2010
Annual Report

偉俊集團控股有限公司*

Wai Chun Group Holdings Limited

(incorporated in Bermuda with limited liability)
(Stock code: 1013)

* for identification purpose only

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Lam Ching Kui *(Chairman)*
Guo Qing Hua *(Chief Executive Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ko Ming Tung, Edward
Shaw Lut, Leonardo
To Yan Ming, Edmond

AUTHORISED REPRESENTATIVES

Lam Ching Kui
Guo Qing Hua

COMPANY SECRETARY

Yu Man To, Gerald
B.Bus, MBA, CPA (Aust.), FCPA

AUDIT COMMITTEE

To Yan Ming, Edmond *(Chairman)*
Ko Ming Tung, Edward
Shaw Lut, Leonardo

REMUNERATION COMMITTEE

Ko Ming Tung, Edward *(Chairman)*
Lam Ching Kui
Shaw Lut, Leonardo
To Yan Ming, Edmond

NOMINATION COMMITTEE

Shaw Lut, Leonardo *(Chairman)*
Ko Ming Tung, Edward
Lam Ching Kui
To Yan Ming, Edmond

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

AUDITOR

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

REGISTRAR IN HONG KONG

Union Registrars Limited
18th Floor
Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL BANKER

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

STOCK CODE

1013

COMPANY WEBSITE

www.1013.hk

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board" or "Directors") of Wai Chun Group Holdings Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2010.

FINANCIAL REVIEW

Financial Performance

For the year ended 31 March 2010, the Group recorded a turnover of HK$83,206,000, representing a significant decrease of 45.6% when compared to 2009. The decrease in turnover is attributable to a drop in the value of sales contracted for during the year. In line with the decrease in turnover, gross profit decreased to HK$12,739,000 representing a decrease of 30.3% compared to 2009. However, the gross profit margin increased significantly from 12% recorded in 2009 to 15.3% this year. The increase in the gross profit margin was mainly attributable to the decrease in turnover of the less profitable sales and integration services. Operating expenses remained stable when compared to 2009.

Listed investments contributed a gain of HK$4,284,000 to the results of the Group during the year, of which mark-to-market adjustment recorded a gain of HK$4,050,000 from a gain of HK$2,649,000 recorded in 2009, while gains on disposal of listed investments contributed HK$234,000 to the results. Other operating revenue decreased significantly which is mainly attributable to the one-off gain on debt restructuring of HK$28,363,000 and gain on disposal of an associate of HK$6,042,000 recorded in 2009.

The Group recorded a loss attributable to shareholders of the Company of HK$24,272,000 this year, a significant decrease from the gain of HK$22,606,000 recorded in 2009.

Financial Resources and Position

As at 31 March 2010, the Group did not have any external borrowings. Cash and cash equivalents amounted to HK$9,632,000 as at 31 March 2010 which are mostly denominated in Hong Kong Dollars and Renminbi. As the Group's businesses are conducted in the People's Republic of China ("PRC"), therefore the Group does not expect to be exposed to any material foreign exchange risks.

FINANCIAL REVIEW (continued)

Financial Resources and Position (continued)

The Group had no assets pledged or any material contingent liabilities as at 31 March 2010. The Group ended the year with a current ratio of 1.3 times.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2010.

BUSINESS REVIEW

The Group is principally engaged in (i) network and system integration by the production 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 services. 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. The management continued to devote its effort to enhance the operational efficiency of Beijing HollyBridge, and during the year ended 31 March 2010, service contracts entered into with various customers such as banks, governmental agencies and public transportation companies amounted to approximately RMB60 million.

Looking forward, the Management will devote its effort to enhance operational efficiency, reduce overheads and to turn the Group back to a profitable position. 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.

APPRECIATION

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

Lam Ching Kui
Chairman

Hong Kong, 28 June 2010

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Lam Ching Kui, aged 51, 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 is an indirect substantial shareholder of the Company and has been the Chairman and an Executive Director of the Company since August 2008. Mr. Lam is responsible for the overall strategic planning of the Group. Mr. Lam is also the chairman and an executive director of Wai Chun Mining Industry Group Company Limited, a public listed company in Hong Kong.

Mr. Guo Qing Hua, aged 47, 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 postgraduate 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. Mr. Guo is the Chief Executive Officer and has been an Executive Director of the Company since November 2008. Mr. Guo is also the chief executive officer and an executive director of Wai Chun Mining Industry Group Company Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ko Ming Tung Edward, aged 49, 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 practising 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 Chiu Chow Association Secondary School. Other than the directorship in the Company, currently, Mr. Ko is also an independent non-executive director of Sinofert Holdings Limited, Interchina Holdings Company Limited and Kai Yuan Holdings Limited, all of which are companies whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Ko was previously an independent non-executive director of China Pipe Group Limited and a non-executive director of New Smart Energy Group Limited, whose shares are listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. Shaw Lut, Leonardo, aged 44, is the deputy head 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. Mr. Shaw is currently a committee member of All-China Youth Federation, the deputy chairman of Beijing United Youth Association and the deputy director of Shanghai Economy Magazine. Mr. Shaw has been an Independent Non-executive Director of the Company since May 2009. Mr. Shaw is also an independent non-executive director of Wai Chun Mining Industry Group Company Limited.

Mr. To Yan Ming, Edmond, aged 38, holds a bachelor degree in Commerce in Accounting from Curtin University of Technology in Western Australia. Mr. To is a Certified Public Accountant practicing in Hong Kong and a director of Fortitude C.P.A. Limited, Edmond To CPA Limited and Zhonglei (HK) CPA Company Limited. Mr. To is a member of both the CPA Australia and Hong Kong Institute of Certified Public Accountants. Mr. To worked for one of the international accounting firms, Deloitte Touche Tohmatsu and has over 10 years of experience in auditing, accounting, floatation and taxation matters. Mr. To is currently an independent non-executive director of China Vanguard Group Limited and Aptus Holdings Limited, both of which are companies whose shares are listed on the GEM Board of the Hong Kong Stock Exchange. Mr. To is also an independent non-executive director of BEP International Holdings Limited and Theme International Holdings Limited; both of which are companies whose shares are listed on the main board of the Hong Kong Stock Exchange. Mr. To was previously an independent non-executive director of Century Sunshine Ecological Technology Holdings Limited whose shares are listed on the main board of the Hong Kong Stock Exchange. Other than disclosed above, Mr. To does not hold or did not hold any other directorships in any listed public companies in the last three years. Mr. To has been an Independent Non-executive Director of the Company since September 2009.

REPORT OF THE DIRECTORS

The Board have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 30 to the consolidated financial statements. There were no significant changes in the nature of the Company's and of the Group's principal activities during the year.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2010 are set out in the consolidated income statements on page 31.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: Nil).

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity set out on page 35 and in note 26 to the consolidated financial statements respectively.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the five financial years ended 31 March 2010 is set out on page 90.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant, equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Mr. Lam Ching Kui *(Chairman)*
Mr. Guo Qing Hua *(Chief Executive Officer)*

Independent Non-executive Directors

Mr. Chan King Hung	(resigned on 1 May 2009)
Mr. Ko Ming Tung, Edward	
Mr. Shaw Lut, Leonardo	(appointed on 1 May 2009)
Dr. Tang Tin Sek	(resigned on 29 September 2009)
Mr. To Yan Ming, Edmond	(appointed on 29 September 2009)

The biographical details of the Directors of the Company are set out on pages 5 and 6 of this annual report.

In accordance with Bye-law 86(2) of the Bye-laws of the Company, Mr. To Yan Ming, Edmond, who was appointed after the annual general meeting of the Company held on 28 September 2009, shall hold office until the Annual General Meeting ("AGM") and shall be eligible for re-election at the forthcoming AGM.

In accordance with Bye-law 87 of the Bye-laws of the Company, Mr. Ko Ming Tung, Edward and Mr. Guo Qing Hua shall retire from office by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors to be independent.

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.

DIRECTORS (continued)

Directors' Service Contracts (continued)

Each of the two Independent Non-executive Directors, Mr. Shaw Lut, Leonardo and Mr. To Yan Ming, Edmond 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. Mr. Ko Ming Tung, Edward has not entered into a service agreement with the Company. Each of the Independent Non-executive Directors is subject to the provisions for retirement by rotation and re-election at the AGM of the Company in accordance with the Company's Bye-laws.

Save as disclosed above, no Director proposed for re-election at the forthcoming AGM has a service agreement with the Company which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Remuneration

Details of emoluments of the Directors are set out in note 11 to the consolidated financial statements.

The Directors' fees are subject to shareholders' approval at the AGM. Other emoluments are determined by the Company's Board of Directors with reference to the recommendations from the Remuneration Committee taking into account the directors' duties, responsibilities and performance and the results of the Group.

Interests in Contracts

Other than as disclosed in note 29 to the consolidated financial statements, there are no contract of significance to which the Company, its holding company, fellow subsidiaries or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Competing Business

None of the Directors had any interests in any business (apart from the Group's 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 and up to the date of this report.

DIRECTORS (continued)

Directors' Interests or Short Positions in Shares and Underlying Shares

As at 31 March 2010, the interests and short positions of the Directors and chief executive in the shares of the Company (the "Shares") and underlying shares of the Company or any of, its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

Long Positions

Name of Director	Capacity	Number of Shares Held	Approximate percentage of shareholding
Lam Ching Kui	Interests of controlled corporations	35,000,000,000 *(Note 1)*	649.21% *(Note 2)*

Notes:

1. The 35,000,000,000 Shares are held by Wai Chun Ventures Limited which represents the aggregate of (i) 4,000,000,000 Shares (ii) HK$110,000,000 convertible preference shares giving rise to an interest in 11,000,000,000 underlying Shares and (iii) 20,000,000,000 options for subscribing 20,000,000,000 Shares. Mr. Lam Ching Kui is the beneficial owner of Wai Chun Investment Fund which wholly owns Wai Chun Ventures Limited. Details of the convertible preference shares and the 20,000,000,000 options are set out in note 23 to the consolidated financial statements.

2. Based on the issued share capital of the Company of 5,391,162,483 Shares as at 31 March 2010, 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 held by Wai Chun Ventures Limited represents 74.20% and 204.03% and 370.98% of the existing issued share capital of the Company respectively.

DIRECTORS (continued)

Directors' Interests or Short Positions in Shares and Underlying Shares (continued)

Save as disclosed above, as at 31 March 2010, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders (other than the Directors or chief executives of the Company as disclosed above) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of Shareholder	Capacity	Number of Shares Held	Approximate percentage of shareholding
Wai Chun Ventures Limited	Beneficial owner	35,000,000,000 *(Note 1)*	649.21% *(Note 2)*
Wai Chun Investment Fund	Interests of controlled corporations	35,000,000,000 *(Note 1)*	649.21% *(Note 2)*

SUBSTANTIAL SHAREHOLDERS (continued)

1. The 35,000,000,000 Shares are held by Wai Chun Ventures Limited which represents the aggregate of (i) 4,000,000,000 Shares (ii) HK$110,000,000 convertible preference shares giving rise to an interest in 11,000,000,000 underlying Shares and (iii) 20,000,00,000 options for subscribing 20,000,000,000 Shares. Mr. Lam Ching Kui is the beneficial owner of Wai Chun Investment Fund which wholly owns Wai Chun Ventures Limited. Details of the convertible preference shares and the 20,000,000,000 options are set out in note 23 to the consolidated financial statements.

2. Based on the issued share capital of the Company of 5,391,162,483 Shares as at 31 March 2010, 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 held by Wai Chun Ventures Limited represents 74.20% and 204.03% and 370.98% of the existing issued share capital of the Company respectively.

Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at 31 March 2010, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Short positions in Shares and underlying Shares in the Company

As at 31 March 2010, the Company had not been notified of any short positions being held by any substantial shareholder in the Shares or underlying Shares of the Company.

Other Persons

As at 31 March 2010, the Company had not been notified of any interests or short positions being held by any person (other than the Directors and chief executives and the substantial shareholders as disclosed above) in the share capital of the Company that was required to be disclosed under Division 2 and 3 of Part XV of the SFO and the Listing Rules.

SHARE OPTIONS

Wai Chun Ventures Limited Option

On 20 August 2008, the Company issued 20,000,000,000 options to Wai Chun Ventures Limited to subscribe for 20,000,000,000 ordinary shares of the Company at HK$0.01 each (the "Option"). The Option is exercisable in whole or in part at any time for a period of five years commencing 20 August 2008 at an exercise price of HK$0.01 per share. The Option was issued at a consideration of HK$20,000,000.

Share Option Scheme

Pursuant to a share option scheme adopted by the shareholders of the Company on 22 January 2001 (the "SOS"), the Company may, at their discretion, invite full-time employees of the Group, including Directors of the Company and its subsidiaries to take up options to subscribe for Shares. The exercise price of the share option will be determined at the higher of the average of closing prices of the Shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option, the closing price of the Shares on the Stock Exchange on the date of grant or the nominal value of the Shares.

The SOS will remain in force for a period of 10 years commencing on 22 January 2001.

The share options under the SOS are exercisable at any time for a period to be determined by the Directors, which shall not more than 10 years after the date of grant.

The total number of Shares in respect of which options may be granted under the SOS is not permitted to exceed 10% of the Shares in issue on the date of approval of the SOS without prior approval from the Company's shareholders. 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 SOS.

Options granted under the SOS must be taken up within 28 days of the date of grant, upon payment of HK$1.00 per grant.

As at 31 March 2010, no share option was granted under the SOS and no share option was lapsed or cancelled during the year.

CONNECTED TRANSACTIONS

Administrative Services Agreement

On 8 December 2009, the Group 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 services provided in the premises at Rooms 4917-4932, 49th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong for a period of 22 months commencing 1 September 2008.

Mr. Lam Ching Kui indirectly owns and controls approximately 74.2% and 62.51% 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 Rules Governing the Listing of Securities on the Stock Exchange, 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 which are subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 March 2010, the Company paid total administrative services fees of HK$2,400,000 to Wai Chun Mining.

Tenancy Agreement

On 23 January 2009, the Group entered into a tenancy agreement (the "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. On 22 March 2010, prior to the expiry of the Tenancy Agreement on 31 March 2010, the Company entered into a new tenancy agreement with Ms. Chan to renew the term of the Tenancy Agreement for three years from 1 April 2010 to 31 March 2013 (both days inclusive) on and subject to the terms and conditions of the new tenancy agreement.

CONNECTED TRANSACTIONS (continued)

Tenancy Agreement (continued)

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 which is subject to the reporting and announcement requirements but is exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 March 2010, the Company paid total rental charges of HK$3,600,000 to Ms. Chan.

Annual Review

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 in their opinion, the transactions are:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms; and

(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 the auditor of the Company.

PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 82% of total turnover and sales to the largest customer accounted for approximately 25%. The five largest suppliers of the Group in aggregate accounted for about 73% of its operating costs for the year. Purchases from the largest supplier accounted for about 26% of its operating costs. None of the Directors, their associates, or any shareholder (who to the knowledge of the Directors owned more than 5% of the Company's Share capital) had any interest in the Group's five largest customers or suppliers.

PRE-EMPTIVE RIGHTS

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

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2010.

EMOLUMENT POLICY

As at 31 March 2010, the Group had a total of 87 employees, the majority of whom are situated in the PRC. In addition to offering competitive remuneration packages to employee discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group.

The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his associates, and executive, is involved in dealing his own remuneration.

EMOLUMENT POLICY (continued)

The Company has adopted share option schemes as an incentive to Directors and eligible employees, details of the schemes is set out under the heading "Share Option Scheme" in this report.

CORPORATE GOVERNANCE

Details of the corporate governance of the Group are set out in the section headed "Corporate Governance Report" in this annual report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2010 have been audited by Messrs. Morison Heng, Certified Public Accountants ("Morison Heng"). Morison Heng will retire at the conclusion of the forthcoming AGM of the Company. The Board has resolved to propose the appointment of HLM & Co. as the new auditor of the Company and accordingly, a resolution will be submitted to the forthcoming AGM of the Company to appoint HLM & Co. as the auditor of the Company.

On behalf of the Board

Lam Ching Kui
Chairman

Hong Kong, 28 June 2010

CORPORATE GOVERNANCE REPORT

The Directors and other members of the management team of the Company are dedicated to maintain high standards of corporate governance. They will continue to exercise leadership, enterprise, integrity and judgment so as to achieve continuing prosperity and to act in the best interests of the Company and its shareholders in a transparent and responsible manner. Strategic development with prudence and adherence to ethical principles form the cores of the Company's corporate governance practices.

The Company continues to devote efforts on promoting good corporate governance so as to ensure its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholders' value.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance practices. Amid the latest amendments to the Listing Rules which became effective on 1 January 2009, the Company has taken various measures to cope with the latest development in the corporate governance regime.

The Company complied with the code provisions as set out in the Code throughout the year ended 31 March 2010 except for the following deviations from the Code:

1. 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 during the period from 1 April 2009 to 15 July 2009. The Board was of the view that vesting the roles of chairman and chief executive officer in Mr. Lam Ching Kui provided 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 considered that this structure did 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 being 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 Code.

CODE ON CORPORATE GOVERNANCE PRACTICES (continued)

2. Code A4.1 stipulates that 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 Code.

3. 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.

BOARD OF DIRECTORS

Composition of the Board

As at the date of this annual report, the Board comprises five members as follows:

Executive Directors

Mr. Lam Ching Kui *(Chairman)*
Mr. Guo Qing Hua *(Chief Executive Officer)*

Independent Non-executive Directors

Mr. Ko Ming Tung, Edward
Mr. Shaw Lut, Leonardo
Mr. To Yan Ming, Edmond

BOARD OF DIRECTORS (continued)

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.

The Board, headed by the Chairman, is responsible for formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management.

With the support of the Chief Executive Officer and the management team, 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.

The Chief Executive Officer is responsible for day-to-day management of the Company's operations, financial management and the effective implementation of the overall strategies and initiatives adopted by the Board.

The Company considers that internal control system and risk management function are essential, and the Board plays an important role in implementing and monitoring internal control system and risk management function.

During the year ended 31 March 2010, 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.

Each Independent Non-executive Director has confirmed, in accordance with the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules that he is independent of the Company and the Company also considers that they are independent.

BOARD OF DIRECTORS (continued)

Responsibilities (continued)

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

- attending regular Board meetings focusing on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries and associated companies;
- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing potential conflicts of interest of the Board, senior management and shareholders;
- consideration of misuse of corporate assets and abuse in related party transactions; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to meet their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

BOARD OF DIRECTORS (continued)

Appointment/re-election of removal of directors

The appointment of all the directors, including Independent Non-executive Directors, is for a specific term of not more than three years from date of appointment. The Company's Bye-laws provide for the retirement of Directors by rotation and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting following the appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's Bye-laws. The Board is responsible for the reviewing the Board composition, monitoring the appointment of Directors and assessing the independence of the Independent Non-executive Directors.

Board Process

During the year ended 31 March 2010, the Board held 5 regular board meetings. In addition board meetings are convened when necessary to deal with everyday matters that require the Board's prompt decision, and are usually attended by executive directors only. 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 *(Chairman)*	5/5
Mr. Guo Qing Hua *(Chief Executive Officer)*	5/5
Independent Non-executive Directors	
Mr. Chan King Hung (resigned on 1 May 2009)	1/1
Mr. Ko Ming Tung, Edward	5/5
Mr. Shaw Lut, Leonardo (appointed on 1 May 2009)	4/4
Dr. Tang Tin Sek (resigned on 29 September 2009)	2/2
Mr. To Yan Ming, Edmond (appointed on 29 September 2009)	3/3

BOARD OF DIRECTORS (continued)

Board Process (continued)

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. In addition, Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

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 Company has set up a number of committees of the Board, including the Remuneration Committee and the Audit Committee, with specific terms of reference relating to their authority and duties, which strengthen the Board's functions and enhance its expertise.

Remuneration Committee

The Remuneration Committee comprises one Executive Director and three Independent Non-executive Directors. Mr. Ko Ming Tung, Edward is the Chairman of the Remuneration Committee.

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 year ended 31 March 2010, the Remuneration Committee held one meeting, with attendance record as follows:

Name of Director	Number of meetings attended/held
Mr. Chan King Hung (resigned on 1 May 2009)	0/0
Mr. Ko Ming Tung, Edward	1/1
Mr. Lam Ching Kui	1/1
Mr. Shaw Lut, Leonardo (appointed on 1 May 2009)	1/1
Dr. Tang Tin Sek (resigned on 29 September 2009)	1/1
Mr. To Yan Ming, Edmond (appointed on 29 September 2009)	0/0

During the year under review, the Remuneration Committee reviewed matters relating to remuneration packages of directors and senior management.

Audit Committee

The Audit Committee comprises Mr. Ko Ming Tung, Edward, Mr. Shaw Lut, Leonardo and Mr. To Yan Ming, Edmond, all of whom are Independent Non-executive Directors. Mr. To Yan Ming, Edmond is the Chairman of the Audit Committee.

The Audit Committee reports directly to the Board and reviews financial statements and internal control, to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor to discuss various accounting issues, and reviews the effectiveness of internal controls. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board.

BOARD COMMITTEES (continued)

Audit Committee (continued)

During the year ended 31 March 2010, the Audit Committee held two meetings, with attendance record as follows:

Name of Director	Number of meetings attended/held
Mr. Chan King Hung (resigned on 1 May 2009)	0/0
Mr. Ko Ming Tung, Edward	2/2
Mr. Shaw Lut, Leonardo (appointed on 1 May 2009)	2/2
Dr. Tang Tin Sek (resigned on 29 September 2009)	1/1
Mr. To Yan Ming, Edmond (appointed on 29 September 2009)	1/1

At the meetings, the Audit Committee reviewed the audited financial statements for the year ended 31 March 2009 and the interim report for the months ended 30 September 2009 respectively. The Audit Committee has also reviewed the Group accounting principles and practices, Listing Rules and statutory compliance, internal controls and financial reporting matters. The Committee is satisfied with their review of the independence of the Auditors and their audit process for the year ended 31 March 2010 audit.

The Group's results and financial statements for the year ended 31 March 2010 have been reviewed by the Audit Committee.

Nomination Committee

The Nomination Committee comprises one Executive Director and three Independent Non-executive Directors. Mr. Shaw Lut, Leonardo is the Chairman of the Nomination Committee.

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.

BOARD COMMITTEES (continued)

Nomination Committee (continued)

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. Chan King Hung (resigned on 1 May 2009)	0/0
Mr. Ko Ming Tung, Edward	1/1
Mr. Shaw Lut, Leonardo (appointed on 1 May 2009)	1/1
Dr. Tang Tin Sek (resigned on 29 September 2009)	0/0
Mr. To Yan Ming, Edmond (appointed on 29 September 2009)	1/1

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. All Directors who held office as at 31 March 2010, following specific enquiry made by the Company, confirm that they have complied with the required standard set out in the Model Code throughout the year.

EXTERNAL AUDITOR

The external auditor of the Company is Messrs. Morison Heng, Certified Public Accountants. Morison Heng provided services in respect of the audit of Company's financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 March 2010.

The total fees charged by Morison Heng in respect of audit services for the year ended 31 March 2010 amounted to HK$500,000.

Other than the provision of the audit services, Morison Heng did not provide any other services to the Group during the year ended 31 March 2010.

DIRECTORS' RESPONSIBILITY IN PREPARING FINANCIAL STATEMENTS

The Directors acknowledge that their responsibilities for preparing the financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

The statement of the Auditor of the Company regarding their reporting responsibilities for the financial statements is set out in the Independent Auditors' Report on pages 29 to 30 of this Annual Report.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

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.

INTERNAL CONTROL (continued)

During the Internal Control system review performed, the Board, through the Audit Committee, 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. They 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.

SHAREHOLDERS COMMUNICATION

The Directors are aware of the importance of maintaining good relations and communications with shareholders. The Company uses a range of communication tools, such as the AGM, the annual report, the interim report, various notices and announcements and circulars to ensure its shareholders are kept well informed of key business imperatives. 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 is maintained to disseminated Company's announcements and other relevant financial and non-financial information electronically on a timely basis through the website of the Company, www.1013.hk and the Stock Exchange, www.hkex.com.hk.

MORISON HENG
Certified Public Accountants

TO THE SHAREHOLDERS OF
WAI CHUN GROUP HOLDINGS LIMITED
偉俊集團控股有限公司
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wai Chun Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 89, which comprise the consolidated and Company's statements of financial position as at 31 March 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 Bermuda Companies Act 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

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's loss 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: 28 June 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue	7	83,206	152,859
Cost of sales		(70,467)	(134,592)
Gross profit		12,739	18,267
Other income	8	4,759	38,043
Selling and distribution expenses		(3,045)	(521)
Administrative expenses		(29,389)	(18,144)
Other operating expenses		(9,336)	(13,556)
Share of results of associates		–	(1,110)
(Loss) Profit before taxation		(24,272)	22,979
Taxation	9	–	(373)
(Loss) Profit for the year	10	(24,272)	22,606
Attributable to:			
Shareholders of the Company		(24,272)	22,606
		HK cents	HK cents
(Loss) Earnings per share			
Basic	12	(0.45)	0.59
Diluted	12	(0.45)	0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010 *HK$'000*	2009 *HK$'000*
(Loss) Profit for the year	(24,272)	22,606
Other comprehensive income		
Exchange difference arising on translation	(1,925)	1,521
Fair value gain on available-for-sale investments	8,334	–
Other comprehensive income for the year	6,409	1,521
Total comprehensive (expenses) income for the year	(17,863)	24,127
Attributable to:		
Shareholders of the Company	(17,863)	24,127

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010	2009
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment	13	2,078	641
Intangible asset	14	509	–
Available-for-sale investments	15	48,885	–
		51,472	641
Current assets			
Inventories	16	6,584	20,140
Trade and other receivables, prepayments and deposits	17	32,502	20,246
Amount due from a related company	18	2,039	918
Financial assets at fair value through profit or loss	19	12,940	8,890
Fixed deposits – secured	20	300	300
Fixed deposits – unsecured		–	72,913
Bank balances and cash		9,332	10,911
		63,697	134,318
Current liabilities			
Trade and other payables	21	47,199	49,751
Amount due to a related company	22	2,335	1,476
Tax payable		–	234
		49,534	51,461
Net current assets		14,163	82,857
Net assets		65,635	83,498

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 *HK$'000*	2009 *HK$'000*
Capital and Reserves			
Share capital	23	53,912	53,912
Reserves		11,723	29,586
Total equity		65,635	83,498

The consolidated financial statements on pages 31 to 89 were approved and authorised for issue by the Board of Directors on 28 June 2010 and are signed on its behalf by:

Lam Ching Kui	Guo Qing Hua
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Share capital *HK$'000*	Share premium *HK$'000*	Convertible preference shares *HK$'000*	Convertible share option reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK'000*
Balance at 1 April 2008	139,116	383,117	–	–	–	(3,060)	(629,802)	(110,629)
Profit for the year	–	–	–	–	–	–	22,606	22,606
Exchange difference arising on translation	–	–	–	–	–	1,521	–	1,521
Total comprehensive income for the year	–	–	–	–	–	1,521	22,606	24,127
Reduction of share capital and share premium	(125,204)	(383,117)	–	–	–	–	508,321	–
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
Balance at 31 March 2009	53,912	–	110,000	20,000	–	(1,539)	(98,875)	83,498
Loss for the year	–	–	–	–	–	–	(24,272)	(24,272)
Exchange difference arising on translation	–	–	–	–	–	(1,925)	–	(1,925)
Fair value gain on available-for-sale investments	–	–	–	–	8,334	–	–	8,334
Total comprehensive income (expenses) for the year	–	–	–	–	8,334	(1,925)	(24,272)	(17,863)
Balance at 31 March 2010	53,912	–	110,000	20,000	8,334	(3,464)	(123,147)	65,635

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
Cash flow from operating activities		
(Loss) Profit before taxation	(24,272)	22,979
Adjustments for:		
Amortization of intangible asset	41	–
Depreciation	203	58
Dividend income from available-for-sale investments	(39)	–
Dividend income from financial assets at fair value through profit or loss	(70)	(20)
Gain on debt restructuring	–	(28,363)
Gain on disposal of an associate	–	(6,042)
Interest income	(64)	(738)
Loss on disposal of property, plant and equipment	–	1
Provision for bad and doubtful debts	1,765	9,649
Realised gain on financial assets at fair value through profit or loss	(234)	–
Share of results of associates	–	1,110
Unrealised gain on financial assets at fair value through profit or loss	(4,050)	(2,649)
Operating loss before working capital changes	(26,720)	(4,015)
Decrease in inventories	13,556	16,114
(Increase) decrease in trade and other receivables, prepayments and deposits	(14,021)	26,793
(Increase) decrease in amount due from a related company	(1,121)	918
Decrease in trade and other payables	(2,552)	(76,506)
Increase (decrease) in amount due to a related company	859	(1,476)
Decrease in amounts due to directors	–	(240)
Decrease in amount due to an associate	–	(167)
Cash used in operations	(29,999)	(38,579)
Tax paid	(234)	(373)
Net cash used in operating activities	(30,233)	(38,952)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	2010 *HK$'000*	2009 *HK$'000*
Cash flow from investing activities		
Purchases of available-for-sale investments	(40,551)	–
Purchases of financial assets at fair value through profit or loss	(1,812)	(6,241)
Purchases of property, plant and equipment	(1,639)	(693)
Purchases of intangible asset	(550)	–
Proceeds from disposals of financial assets at fair value through profit or loss	2,046	–
Dividends received	109	–
Interest received	64	738
Proceeds from disposal of an associate	–	7,378
Net cash (used in) from investing activities	(42,333)	1,182
Cash flow from financing activities		
Issuance of convertible preference shares	–	110,000
Issuance of share option	–	20,000
Issuance of share capital	–	40,000
Repayments of convertible bonds	–	(14,040)
Repayments of borrowings	–	(42,582)
Net cash from financing activities	–	113,378
Net (decrease) increase in cash and cash equivalents	(72,566)	75,608
Cash and cash equivalents at the beginning of the year	84,124	6,909
Effect of foreign exchange rate change	(1,926)	1,607
Cash and cash equivalents at the end of the year	9,632	84,124
Analysis of the balances of cash and cash equivalents		
Fixed deposits – secured	300	300
Fixed deposits – unsecured	–	72,913
Bank balances and cash	9,332	10,911
	9,632	84,124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

1. GENERAL

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"). In the opinion of the directors, its ultimate holding company is Wai Chun Investment Fund, a private limited company incorporated in the Cayman Island. The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 30.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 7).

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1(Amendment)	Additional Exemptions for First-time Adopters[6]
HKFRS 1(Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[7]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[6]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruements[7]

1 Effective for annual periods beginning on or after 1 July 2009

2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

4 Effective for annual periods beginning on or after 1 January 2011

5 Effective for annual periods beginning on or after 1 February 2010

6 Effective for annual periods beginning on or after 1 January 2010

7 Effective for annual periods beginning on or after 1 July 2010

8 Effective for annual periods beginning on or after 1 January 2013

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

The application of HKFRS 3 (Revised) may affect the Group's 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 the Group's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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 statement of comprehensive income 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 in 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

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

Dividend income is recognised when the shareholders' right to receive payment have been 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 items of property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvements	20%
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 profit or loss in the period in which the item is derecognised.

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 profit or loss on a straight-line basis over the lease terms.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible asset

Intangible asset acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gain or loss arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Inventories

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

Impairment of assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the investment revaluation reserve in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies translation (continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributed to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

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 profit or loss 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.

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 profit or loss as they become payable in accordance with the rule of the PRC RB Schemes.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement of comprehensive income 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 end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from 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 associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognized on the consolidated statement of financial position 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 classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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 paid or received that form 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 to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified 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 comprise 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 Group 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.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, 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 on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. 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 an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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 Group's past experience of collecting payments, and increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognized on an effective interest basis.

Financial liabilities

The Group's financial liabilities (including trade and other payables and amount due to a related company) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 other comprehensive income is recognised in profit or loss.

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.

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);

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management has made various estimates about the carrying amounts of assets and liabilities based on past experience, expectation of the future and other information. The key source of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are 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. As at 31 March 2010, the carrying amount of trade receivables is HK$19,995,000 (net of allowance for bad and doubtful debts of HK$28,758,000) (2009: carrying amount of HK$9,652,000, net of bad and doubtful debts of HK$26,993,000).

5. 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 debts, which represent amount due to a related company, net of cash and cash equivalents and equity attributable to shareholders of the Company, comprising issued share capital and reserves.

Management of the Group reviews the capital structure regularly and taking into account of the cost and risk associated with the capital. Generally, the Group employs a conservative strategy regarding its risk management.

6. FINANCIAL INSTRUMENTS

(i) Categories of financial instruments

The carrying amounts of the Group's financial assets and liabilities recognised as at 31 March 2010 are as follows:

	2010 *HK$'000*	2009 *HK$'000*
Financial assets:		
Loans and receivables	31,666	94,694
FVTPL	12,940	8,890
Available-for-sale investments	48,885	–
Financial liabilities:		
Amortised cost	49,534	51,227

6. FINANCIAL INSTRUMENTS (continued)

(ii) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, 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.

Equity price risk

The Group is exposed to equity price risk through its listed investment in equity securities classified as available-for-sale investments and financial assets at fair value through profit or loss. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange. In addition, the management monitors the price risk and will consider hedging the risk exposure should the need arise.

6. FINANCIAL INSTRUMENTS (continued)

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

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 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period 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.

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

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

– the fair value of financial assets and financial liabilities 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 are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

7. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold and services provided by the Group to outside customers during the year.

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure standard that 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 (the "CODM") for the purpose of allocating resources to segments and assessing 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 return approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segment as compared with the primary reportable segment determined in accordance with HKAS 14.

The reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the executive directors of the Company, being the CODM of the Group.

Business segments

The CODM regularly review revenue and operating results derived from 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

7. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 March 2010

	Sales and integration services *HK$'000*	Services income *HK$'000*	Contract income *HK$'000*	Total *HK$'000*
REVENUE				
External sales	64,604	18,201	401	83,206
SEGMENT RESULTS	(8,647)	1,732	2	(6,913)
Unallocated income				4,444
Unallocated expenses				(21,803)
Loss before taxation				(24,272)
Taxation				–
Loss for the year				(24,272)

Other information

	Sales and integration services *HK$'000*	Services income *HK$'000*	Contract income *HK$'000*	Others *HK$'000*	Total *HK$'000*
Capital additions	57	16	1	1,565	1,639
Depreciation	18	5	1	179	203
Provision for bad and doubtful debts	1,370	386	9	–	1,765

7. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 March 2009

	Sales and integration services *HK$'000*	Services income *HK$'000*	Contract income *HK$'000*	Total *HK$'000*
REVENUE				
External sales	131,246	20,666	947	152,859
SEGMENT RESULTS	(4,528)	7,583	505	3,560
Unallocated income				31,733
Unallocated expenses				(11,204)
Share of results of associates				(1,110)
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*	Total *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

7. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

The followings is an analysis of the Group's assets and liabilities by reportable segment.

As at 31 March 2010

	Sales and integration services *HK$'000*	Services income *HK$'000*	Contract income *HK$'000*	Total *HK$'000*
Segment assets	29,691	8,365	184	38,240
Unallocated assets				76,929
Consolidated assets				115,169
Segment liabilities	34,634	9,758	215	44,607
Unallocated liabilities				4,927
Consolidated liabilities				49,534

As at 31 March 2009

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

7. REVENUE AND SEGMENT INFORMATION (continued)

Geographical segments

No geographical segment analysis is provided as substantially all of the Group's revenue 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	
	2010	2009	2010	2009
	HK$'000	HK$'000	*HK$'000*	HK$'000
Hong Kong	73,740	107,769	1,565	650
PRC, excluding Hong Kong	41,429	27,190	74	43
	115,169	134,959	1,639	693

Information about major customers

For the year ended 31 March 2010, revenue from three customers of the Group amounting to HK$21,481,000, HK$19,257,000 and HK$18,872,000 had individually accounted for over 10% of the Group's total revenue.

For the year ended 31 March 2009, revenue from three customers of the Group amounting to HK$34,054,000, HK$22,654,000 and HK$22,486,000 had individually accounted for over 10% of the Group's total revenue.

8. OTHER INCOME

Other income comprises:

	2010 HK$'000	2009 HK$'000
Bank interest income	64	738
Dividend income from financial assets at fair value through profit or loss	70	20
Dividend income from available-for-sale investments	39	–
Gain on disposal of an associate	–	6,042
Gain on debt restructuring	–	28,363
Realised gain on financial assets at fair value through profit or loss	234	–
Unrealised gain on financial assets at fair value through profit or loss	4,050	2,649
Sundry income	302	231
	4,759	38,043

9. TAXATION

	2010 HK$'000	2009 HK$'000
Taxation in the PRC:		
– current year	–	373

No Hong Kong Profits Tax has been provided in the consolidated financial statements as there was no assessable profit for the year (2009: Nil).

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

9. TAXATION (continued)

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

	2010 *HK$'000*	2009 *HK$'000*
(Loss) profit before taxation	(24,272)	22,979
Tax at the applicable income tax rate	(4,005)	3,792
Tax effect of expenses not deductible for tax purpose	3,784	5,905
Tax effect of income not taxable for tax purpose	(735)	(9,735)
Tax effect of temporary difference	(15)	(80)
Tax effect of tax losses not recognised	971	118
Effect of PRC taxation	–	373
Taxation charge	–	373

10. (LOSS) PROFIT FOR THE YEAR

	2010 *HK$'000*	2009 *HK$'000*
(Loss) Profit for the year has been arrived at after charging:		
Auditor's remuneration	500	500
Amortization of intangible asset	41	–
Depreciation of property, plant and equipment	203	58
Staff costs (including directors' emoluments – note 11)		
– salaries and allowance	11,699	7,957
– staff quarter	186	18
– provident fund contributions	118	37
Provision for bad and doubtful debts	1,765	9,649

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid and payable to each of the 7 (2009: 18) directors of the Company were as follows:

Year 2010

Name of director/ ex-director	Fees	Salaries and other benefits	Provident fund contribution	2010 Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Lam Ching Kui	–	2,600	12	2,612
Guo Qing Hua	–	384	2	386
	–	2,984	14	2,998
Independent non-executive directors				
Ko Ming Tung Edward	240	–	–	240
Tang Tin Sek	89	–	–	89
Chan King Hung	21	–	–	21
Shaw Lut Leonardo	110	–	–	110
To Yan Ming Edmond	61	–	–	61
	521	–	–	521
Total	521	2,984	14	3,519

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

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

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Of the five individuals with the highest emoluments in the Group, two (2009: four) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining three (2009: one) individuals were as follows:

	2010	2009
	HK$'000	*HK$'000*
Salaries and other benefits	1,532	134
Provident fund contributions	26	5
	1,558	139

	Number of employees	
	2010	2009
Their emoluments were within the following band:		
HK$1,000,000 or below	3	1

12. (LOSS) EARNINGS PER SHARE

The calculation of the basic loss per share for year ended 31 March 2010 is based on the loss attributable to shareholders of HK$24,272,000 (profit attributable to shareholders for year ended 31 March 2009 of HK$22,606,000) and on weighted average number of ordinary shares in issue during the year of 5,391,162,483 (2009: 3,839,249,915) 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.

The calculation of diluted loss per share for the year ended 31 March 2010 does not assume the conversion of the convertible preference shares and the exercise of the share options since their exercise would result in a decrease in loss per share.

12. (LOSS) EARNINGS PER SHARE (continued)

Diluted earnings per share for year ended 31 March 2009 was calculated based on the 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 convertible preference shares had been exercised.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 April 2008	–	1,105	–	1,105
Additions	–	108	585	693
Disposals	–	(2)	–	(2)
Currency realignment	–	81	–	81
At 1 April 2009	–	1,292	585	1,877
Additions	1,259	130	250	1,639
Disposals	–	(152)	–	(152)
Currency realignment	–	2	–	2
At 31 March 2010	1,259	1,272	835	3,366
DEPRECIATION				
At 1 April 2008	–	1,098	–	1,098
Provided for the year	–	9	49	58
Eliminated on disposals	–	(1)	–	(1)
Currency realignment	–	81	–	81

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009	–	1,187	49	1,236
Provided for the year	–	48	155	203
Eliminated on disposals	–	(152)	–	(152)
Currency realignment	–	1	–	1
At 31 March 2010	–	1,084	204	1,288
CARRYING VALUES				
At 31 March 2010	1,259	188	631	2,078
At 31 March 2009	–	105	536	641

14. INTANGIBLE ASSET

	Vehicle license
	HK$'000
COST	
Additions and at 31 March 2010	550
AMORTISATION	
Charge for the year and at 31 March 2010	(41)
CARRYING VALUE	
At 31 March 2010	509

Vehicle license is amortised on a straight-line basis over 10 years.

15. AVAILABLE-FOR-SALE INVESTMENTS

	2010	2009
	HK$'000	*HK$'000*
Listed investments		
– Equity securities, listed in Hong Kong	48,885	–

At the end of the reporting period, the above investments are stated at their fair values, which are determined by reference to bid prices quoted in the relevant stock exchange. A fair value gain of approximate HKD8,334,000 has been recongised in the investment revaluation reserve.

16. INVENTORIES

	2010	2009
	HK$'000	*HK$'000*
Work in progress	6,584	20,140

17. 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.

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	48,753	36,645
Less: Provision for bad and doubtful debts	(28,758)	(26,993)
	19,995	9,652
Other debtors, prepayments and deposits	12,507	10,594
Total trade and other receivables, prepayments and deposits	32,502	20,246

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

The following is an aging analysis of trade receivables net of allowance for doubtful debts at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	3,914	1,075
31 – 90 days	5,749	1,548
Over 90 days	10,332	7,029
Total	19,995	9,652

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

	2010	2009
	HK$'000	*HK$'000*
At 1 April	26,993	17,344
Provision for bad and doubtful debts	1,765	9,649
At 31 March	28,758	26,993

18. AMOUNT DUE FROM A RELATED COMPANY

Name of company	Balance at 31.3.2010	Balance at 31.3.2009	Maximum amount outstanding during the year
	HK$'000	*HK$'000*	*HK$'000*
Wai Chun Mining Industry Group Companies Limited	2,039	918	2,039

Mr. Lam Ching Kui, a director of the Company, is also the director and beneficial shareholder of the above-named company.

The amount due is unsecured, interest fee and repayment on demand.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010	2009
	HK$'000	*HK$'000*
Investments held-for-trading		
– Equity securities, listed in Hong Kong	12,940	8,890

At the end of the reporting period, the above investments are stated at their fair values, which are determined by reference to bid prices quoted in the relevant stock exchange.

20. FIXED DEPOSITS

Secured fixed deposits, which represents deposits pledged to a bank to secured banking facilities granted to the Group, carry interest at market rates which range from 0.01% to 0.25% (2009: 0.01% to 0.25%) per annum.

21. TRADE AND OTHER PAYABLES

The following is an aging analysis of trade payables included in trade and other payables at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Trade payables:		
0 – 90 days	1,504	1,438
91 –180 days	8,815	3,926
Over 180 days	20,286	19,545
	30,605	24,909
Other payables	16,594	24,842
Total trade and other payables	47,199	49,751

22. AMOUNT DUE TO A RELATED COMPANY

Mr. Lam Ching Kui, a director of the Company, is also the director and beneficial shareholder of the related company, 北京偉俊房地產開發有限公司.

The amount due is unsecured, interest free and repayable on demand.

23. 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 and at 31 March 2010	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 and at 31 March 2010	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 and at 31 March 2010	11,000,000	110,000

23. SHARE CAPITAL (continued)

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;

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.

23. SHARE CAPITAL (continued)

Note: (continued)

(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)

23. SHARE CAPITAL (continued)

Note: (continued)

(c) (continued)

	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.
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.

23. SHARE CAPITAL (continued)

Note: (continued)

(c) (continued)

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.

23. SHARE CAPITAL (continued)

Note: (continued)

(d) The Liability component of the Convertible Preference Shares recognised in the statement of financial position 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 and 31 March 2010	–

24. SHARE OPTIONS

Wai Chun Ventures Limited Option

On 20 August 2008, the Company issued 20,000,000,000 options to Wai Chun Ventures Limited to subscribe for 20,000,000,000 ordinary shares of the Company at HK$0.01 each (the "Option"). The Option is exercisable in whole or in part at any time for a period of five years commencing 20 August 2008 at an exercise price of HK$0.01 per share. The Option was issued at a consideration of HK$20,000,000.

Share Option Scheme

Pursuant to a share option scheme adopted by the shareholders of the Company on 22 January 2001 (the "SOS"), the Company may, at their discretion, invite full-time employees of the Group, including Directors of the Company and its subsidiaries to take up options to subscribe for Shares. The exercise price of the share option will be determined at the higher of the average of closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option, the closing price of the shares on the Stock Exchange on the date of grant or the nominal value of the Shares.

24. SHARE OPTIONS (continued)

Share Option Scheme (continued)

The SOS will remain in force for a period of 10 years commencing on 22 January 2001.

The share options under the SOS are exercisable at any time for a period to be determined by the Directors, which shall not more than 10 years after the date of grant.

The total number of shares in respect of which options may be granted under the SOS is not permitted to exceed 10% of the shares in issue on the date of approval of the SOS without prior approval from the Company's shareholders. 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 SOS.

Options granted under the SOS must be taken up within 28 days of the date of grant, upon payment of HK$1.00 per grant.

As at 31 March 2010, no share option was granted under the SOS and no share option was lapsed or cancelled during the year. Movements of the share options for the year ended 31 March 2009 were as follows:

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

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2010 *HK$'000*	2009 *HK$'000*
Non-current assets			
Property, plant and equipment		1,259	–
Investments in subsidiaries		11	11
		1,270	11
Current assets			
Other receivables, prepayments and deposits		3,049	82
Amounts due from subsidiaries		86,560	103,974
Amount due from a related company		265	918
Financial assets at fair value through profit or loss		1,780	1,180
		91,654	106,154
Current liability			
Other payables and accruals		500	910
Net current assets		91,154	105,244
Net assets		92,424	105,255
Capital and Reserves			
Share capital	23	53,912	53,912
Reserves	26	38,512	51,343
Total equity		92,424	105,255

26. RESERVES

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 2008	139,116	383,117	107,992	–	–	(692,450)	(62,225)
Loss for the year	–	–	–	–	–	(2,520)	(2,520)
Reduction of share capital and share premium	(125,204)	(383,117)	(107,992)	–	–	616,313	–
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
At 1 April 2009	53,912	–	–	110,000	20,000	(78,657)	105,255
Loss and total comprehensive expenses for the year	–	–	–	–	–	(12,831)	(12,831)
At 31 March 2010	53,912	–	–	110,000	20,000	(91,488)	92,424

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 2009 and 2010.

27. COMMITMENTS

(i) Operating lease commitments

The Group as lessee

	2010	2009
	HK$'000	*HK$'000*
Minimum lease payments paid under operating leases during the year	5,427	1,713

At 31 March 2010, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and building as follows:

	2010	2009
	HK$'000	*HK$'000*
Within one year	1,159	4,151

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) Capital commitments

	2010	2009
	HK$'000	*HK$'000*
Contracted but not provided for in the consolidated financial statements in respect of:		
– property, plant and equipment	2,036	–

27. COMMITMENTS (continued)

(iii) Other commitments

	2010	2009
	HK$'000	*HK$'000*
Contracted but not provided for in the consolidated financial statements in respect of:		
– administrative services fee	600	3,000

28. 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$118,000 (2009: HK$37,000).

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$904,000 (2009: HK$946,000) for the year to cover the contributions payable to the state pension schemes.

29. RELATED PARTY DISCLOSURES

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

	2010 *HK$'000*	2009 *HK$'000*
Rental expenses paid to:		
Ms. Chan Oi Mo	3,600	600
Loan interest income from:		
Wai Chun Mining Group Industry Company Limited	44	18
Administrative service fees paid to:		
Wai Chun Mining Group Industry Company Limited	2,400	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.

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

30. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2010 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	
Allnet Company Limited *(Note i)*	PRC	HK$2,000,000	–	100%	Business licence suspended on 1 February 2005
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

30. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment and operations	Issued share/ paid-up registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Plus Investment & Management Consulting Company Limited *(Note i)*	PRC	HK$10,000,000	–	100%	Inactive, under cessation
Profit Choice (HK) Limited	Hong Kong	HKD1,000	–	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
Zhongshan Modern Colour Printing and Packaging Products Factory Company Limited *(Note i)*	PRC	HK$11,000,000	–	90%	Business licence suspended on 27 February 2006

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.

FINANCIAL SUMMARY

	Year ended 31 March				
	2006	2007	2008	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	77,229	69,060	65,605	152,859	83,206
(Loss) Profit before taxation	(1,000)	(55,266)	(27,693)	22,979	(24,272)
Taxation	(388)	1,427	(81)	(373)	–
(Loss) Profit for the year	(1,388)	(53,839)	(27,774)	22,606	(24,272)
Attributable to:					
Shareholders of the Company	(1,210)	(50,480)	(27,774)	22,606	(24,272)
Minority interests	(178)	(3,359)	–	–	–
	(1,388)	(53,839)	(27,774)	22,606	(24,272)

	As at 31 March				
	2006	2007	2008	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	143,736	81,291	96,313	134,959	115,169
Total liabilities	(169,692)	(161,086)	(206,942)	(51,461)	(49,534)
	(25,956)	(79,795)	(110,629)	83,498	65,635
Equity attributable to shareholders of the Company	(29,315)	(79,795)	(110,629)	83,498	65,635
Minority interests	3,359	–	–	–	–
	(25,956)	(79,795)	(110,629)	83,498	65,635