



偉俊集團控股有限公司*
WAI CHUN GROUP HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

(Stock code: 1013)

<http://www.1013.hk>

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

The Board of Directors (the “Board”) of Wai Chun Group Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2009 together with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	<i>Notes</i>	Six months ended	
		30.9.2009	30.9.2008
		Unaudited	Unaudited
		HK\$'000	HK\$'000
Revenue	2	41,982	82,752
Cost of sales		(37,531)	(72,226)
Gross profit		4,451	10,526
Sundry income		154	–
Dividend income		69	–
Interest income		12	185
Change in fair value of financial assets at fair value through profit and loss		947	–
Selling and distribution expenses		(754)	(8)
Administrative expenses		(12,546)	(7,058)
Other operating expenses		(87)	(3,907)
Share of results of associates		–	(1,362)
Waiver of trade creditors and other payables		–	32,301
Finance costs		–	–
Profit/(Loss) before income tax		(7,754)	30,677
Income tax expense	3	(161)	(923)
Profit/(Loss) for the period	4	(7,915)	29,754

* For identification purpose only

	<i>Notes</i>	Six months ended	
		30.9.2009	30.9.2008
		Unaudited	Unaudited
		HK\$'000	HK\$'000
Other comprehensive income/(loss)			
Exchange differences arising on translation to Group's presentation currency		<u>(199)</u>	<u>(1,021)</u>
Total comprehensive (loss)/income for the period		<u>(8,114)</u>	<u>28,733</u>
Profit/(Loss) for the period attributable to:			
Equity holders of the Company		<u>(7,915)</u>	<u>27,621</u>
Minority interests		<u>–</u>	<u>2,133</u>
		<u>(7,915)</u>	<u>29,754</u>
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company		<u>(8,114)</u>	<u>26,600</u>
Minority interests		<u>–</u>	<u>2,133</u>
		<u>(8,114)</u>	<u>28,733</u>
Earnings/(Losses) per share			
Basic	6	<u>HK (0.15) cents</u>	<u>1.49 cents</u>
Diluted	6	<u>HK (0.02) cents</u>	<u>0.51 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 30 September 2009*

		30.9.2009	31.3.2009
		Unaudited	Audited
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>1,702</u>	<u>641</u>
		<u>1,702</u>	<u>641</u>
CURRENT ASSETS			
Inventories		4,603	20,140
Trade and other receivables, prepayments and deposits	8	27,655	20,246
Amounts due from a related company	9	518	918
Financial assets at fair value through profit and loss	10	49,600	8,890
Fixed deposits – secured		300	300
Fixed deposits – unsecured		22,134	72,913
Bank balances and cash		<u>4,051</u>	<u>10,911</u>
		<u>108,861</u>	<u>134,318</u>
CURRENT LIABILITIES			
Trade and other payables	11	31,213	49,751
Amount due to a related company	14	1,265	1,476
Current tax liabilities		<u>2,701</u>	<u>234</u>
		<u>35,179</u>	<u>51,461</u>
NET CURRENT ASSETS		<u>73,682</u>	<u>82,857</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>75,384</u>	<u>83,498</u>
CAPITAL AND RESERVES			
Share capital	12	53,912	53,912
Reserves		<u>21,472</u>	<u>29,586</u>
Equity attributable to equity holders of the Company		<u>75,384</u>	<u>83,498</u>
TOTAL EQUITY		<u>75,384</u>	<u>83,498</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	Attributable to equity holders of the Company								
	Share capital	Share premium	Convertible preference share	Convertible share option reserve	Translation reserve	Accumulated losses	Total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2009 (audited)	53,912	–	110,000	20,000	(1,539)	(98,875)	83,498	–	83,498
Loss for the period	–	–	–	–	–	(7,915)	(7,915)	–	(7,915)
Other comprehensive income									
– Exchange differences arising on translation to Group's presentation currency	–	–	–	–	(199)	–	(199)	–	(199)
Total comprehensive income for the period ended 30 September 2009	–	–	–	–	(199)	(7,915)	(8,114)	–	(8,114)
At 30 September 2009 (unaudited)	<u>53,912</u>	<u>–</u>	<u>110,000</u>	<u>20,000</u>	<u>(1,738)</u>	<u>(106,790)</u>	<u>75,384</u>	<u>–</u>	<u>75,384</u>
At 1 April 2008 (audited)	139,116	383,117	–	–	(3,060)	(629,802)	(110,629)	–	(110,629)
Profit for the period	–	–	–	–	–	27,621	27,621	2,133	29,754
Other comprehensive income									
– Exchange differences arising on translation to Group's presentation currency	–	–	–	–	(1,021)	–	(1,021)	–	(1,021)
Total comprehensive income for the period ended 30 September 2008	–	–	–	–	(1,021)	27,621	26,600	2,133	28,733
Reduction of share capital	(125,204)	–	–	–	–	125,204	–	–	–
Reduction in share premium	–	(383,117)	–	–	–	383,117	–	–	–
Issue of share capital	40,000	–	–	–	–	–	40,000	–	40,000
Issue of convertible preference shares	–	–	110,000	–	–	–	110,000	–	110,000
Issue of convertible share options	–	–	–	20,000	–	–	20,000	–	20,000
At 30 September 2008 (unaudited)	<u>53,912</u>	<u>–</u>	<u>110,000</u>	<u>20,000</u>	<u>(4,081)</u>	<u>(93,860)</u>	<u>85,971</u>	<u>2,133</u>	<u>88,104</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2009

	Six months ended	
	30.9.2009	30.9.2008
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Net cash used in operating activities	(16,412)	(51,201)
Net cash generated from/(used in) investing activities	(41,028)	185
Net cash generated from financing activities	–	158,656
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(57,440)	107,640
Cash and cash equivalents at the beginning of the period	84,124	6,909
Effect of foreign exchange rate changes	(199)	(1,108)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	26,485	113,441
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Fixed deposits – secured	300	–
Fixed deposits – unsecured	22,134	110,300
Bank balances and cash	4,051	3,141
	<hr/>	<hr/>
	26,485	113,441
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2009

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values. The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

During this period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods commencing on or after 1 April 2009.

HKFRS 8 “Operating Segments”

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with the predecessor standard, HKAS 14 “Segment Reporting”.

HKAS 1 (revised 2007) “Presentation of Financial Statements”

HKAS1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

The Group has not early applied any new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS3 (Revised in 2008) may affect the Group’s accounting for business combinations for which the acquisition dates are on or after 1 April 2010. The directors of the Company (the “Directors”) anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. REVENUE/SEGMENT INFORMATION

The Group is currently organized into three operating divisions – sales and integration service, 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 and 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

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

An analysis of the Group's revenue and result by principal activities, in respect of the Group's operations for the six months ended 30 September 2009 is as follows:

Six months ended 30 September 2009 (unaudited)

	Sales and integration services HK\$'000	Services income HK\$'000	Contract income HK\$'000	Consolidated HK\$'000
REVENUE				
External sales	<u>33,015</u>	<u>6,504</u>	<u>2,463</u>	<u>41,982</u>
SEGMENT RESULTS	<u>(3,388)</u>	<u>3,338</u>	<u>533</u>	<u>483</u>
Unallocated corporate income				1,023
Unallocated corporate expenses				(9,260)
Share of results of associates				—
Loss before income tax				(7,754)
Income tax				(161)
Loss for the period				<u><u>(7,915)</u></u>

Six months ended 30 September 2008 (unaudited)

	Sales and integration services <i>HK\$ '000</i>	Services income <i>HK\$ '000</i>	Contract income <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
REVENUE				
External sales	69,295	12,448	1,009	82,752
SEGMENT RESULTS	2,424	2,499	358	5,281
Unallocated corporate income				32,389
Unallocated corporate expenses				(5,631)
Share of results of associates				(1,362)
Profit before income tax				30,677
Income tax				(923)
Profit for the period				<u>29,754</u>

3. INCOME TAX EXPENSES

	Six months ended	
	30.9.2009	30.9.2008
	Unaudited	Unaudited
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Taxation in the PRC:		
– current period	<u>161</u>	<u>923</u>

No Hong Kong Profits Tax has been provided in the consolidated financial statements as the Group does not have any assessable profits for the six months ended 30 Sept. 2009 (six months ended 30 September 2008: Nil)

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

4. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period has been arrived at after charging:

	Six months ended	
	30.9.2009	30.9.2008
	Unaudited	Unaudited
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Depreciation on property, plant and equipment	124	4
Written off of property, plant and equipment	–	1
Staff costs (including directors' emoluments)	<u>4,497</u>	<u>2,860</u>

5. INTERIM DIVIDENDS

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2009 (six months ended 30 September 2008: Nil).

6. EARNINGS/(LOSSES) PER SHARE

The calculation of the basic earnings/(losses) per share for the six months ended 30 September 2009 is based on the Group's net loss attributable to shareholders of HK\$7,915,000 (net profit attributable to shareholders for the six months ended 30 September 2008: HK\$27,621,000) and on weighted average number of ordinary shares in issue during the period of 5,391,162,483 (six months ended 30 September 2008: 1,850,178,876) shares.

Diluted earnings/(losses) 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 losses per share for the six months ended 30 September 2009 was calculated based on the Group's net loss attributable to shareholders of HK\$7,915,000 (net profit attributable to shareholders for the six months ended 30 September 2008: HK\$27,621,000) and on the adjusted weighted average number of 36,391,162,483 shares (six months ended 30 September 2008: 5,407,555,925 shares) which was the weighted average number of shares in issue during the period used in the computation of basic earnings/(losses) per share plus the weighted average number of 31,000,000,000 shares (six months ended 30 September 2008: 3,557,377,049 shares) deemed to be issued at no consideration if all outstanding options and preference shares had been exercised.

7. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 Sept. 2009, the Group acquired items of property, plant and equipment with a cost of HK\$1,185,000 (six months ended 30 September 2008: Nil).

During the six months ended 30 Sept. 2008, the Group had written off certain property, plant and equipment amounting to approximately HK\$1,000 in pursuant to the restructuring proposal.

8. 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.

	30.9.2009	31.3.2009
	Unaudited	Audited
	HK\$'000	HK\$'000
Trade receivables:		
0 – 30 days	328	1,075
31 – 90 days	795	1,548
over 90 days	12,255	7,029
	<hr/>	<hr/>
	13,378	9,652
Other receivables	14,277	10,594
	<hr/>	<hr/>
Total trade and other receivables, prepayments and deposits	27,655	20,246
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9. AMOUNT DUE FROM A RELATED COMPANY

Name of company	Balance at 30.9.2009 HK\$'000	Balance at 31.3.2009 HK\$'000	Maximum amount outstanding during the period HK\$'000
Wai Chun Mining Industry Group Company Limited	518	918	918

Mr. Lam Ching Kui is 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.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.9.2009 Unaudited HK\$'000	31.3.2009 Audited HK\$'000
LISTED INVESTMENTS		
– Equity shares in Hong Kong, at market value	49,600	8,890

The fair values of the above listed securities are determined based on the quoted market bid prices available on the Stock Exchange.

11. TRADE AND OTHER PAYABLES

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

	30.9.2009 Unaudited HK\$'000	31.3.2009 Audited HK\$'000
0 – 90 days	407	1,438
91 – 180 days	198	3,926
over 180 days	23,172	19,545
	23,777	24,909
Other payables	7,436	24,842
Total trade and other payables	31,213	49,751

12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 30 September 2009 (Unaudited)	100,000,000	1,000,000
Ordinary shares of HK\$0.01 each at 31 March 2009 (Audited)	<u>100,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 30 September 2009 (Unaudited)	5,391,163	53,912
Ordinary shares of HK\$0.01 each at 31 March 2009 (Audited)	<u>5,391,163</u>	<u>53,912</u>
Issued and fully paid convertible preference shares:		
Convertible preference shares of HK\$0.01 each at 30 September 2009 (Unaudited)	11,000,000	110,000
Convertible preference shares of HK\$0.01 each at 31 March 2009 (Audited)	<u>11,000,000</u>	<u>110,000</u>

- (a) 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 Preferences 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 Preferences 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 Preferences 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 of 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.

Conversion price: One Convertible Preference Shares shall be convertible into one Ordinary Shares 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 conversion notice.

- b) The Liability component of the Preference Shares recognized in the balance sheet is calculated as follows:

	<i>HK\$'000</i>
Proceeds from issue of the Convertible Preference Shares	110,000
Equity component at date of issue	(110,000)
	<hr/>
Liability component at 30 September 2009 and 31 March 2009	–
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13. COMMITMENTS

(i) Operating Lease Commitments

The Group has leased a warehouse and some residential units for staff quarter under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30.9.2009 Unaudited HK\$'000	As at 31.3.2009 Audited HK\$'000
Within one year	2,138	4,151
In the second to fifth years, inclusive	35	–
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(ii) Other commitments

	As at 30.9.2009 Unaudited HK\$'000	As at 31.3.2009 Audited HK\$'000
Contracted but not provided for in the financial statements in respect of – administrative services fee	<u>1,800</u>	<u>3,000</u>

14. RELATED PARTY TRANSACTION

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

	Six months ended 30.9.2009 Unaudited	30.9.2008 Unaudited
Rental expenses paid to: Ms. Chan Oi Mo	<u>1,800,000</u>	<u>–</u>
Administrative service fees paid to: Wai Chun Mining Industry Group Company Limited	<u>1,200,000</u>	<u>200,000</u>

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 is unsecured, interest free and repayable on demand.

The related company 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.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND DIVIDEND

During the period, the Group recorded revenue of approximately HK\$41,982,000. The net loss attributable to equity holders of the company was approximately HK\$7,915,000. The basic loss per share attributable to ordinary shareholders of the Company amounted to HK\$ 0.15 cents. The Board resolved not to declare any dividend for the six months ended 30 September 2009.

The Group recorded a turnover of approximately HK\$41,982,000 for the six months ended 30 September 2009, representing a decrease of approximately 49.3% over the corresponding period last year. Gross profit margin generated for the period ended 30 September 2009 amounted to HK\$4,451,000 (10.6%),

compared with HK\$10,526,000 (12.7%) in the preceding financial period. The net loss attributable to equity holders of the Company was HK\$7,915,000 as compared to net profit of HK\$29,754,000 for the same period last year.

For the six months ended 30 September 2009, the Group suffered a loss of HK\$7,915,000, which was a decrease of approximately HK\$37.7 million when compared with the net profit after tax of approximately HK\$29.8 million for the corresponding period last year. The significant decrease in profit was mainly due to the recognition of other income amounted to approximately HK\$32.3 million for the one-off waiver of trade creditors and other payables approved by Hong Kong and Bermuda Court and Creditors Meeting in 2008 but was no longer available during this period. Apart from the one-off waiver of trade creditors and other payables explained above, the net loss for the period ended 30 September 2009 was mainly attributable to the decrease in turnover and increase in administrative expenses. The main reasons for turnover decrease were due to Group's restructuring, keen competition and client's delayed orders for hardware and system modification during the economic turmoil in the first three quarters of 2009, especially for those financial institutions, governmental agencies and banks. The Board was not satisfied with the results and has determination to overcome the market difficulties in the coming period.

During the period under review, the Group recorded administrative expenses of approximately HK\$12,546,000, representing an increase of HK\$5,488,000 when compared with the same period last year. The increase in administrative expenses was mainly due to the increase in staff costs and rental expenses as a result of the formation of a new management team after the change of major shareholder of the Company since 20 August 2008.

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. 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 period ended 30 September 2009, Beijing HollyBridge has entered into service contracts with various customers such as banks, governmental agencies, public transportation companies and internationally well-known computer network companies of approximately RMB 43million.

The management continued to devote 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 30 September 2009, the total assets of the Group amounted to approximately HK\$110,563,000 which were financed by total liabilities and shareholders' equity of HK\$35,179,000 and HK\$75,384,000 respectively.

The Group's current assets and current liabilities were approximately HK\$108,861,000 and HK\$35,179,000 respectively. The Group's current ratio, which equals current assets divided by current liabilities, was 3.10.

The Group has maintained a sound financial position during this period. As at 30 September 2009, the Group had cash and bank balances amounted to approximately HK\$26.5 million and had no other borrowings.

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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period.(2008: Nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 September 2009, the Group had approximately 71 employees. Total staff cost (including directors' emoluments) incurred during the period ended 30 September 2009 amounted to approximately HK\$4,497,000. 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.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2009, the Group pledged bank deposits of HK\$300,000 to a bank to secure banking facilities granted to the Group.

As at 30 September 2009, the Group did not have any material contingent liabilities.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 30 September 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

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

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 30 September 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 30 September 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 share options of the company

As 30 September 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 or 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 30 September 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 30 September 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 <i>(Note 1)</i>	649.21% <i>(Note 2)</i>

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 30 September 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 30 September 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 30 September 2009, had 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, 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.

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 30 September 2009, at no time during the period 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.

SHARE OPTION SCHEME

The Share Option Scheme (the “Scheme”) of the Company was adopted by the shareholders on 22 January 2001 to comply with the requirements of Chapter 17 of the Listing Rules.

The Company operates 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.

The total number of shares, in respect of which options may be granted under the Scheme, is not permitted to exceed 10% of the shares of the Company in issue at any point of time.

No participant shall be granted an option which, if exercised in full, would result in such person’s maximum entitlement exceeding 25% of the aggregate number of shares of the Company for the time being issued and issuable under the Scheme.

The subscription price per share under the Scheme is determined by the Board and notified to the grantee and shall be no less than the higher of:

- i. the average closing price of the Company’s shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of grant;
- ii. the closing price of the Company’s shares as quoted on the Stock Exchange on the date of grant; and
- iii. the nominal value of the share of the Company.

No share option was granted, exercised, cancelled or lapsed under the Scheme during the period ended 30 September 2009. As at 30 September 2009, the Company had no share options outstanding under the Scheme.

CORPORATE GOVERNANCE

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”

The directors of the Company are of the opinion that the Company has complied with the provisions set out in the Code of Corporate Governance Practices (the “CG Code”) in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2009 except the following deviations:

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 was no separation of the role of chairman and chief executive officer of the Company and Mr. Lam Ching Kui held both positions until the post of chief executive office was filled by Mr. Guo Qing Hua. 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.
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 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 2009 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all directors, confirmed that all directors have complied with the required standard of dealings set out therein throughout the period ended 30 September 2009.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2009 and up to the date of this report.

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.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive directors, namely Mr. To Yan Ming Edmond, Mr. Ko Ming Tung Edward and Mr. Shaw Lut Leonardo.

The principal duties of the Audit Committee include the review of the Group's audit plan and process with the Auditors, the independence of the Auditors and the Group's financial statements and system of internal control in accordance with its terms of reference, which is substantially the same as the CG Code.

The Audit Committee has reviewed with management the results of the Group for the period ended 30 September 2009.

On behalf of the Board

Lam Ching Kui

Chairman

Hong Kong, 29 December 2009

As at the date of this report, the Board of Directors of the Company comprises Mr Lam Ching Kui (Chairman) and Mr. Guo Qing Hua as Executive Directors; and Mr. Shaw Lut, Leonardo, Mr. To Yan Ming Edmond and Mr. Ko Ming Tung Edward as Independent Non-Executive Directors.