classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees points paid or received that from an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Effective interest method (continued)

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL including financial assets held for trading.

A financial asset is classified as held for trading if:

– it has been acquired principally for the purpose of selling in the near future; or

– it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, prepayments and deposits, amount due from a related company, fixed deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, observable changes in national or local economic conditions that correlate with default on receivables.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, an impairment loss is recognised in profit of loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to a related company, amount due to an associate and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition (continued)

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Taxation

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charges or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leased assets

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on the straight-line basis over the lease terms.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the year in which they arise. Exchange differences arising on the retranslation of nonmonetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (exchange reserve). Such exchange differences are recognised in the profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognized in the translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation before 1 January 2005 are treated as non-monetary foreign currency items of the acquirer and reported using historical cost prevailing at the date of acquisition.

Retirement benefit schemes

The Group operates a defined contribution retirement benefits scheme (the Mandatory Provident Fund ("MPF")) under the MPF Schemes Ordinance, for all of its employees who are eligible to participate in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit schemes (continued)

The employees of the Group's subsidiaries which operate in the People's Republic of China (the "PRC") are required to participate in the retirement benefits schemes (the "PRC RB Schemes") operated by the respective local municipal government in provinces of the PRC that the Group's subsidiaries operate. These subsidiaries are required to contribute a certain percentage of their payroll costs to the PRC RB Schemes to fund the benefits. The only obligation of the Group with respect to the PRC RB Schemes is to pay the ongoing required contributions under the PRC RB Schemes. Contributions under the PRC RB Schemes are charged to the income statement as they become payable in accordance with the rule of the PRC RB Schemes.

Related parties

A party is considered to be related to the Company if:

(a) the party, directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Company; (ii) has an interest in the Company that gives it significant influence over the Company; or (iii) has joint control over the Company;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Company of its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that the individual in their dealings with the entity.

Borrowing costs

All borrowing costs are recognised as expenses in the year in which they are incurred.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

7. FINANCIAL INSTRUMENTS

(i) Summary of financial assets and liabilities

The carrying amounts of the Company's financial assets and liabilities recognised as at 31 March 2009 are as follows:

	2009	2008
	HK$'000	*HK$'000*
Financial assets:		
Trade and other receivables, prepayments and deposits	20,246	50,611
Amount due from a related company	918	–
Financial assets at fair value through profit or loss	8,890	–
Fixed deposits – secured	300	–
Fixed deposits – unsecured	72,913	–
Bank balances and cash	10,911	6,909
Financial liabilities:		
Trade and other payables	49,751	147,434
Amount due to a related company	1,476	–
Amount due to an associate	–	167
Borrowings	–	42,582
Convertible bonds	–	14,040

(ii) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from a related company, financial assets at fair value through profit or loss, fixed deposits, bank balances and cash, trade and other payables and amount due to a related company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

One of the subsidiaries of the Company has foreign currency sales denominated in foreign currencies which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Fair value interest rate risk

The Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2009 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

7. FINANCIAL INSTRUMENTS (continued)

(ii) Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due; and it results from amount and maturity mismatches of assets and liabilities. Investments of the Group are kept sufficiently liquid to meet the operating needs. The Group had regularly monitored current and expected liquidity requirement to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short or longer term.

(iii) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

– the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

– the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recoded in the financial statements approximated their fair values.

8. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in Note 5, management has made the following judgements that have significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Allowance for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and aged analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Allowance for bad and doubtful debts of approximately HK$9,649,000 was made for the year ended 31 March 2009.

9. TURNOVER

Turnover represents the net amounts received and receivable for goods sold and services provided by the Group to outside customers during the year. Details are summarised as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Turnover		
Sales and integration services	131,246	54,154
Services income	20,666	8,075
Contract income	947	3,376
	152,859	65,605

10. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into three operating divisions-sales and integration services, services income and contract income. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Sales and integration services	–	income from sales and service, provision of integration services of computer and communication systems
Services income	–	income from design, consultation, production of information system software and management training services
Contract income	–	income in connection with the sale of communication systems equipment for intelligent buildings and provision of installation services

10. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

Segment information about the business is presented below:

For the year ended 31 March 2009

Consolidated Income Statement

	Sales and integration services HK$'000	Services income HK$'000	Contract income HK$'000	Consolidated HK$'000
TURNOVER				
External sales	131,246	20,666	947	152,859
SEGMENT RESULTS	(4,528)	7,583	505	3,560
Unallocated corporate income				31,733
Unallocated corporate expenses				(11,204)
Profit from operations				24,089
Share of results of associates				(1,110)
Finance costs				–
Profit before taxation				22,979
Taxation				(373)
Profit for the year				22,606

Other information

	Sales and integration services HK$'000	Services income HK$'000	Contract income HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	37	6	–	650	693
Depreciation	1	–	–	57	58
Provision for bad and doubtful debts	8,285	1,304	60	–	9,649

10. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

As at 31 March 2009

Consolidated Balance Sheet

	Sales and integration services	Services income	Contract income	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Segment assets	19,338	3,045	140	22,523
Unallocated corporate assets				112,436
Consolidated total assets				134,959
LIABILITIES				
Segment liabilities	38,770	6,105	280	45,155
Unallocated corporate liabilities				6,306
Consolidated total liabilities				51,461

10. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

For the year ended 31 March 2008

Consolidated Income Statement

	Sales and integration services HK$'000	Services income HK$'000	Contract income HK$'000	Consolidated HK$'000
TURNOVER				
External sales	54,154	8,075	3,376	65,605
SEGMENT RESULTS	(5,857)	(1,395)	1,148	(6,104)
Unallocated corporate income				6,132
Unallocated corporate expenses				(21,867)
Loss from operations				(21,839)
Share of results of associates				(1,636)
Finance costs				(4,218)
Loss before taxation				(27,693)
Taxation				(81)
Loss for the year				(27,774)

Other information

	Sales and integration services HK$'000	Services income HK$'000	Contract income HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	7	1	1	–	9
Depreciation	68	19	4	–	91
Allowance for amounts due from related companies	–	–	–	50	50
Allowance for amount due from a director	–	–	–	30	30
Impairment loss on goodwill	9,212	1,374	574	–	11,160
Provision for bad and doubtful debts	4,031	609	251	–	4,891

10. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

As at 31 March 2008

Consolidated Balance Sheet

	Sales and integration services *HK$'000*	Services income *HK$'000*	Contract income *HK$'000*	Consolidated *HK$'000*
ASSETS				
Segment assets	70,362	8,478	4,386	83,226
Unallocated corporate assets				13,087
Consolidated total assets				96,313
LIABILITIES				
Segment liabilities	93,141	18,063	5,806	117,010
Unallocated corporate liabilities				89,932
Consolidated total liabilities				206,942

Geographical segments

No geographical segment analysis is provided as substantially all of the Group's turnover and contribution to results were derived from the People's Republic of China (the "PRC").

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2009 *HK$'000*	**2008** *HK$'000*	**2009** *HK$'000*	**2008** *HK$'000*
Hong Kong	107,769	39,497	650	–
PRC, excluding Hong Kong	27,190	56,816	43	9
	134,959	96,313	693	9

11. OTHER OPERATING INCOME

Other operating income comprises:

	THE GROUP 2009 HK$'000	2008 HK$'000
Bank interest income	738	48
Dividend income from financial assets at fair value through profit and loss	20	82
Gain on debt restructuring	28,363	–
Gain on disposal of property, plant and equipment	–	1,403
Gain on disposal of an associate	6,042	–
Other operating income	231	127
Realised gain on financial assets at fair value through profit and loss	–	880
Unrealised gain on financial assets at fair value through profit or loss	2,649	–
	38,043	2,540

12. PROFIT/(LOSS) FROM OPERATIONS

	THE GROUP 2009 HK$'000	2008 HK$'000
Profit/(Loss) from operations has been arrived after charging:		
Allowance for amounts due from related companies	–	50
Allowance for amount due from a director	–	30
Auditors' remuneration	500	400
Depreciation of property, plant and equipment	58	91
Impairment loss on goodwill	–	11,160
Staff costs (including directors' emoluments – note 14)		
– salaries and allowance	7,957	5,058
– staff quarter	18	–
– provident fund contributions	37	48
Exchange loss	–	63
Provision for bad and doubtful debts	9,649	4,891

13. FINANCE COSTS

	THE GROUP 2009 HK$'000	2008 HK$'000
Interest on convertible bonds	–	276
Interest on borrowings wholly repayable within five years	–	3,624
Other interests	–	318
	–	4,218

14. DIRECTORS' EMOLUMENTS

The emoluments paid and payable to each of the 18 (2008: 11) directors of the Company were as follows:

Year 2009

Name of director/ex-director	Fees	Salaries and other benefits	Provident fund contribution	2009 Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Lam Ching Kui	–	1,551	6	1,557
Guo Qing Hua	–	128	–	128
Hu Jian	–	15	–	15
Zhang Xin	–	–	–	–
Li Tong	–	–	–	–
Zou Yishang	–	–	–	–
Cui Jingya	–	–	–	–
Zou Yicheng	–	–	–	–
Liu Yiquan	–	–	–	–
Zhang Yi	–	–	–	–
	–	1,694	6	1,700
Independent non-executive directors				
Ko Ming Tung Edward	148	–	–	148
Tang Tin Sek	148	–	–	148
Chan King Hung	148	–	–	148
Choi Man On	46	–	–	46
Young Meng Cheung Andrew	46	–	–	46
Chan Kin Sang	46	–	–	46
Shaw Lut Leonardo	–	–	–	–
	582	–	–	582
Non-executive director				
Weng Xianding	–	–	–	–
Total	582	1,694	6	2,282

14. DIRECTORS' EMOLUMENTS (continued)

Year 2008

Name of director/ex-director	Fees	Salaries and other benefits	Provident fund contribution	2008 Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Zou Yishang	–	235	2	237
Hu Jian	–	136	28	164
Cui Jingya	–	15	–	15
Zou Yicheng	–	38	–	38
Liu Yiquan	–	–	–	–
Zhang Yi	–	–	–	–
	–	424	30	454
Independent non-executive directors				
Choi Man On	50	–	–	50
Young Meng Cheung, Andrew	50	–	–	50
Chan Kin Sang	50	–	–	50
Zhao Renwei	–	–	–	–
	150	–	–	150
Non-executive director				
Weng Xianding	30	–	–	30
Total	180	424	30	634

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2008: two) were directors of the Company whose emoluments are included in the disclosures in note 14 above. The emoluments of the remaining one (2008: three) individuals were as follows:

	THE GROUP	
	2009	**2008**
	HK$'000	*HK$'000*
Salaries and other benefits	134	661
Provident fund contributions	5	15
	139	676

	Number of employees	
	2009	**2008**
Their emoluments were within the following band:		
HK$1,000,000 or below	1	3

16. TAXATION

	THE GROUP	
	2009	**2008**
	HK$'000	*HK$'000*
Taxation in the PRC:		
– current year	373	81

No Hong Kong Profits Tax has been provided in the consolidated financial statements as there was no assessable profit for the year (2008: Nil).

The provision for the PRC income tax is calculated at 25% (2008: 15%) of the estimated assessable profits in accordance with the relevant income tax rules and regulations of the PRC.

The charge for the year can be reconciled to the profit/(loss) per the consolidated income statement as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Profit/(Loss) before taxation	22,979	(27,693)
Tax at the applicable income tax rate	3,792	(4,569)
Tax effect of expenses not deductible for tax purposes	5,905	6,630
Tax effect of income not taxable for tax purposes	(9,735)	(1,941)
Tax effect of temporary difference	(80)	–
Tax effect of tax losses not recognised	118	–
Utilisation of tax losses	–	(120)
Effect of PRC taxation	373	81
Taxation charge	373	81

17. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share for year ended 31 March 2009 is based on the net profit attributable to shareholders of HK$22,606,000 (Net loss attributable to shareholders for year ended 31 March 2008: HK$27,774,000) and on weighted average number of ordinary shares in issue during the year of 3,839,249,915 (2008: 1,391,162,483) shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding due to the effect of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible preference shares and convertible share options.

Diluted earnings per share for year ended 31 March 2009 was calculated based on the net profit attributable to shareholders of HK$22,606,000 and on the adjusted weighted average number of 22,811,927,510 shares which was the weighted average number of shares in issue during the year used in the computation of basic earnings per share plus the weighted average number of 18,972,677,595 shares deemed to be issued at no consideration if all outstanding options and preference shares had been exercised.

Diluted loss per share for year 2008 has not been presented as there was no potential dilutive ordinary share outstanding in the year 2008.

18. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Building	Furniture, fixtures and office equipment	Motor vehicle	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 April 2007	2,445	1,192	–	3,637
Additions	–	9	–	9
Disposals	(2,889)	–	–	(2,889)
Exchange adjustments	444	(96)	–	348
At 1 April 2008	–	1,105	–	1,105
Additions	–	108	585	693
Disposals	–	(2)	–	(2)
Exchange adjustments	–	81	–	81
At 31 March 2009	–	1,292	585	1,877
DEPRECIATION				
At 1 April 2007	1,655	740	–	2,395
Provided for the year	23	68	–	91
Eliminated on disposals	(1,526)	–	–	(1,526)
Exchange adjustments	(152)	290	–	138
At 1 April 2008	–	1,098	–	1,098
Provided for the year	–	9	49	58
Eliminated on disposals	–	(1)	–	(1)
Exchange adjustments	–	81	–	81
At 31 March 2009	–	1,187	49	1,236
NET BOOK VALUE				
At 31 March 2009	–	105	536	641
At 31 March 2008	–	7	–	7

19. GOODWILL

	THE GROUP
	HK$'000
COST	
At 1 April 2007	11,160
Impairment loss	(11,160)
At 31 March 2008 and 31 March 2009	–
CARRYING AMOUNT	
At 31 March 2009	–
At 31 March 2008	–

20. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2009	**2008**
	HK$'000	*HK$'000*
Unlisted shares, at cost	108,203	108,202
Less: Impairment loss	(108,192)	(108,192)
	11	10
Add: Amounts due from subsidiaries	103,974	–
Less: Amounts due to subsidiaries	–	(86)
	103,985	(76)

The amounts due are unsecured, interest free and with no fixed terms of repayment.

Particulars of the Company's subsidiaries as at 31 March 2009 are set out in note 36 to the consolidated financial statements.

21. INTERESTS IN ASSOCIATES

	THE GROUP	
	2009	**2008**
	HK$'000	*HK$'000*
Share of net assets, net of discount on acquisition	–	2,532

Details of the Group's associate at 31 March 2009 are as follows:

Name	Place of establishment	Principal place of operation	Proportion of nominal value of registered capital held by the Group	Nature of business
北京合力紅帆自動化技術有限公司	PRC	PRC	25.5%	Business licence suspended on 25 November 2005

21. INTERESTS IN ASSOCIATES (continued)

The summarized financial information in respect of the Group's associate is set out below:

	2009	2008
	HK$'000	*HK$'000*
Total assets	–	42,509
Total liabilities	–	(18,730)
Net assets	–	23,779
Group's share of associates' net assets	–	2,532
Revenue	–	6,839
Loss for the year	–	(8,223)
Group's share of associates' loss for the year	(1,110)	(1,636)

22. INVENTORIES

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Work in progress	20,140	36,254

23. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

According to the contracts entered into with trade customers, an average of 90% of the contract revenue is normally repayable within 90 days from the date of receipt of customers' acceptance, whereas the remaining 10% of trade receivables represent retentions held by customers which are normally due one year after project completed. The following is an aging analysis of trade receivables included in trade and other receivables at the balance sheet date:

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	36,645	26,279
Less: Provision for bad and doubtful debts	(26,993)	(17,344)
	9,652	8,935
Other debtors, prepayments and deposits	10,594	41,676
Total trade and other receivables, prepayments and deposits	20,246	50,611

23. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	2009	2008
	HK$'000	*HK$'000*
0-30 days	1,075	856
31-90 days	1,548	1,671
Over 90 days	7,029	6,408
Total	9,652	8,935

Movement in provision for bad and doubtful debts of trade receivables:

	2009	2008
	HK$'000	*HK$'000*
At 1 April	17,344	12,453
Provision for bad and doubtful debts	9,649	4,891
At 31 March	26,993	17,344

The fair value of the Group's trade and other receivables, prepayments and deposits at 31 March 2009 and 2008 approximates to the corresponding carrying amount.

24. AMOUNT DUE FROM A RELATED COMPANY

	THE GROUP AND THE COMPANY		
Name of company	Balance at 31.3.2009	Balance at 31.3.2008	Maximum amount outstanding during the year
	HK$'000	*HK$'000*	*HK$'000*
Wai Chun Mining Industry Group Company Limited	918	–	918

Mr. Lam Ching Kui was also the director and beneficial shareholder of the above-named company.

The amount due is unsecured, interest bearing at prime rate plus 1% per annum and with repayment on demand.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Listed investments				
– Equity shares in Hong Kong, at market value	8,890	–	1,180	–

26. SECURED FIXED DEPOSITS/UNSECURED FIXED DEPOSITS

Secured fixed deposits carry interest at market rates which range from 0.01% to 0.25% (2008: Nil) per annum. The unsecured fixed deposits carry fixed interest rate of 0.01% per annum (2008: Nil).

Secured fixed deposits represented deposits pledged to a bank to secured banking facilities granted to the Group.

27. TRADE AND OTHER PAYABLES

The following is an aging analysis of trade payables included in trade and other payables at the balance sheet date:

	THE GROUP	
	2009	**2008**
	HK$'000	*HK$'000*
Trade payables:		
0-90 days	1,438	2,985
91-180 days	3,926	8,167
Over 180 days	19,545	28,418
	24,909	39,570
Other payables	24,842	107,864
Total trade and other payables	49,751	147,434

The Group's trade and other payables at 31 March 2009 approximate to its fair value.

28. BORROWINGS

	THE GROUP		THE COMPANY	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings	–	42,582	–	11,495
Analysed as:				
Secured	–	6,441	–	–
Unsecured	–	36,141	–	11,495
	–	42,582	–	11,495

	THE GROUP		THE COMPANY	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings are repayable:				
Within one year	–	42,582	–	11,495
Less: Amount due within one year shown under current liabilities	–	(42,582)	–	(11,495)
Balance due after one year	–	–	–	–

29. CONVERTIBLE BONDS

Upon the completion of debt restructuring agreement on 20 August 2008, the convertible bonds have been settled and discharged.

Changes in the balance of the convertible bonds are as follows:

	THE GROUP & THE COMPANY	
	USD'000	*HK$'000* equivalent
Balance as at 1 April 2008	1,800	14,040
Settlement during the year	(1,800)	(14,040)
Balance as at 31 March 2009	–	–

30. SHARE CAPITAL

	Number of shares *'000*	**Share capital** *HK$'000*
Authorised:		
Ordinary shares of HK$0.10 each at 1 April 2008	3,000,000	300,000
Reduction of par value from HK$0.10 to HK$0.01 (*Note a (iv)*)	27,000,000	–
Increase in authorized share capital during the year *(Note b)*	70,000,000	700,000
Ordinary shares of HK$0.01 at 31 March 2009	100,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each at 1 April 2008	1,391,163	139,116
Reduction of par value from HK$0.10 to HK$0.01 (*Note a(i)*)	–	(125,204)
New issue of share capital	4,000,000	40,000
Ordinary shares of HK$0.01 at 31 March 2009	5,391,163	53,912
Issued and fully paid convertible preference shares		
At 1 April 2008	–	–
Issue of convertible preference shares through the Subscription	11,000,000	110,000
Convertible preference shares of HK$0.01 at 31 March 2009	11,000,000	110,000

Note:

a) Pursuant to the Debt Restructuring Agreement and the Subscription Agreement as set out in the announcement made by the Company dated 3 April 2008

i. The cancellation of the paid up capital to the extend of HK$0.09 on each issued share of par value of HK$0.10 in the share capital of the Company such that the nominal value of all the issued share will be reduced from HK$0.10 to HK$0.01 each, resulting in the reduction of the issued share capital of the Company by HK$125,204,623 from HK$139,116,248.

ii. by cancelling the entire amount standing to the credit of the share premium account of the Company and the transfer of the credit arising therefrom to the contributed surplus account;

iii. by settling off the credit of the contributed surplus account against the cumulative deficits;

30. SHARE CAPITAL (continued)

Note:

a) (continued)

iv. by subdividing each of the authorised but unissued shares in the share capital of the Company into 10 new shares;

v. The redesignation of 11,000,000,000 new authorised shares into 11,000,000,000 convertible preference shares.

The above capital restructuring became effective on 20 August 2008 upon the filing of the court order with the Companies Registry of the Hong Kong Scheme and the Registrar of Companies of the Bermuda.

b) By way of a special resolution in the extraordinary general meeting held on 23 June 2008, the Company's authorised share capital was increased from HK$300,000,000 to HK$1,000,000,000 by creation of an additional 70,000,000,000 new shares of HK$0.01 each, immediately upon the capital reduction, the capital cancellation and share consolidation became effective.

c) The convertible preference shares were issued at a total consideration of HK$110,000,000. Their rights, privileges and restrictions are set out below:-

Maturity Date: Five years from the date of issue of the relevant Convertible Preference Shares.

Conversion period: During the period beginning on the date of the Date of Issue and ending at close of business in Hong Kong on the fifth anniversary of the Date of Issue (the "Maturity Date") (both dates inclusive), each holder of Convertible Preference Shares shall have the right at any time and from time to time to convert all or part (any conversion in part being in amounts or integral multiples of 2,000 Ordinary Shares or such other number as many for the time being a board lot of Ordinary Shares on The Stock Exchange of Hong Kong Limited or such other stock exchange which in the opinion of the board of the Company is the principal stock exchange on which the Ordinary Shares are listed or traded) of his holding of such Convertible Preference Shares into fully paid Ordinary Shares (subject as provided below) in accordance with the conversion price set out in paragraph below)

Conversion of the Convertible Preference Shares may be effected in such manner as the board of Directors shall from time to time determine (subject to the applicable laws and regulations). The Company shall have the right to defer the issue and allotment of the Ordinary Shares arising under the exercise of the conversion rights attaching to the Convertible Preference Shares or mandatory conversion of the outstanding Convertible Preference Shares to a date falling ninety days after conversion or such longer period as the board of Directors may consider appropriate and necessary in the event a conversion will result in the failure by the Company to comply with the level of public float as prescribed under the Listing Rules from time to time. The Company shall be entitled to defer the issue and allotment of the Ordinary Shares until the proposal by the holder of the Convertible Preference Shares to restore the public float is implemented to its satisfaction.

30. SHARE CAPITAL (continued)

Note:

c) (continued)

Conversion price:	One Convertible Preference Shares shall be convertible into one Ordinary Share at the par value of an Ordinary Share, subject to adjustments in the customary manner such as share consolidations, share subdivisions, capitalization issues, capital distributions, right issues and issues of other securities for cash or otherwise.
Rights to income, capital and voting:	i) The Convertible Preference Shares shall carry on income and dividend; ii) On a return of capital on liquidation, the assets of the Company available for distribution among the members shall be applied in repaying the holders of the Convertible Preference Shares and the issued value thereof (being the par value of HK$0.01 per Convertible Preference Shares). The Convertible Preference Shares shall rank for return of capital on liquidation in priority to all other shares in the capital of the Company for the time being in issue; iii) Holder(s) of Convertible Preference Shares shall not be entitled to vote at general meeting of the holders of the Ordinary Share.
Transferability:	The Convertible Preference Shares are freely transferable provided that the Convertible Preference Shares cannot be transferred to connected persons of the Company (within the meaning of the Listing Rules). Once a conversion notice is served by the holder of the Convertible Preference Shares, the Convertible Preference Shares subject to the conversion notice shall not be transferable except where such conversion will result in the Company failing to comply with the public float requirement, in which case, the holder of the Convertible Preference Shares may still transfer the Convertible Preference Shares subject to the conversation notice.

d) The Liability component of the Preference Shares recognised in the balance sheet is calculated as follows:

	HK$'000
Proceeds from issue of the Convertible Preference Shares	110,000
Equity component at date of issue	(110,000)
Liability component at 31 March 2009	–

31. SHARE OPTION SCHEME

Under the Debt Restructuring Agreement, the Company's share option scheme was terminated and summarized below:

Date of grant	Exercisable period	Subscription Price per share HK$	Number of share options: Outstanding at 1 April 2008	Lapsed during the year	Outstanding at 31 March 2009
29 August 2001	29 August 2001 to 28 August 2011 *(Note a)*	0.3520	44,519,000	(44,519,000)	–

Note a: Subsequent to the completion of debt restructuring, all the share options granted were lapsed.

32. RESERVES

THE GROUP

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

THE COMPANY

	Share capital	Share premium	Contributed surplus	Convertible preference shares	Convertible share option reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007	139,116	383,117	107,992	–	–	(675,935)	(45,710)
Loss for the year	–	–	–	–	–	(16,515)	(16,515)
At 1 April 2008	139,116	383,117	107,992	–	–	(692,450)	(62,225)
Reduction of share capital	(125,204)	–	(107,992)	–	–	233,196	–
Reduction in share premium	–	(383,117)	–	–	–	383,117	–
Issue of share capital	40,000	–	–	–	–	–	40,000
Issue of convertible preference shares	–	–	–	110,000	–	–	110,000
Issue of convertible share option	–	–	–	–	20,000	–	20,000
Loss for the year	–	–	–	–	–	(2,520)	(2,520)
At 31 March 2009	53,912	–	–	110,000	20,000	(78,657)	105,255

32. RESERVES (continued)

THE COMPANY (continued)

The contributed surplus of the Company represents the difference between the fair value of the consolidated net assets of Chun Tai (BVI) Limited acquired and the nominal value of the Company's shares issued in exchange therefore.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus; if:

a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

To the best of the knowledge of the directors, the Company had no reserves available for distribution to its shareholders as at 31 March 2008 and 2009.

33. COMMITMENTS

(i) Operating lease commitments

The Group as lessee

	THE GROUP	
	2009	**2008**
	HK$'000	*HK$'000*
Minimum lease payments paid under operating leases during the year	1,713	1,000

At 31 March 2009, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and building as follows:

	THE GROUP	
	2009	**2008**
	HK$'000	*HK$'000*
Within one year	4,151	95

Operating lease payments represent rentals payable by the Group for certain of its office premises. The lease typically runs for an initial period of two years, with an option to renew after two years, when all terms can be renegotiated.

(ii) Other commitments

	THE GROUP	
	2009	**2008**
	HK$'000	*HK$'000*
Contracted but not provided for in the financial statements in respect of:		
– administrative services fee	3,000	–

34. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF for all qualifying employees in Hong Kong under the MPF Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

During the year, the total amount contributed by the Group to the MPF Scheme amounted to approximately HK$37,000 (2008: HK$48,000).

The Group is also required to make contributions to state pension schemes in the PRC based on a certain percentage of the monthly salaries of the employees of its PRC subsidiaries. The Group has no other obligation under the state pension schemes in the PRC other than the contribution payments.

The Group has provided approximately HK$946,000 (2008: HK$708,000) for the year to cover the contributions payable to the state pension schemes.

35. RELATED PARTY DISCLOSURES

During the year, the Group had the following transactions with related parties in the normal course of business:

	2009	**2008**
	HK$'000	*HK$'000*
Rental expenses paid to:		
Ms. Chan Oi Mo	600	–
Loan interest income from:		
Wai Chun Mining Group Industry Company Limited	18	–
Administrative service fees paid to:		
Wai Chun Mining Group Industry Company Limited	1,400	–

Mr. Lam Ching Kui, a director of the Company, also being a director and the ultimate controlling shareholder of the above-named company.

Ms. Chan Oi Mo is the wife of Mr. Lam Ching Kui.

The amount due to a related company and an associate are unsecured, interest free and repayable on demand.

The related company and the associate did not indicate to the Company that they will demand for repayment in the foreseeable future.

Save as disclosed in the financial statements, there were no other significant related party transactions.

36. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2009 are as follows:

Name of subsidiaries	Place of incorporation/ establishment and operations	Issued share/ paid-up registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Beijing HollyBridge System Integration Company Limited *(Note i)*	PRC	RMB20,000,000	–	51%	Provide solutions, software and service
Chun Tai (BVI) Limited	British Virgin Islands	US$100	100%	–	Business licence suspended on 1 May 2005
Chun Tai Novelty Company Limited	Hong Kong	HK$10,000	–	100%	Inactive
Chun Tai Printing Limited	Hong Kong	HK$10,000	–	90%	Inactive
Full Hope Enterprises Limited	Hong Kong	HK$10,000	100%	–	Inactive
Holy (Hong Kong) Universal Limited	Hong Kong	HK$300,000	–	100%	Inactive
Plus Financial Distribution Holdings Limited	Hong Kong	HK$2	100%	–	Inactive
Telecom Plus Investment Limited	Hong Kong	HK$2	100%	–	Inactive
Plus Financial Management Services Limited	PRC	USD150,000	–	100%	Inactive
Telecom Plus Technology Holdings Limited	Hong Kong	HK$2	100%	–	Inactive
Telecom Plus Technology Limited	Hong Kong	HK$1,000,000	–	100%	Inactive
Up Hill Investments Limited	British Virgin Islands	US$1	100%	–	Inactive
Wai Chun Strategic Investment Limited	Hong Kong	HK$10,000	100%	–	Investment holding

To the best of the knowledge of the directors, none of the subsidiaries had any debt securities in issue at the end of the year.

Note (i): The English name is directly translated from the Chinese name shown in the PRC business licence.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

FIVE YEARS FINANCIAL SUMMARY

	For the years ended 31 March				
	2005	**2006**	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Turnover	137,280	77,229	69,060	65,605	152,859
Profit/(Loss) before taxation	(13,683)	(1,000)	(55,266)	(27,693)	22,979
Taxation	(22)	(388)	1,427	(81)	(373)
Profit/(Loss) for the year	(13,705)	(1,388)	(53,839)	(27,774)	22,606
Attributable to:					
Equity holders of the Company	(13,737)	(1,210)	(50,480)	(27,774)	22,606
Minority interests	32	(178)	(3,359)	–	–
	(13,705)	(1,388)	(53,839)	(27,774)	22,606

	As at 31 March				
	2005	**2006**	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	187,149	143,736	81,291	96,313	134,959
Total liabilities	(211,717)	(169,692)	(161,086)	(206,942)	(51,461)
	(24,568)	(25,956)	(79,795)	(110,629)	83,498
Equity attributable to equity holders of the Company	(28,105)	(29,315)	(79,795)	(110,629)	83,498
Minority interests	3,537	3,359	–	–	–
	(24,568)	(25,956)	(79,795)	(110,629)	83,498