

偉俊集團控股有限公司*

Wai Chun Group Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock code: 1013)



2010
Interim Report

* 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

HLM & Co.
Certified Public Accountants
Room 305
Arion Commercial Centre
2-12 Queen's Road West
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

Financial Performance

For the six months ended 30 September 2010, the Group recorded a turnover of HK\$48,561,000, representing an increase of 15.7% when compared to 2009. The increase in turnover is attributable to a significant increase in the value of contracts entered into during the period. Gross profit increased to HK\$6,092,000 representing an increase of 36.9% compared to 2009. Gross profit margin increased from 10.6% recorded in 2009 to 12.5% this period. Operating expenses increased slightly when compared to 2009.

Listed investments contributed a loss of HK\$1,500,000 to the results of the Group during the period, of which mark-to-market adjustment recorded a loss of HK\$170,000 from a gain of HK\$947,000 recorded in 2009, while loss on disposal of listed investments contributed HK\$1,330,000 to the results. Other operating revenue increased significantly from HK\$235,000 to HK\$8,072,000 which is mainly attributable to the one-off gain on the write back of over-provided purchases made in previous years of HK\$6,667,000.

The Group recorded a loss attributable to shareholders of the Company of HK\$6,099,000 for the six months ended 30 September 2010.

Financial Resources and Position

As at 30 September 2010, the Group did not have any external borrowings. Cash and cash equivalents amounted to HK\$6,120,000 as at 30 September 2010 which are mostly denominated in Hong Kong Dollars and Renminbi. As the Group's businesses are conducted in the PRC, therefore the Group does not expect to be exposed to any material foreign exchange risks.

The Group had no assets pledged or any material contingent liabilities as at 30 September 2010. The Group ended the period with a current ratio of 1.04 times.

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 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 six months ended 30 September 2010, service contracts entered into with various customers such as banks, governmental agencies and public transportation companies amounted to approximately RMB 80 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 period. I would also like to express my appreciation to the continuous support of our shareholders and investors.

On behalf of the Board

Lam Ching Kul

Chairman

Hong Kong, 30 November 2010

Directors' and chief executive's interests or short positions in shares, underlying shares and debentures

As at 30 September 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:

- 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.
- Based on the issued share capital of the Company of 5,391,162,483 Shares as at 30 September 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.

Other Information

Save as disclosed above, as at 30 September 2010, none of the Directors of the Company had any interests or short positions in the 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 period was the Company or any of its subsidiaries, a party to any arrangement 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 30 September 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, 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)

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.
2. Based on the issued share capital of the Company of 5,391,162,483 Shares as at 30 September 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 30 September 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 30 September 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 30 September 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 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.

As at 30 September 2010, no share option was granted under the SOS and no share option was lapsed or cancelled during the year.

Other Information

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 September 2010.

Employees

As at 30 September 2010, the Group had a total of 92 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.

Corporate governance

During the six months ended 30 September 2010, the Company had complied with the code provisions as set out in the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") except that:

- (i) 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.
- (ii) the Chairman of the Board did not attend and chair the 2010 annual general meeting of the Company as stipulated under code E1.2. The Chairman was away on a business trip on that day.

Model code for securities transactions by directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules the (“**Model Code**”) as the code of conduct regarding securities transactions by the Directors. All directors have confirmed, following specific enquiries by the Company that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2010.

Updates on Biographical Details of Directors

Mr. To Yan Ming, Edmond

Independent Non-executive Director, Chairman of the Audit Committee and member of both the Remuneration Committee and Nomination Committee.

Mr. To resigned as an independent non-executive director of Aptus Holdings Limited and as a director of Fortitude C.P.A. Limited in October and November respectively.

Audit committee

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls.

An Audit Committee meeting was held on 30 November 2010 to review the unaudited interim financial report for six months ended 30 September 2010. HLM & Co., the Group’s external auditor, has carried out a review of the unaudited interim financial report for the six months ended 30 September 2010 in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

Independent Review Report

恒健會計師行 HLM & Co. Certified Public Accountants

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TO THE SHAREHOLDERS OF WAI CHUN GROUP HOLDINGS LIMITED

偉俊集團控股有限公司

(Incorporated in the Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 12 to 38, which comprise the condensed consolidated statement of financial position of Wai Chun Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2010 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-months period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with HKAS 34.

It is our responsibility to form an independent conclusion, based on our review, on this interim financial information, and to report our conclusion solely to you, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other period for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on this interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

HLM & Co.

Certified Public Accountants

Hong Kong, 30 November 2010

Condensed Consolidated Income Statement

	Notes	2010 Unaudited HK\$'000	2009 Unaudited HK\$'000
Revenue	3	48,561	41,982
Cost of sales		(42,469)	(37,531)
Gross profit		6,092	4,451
Other income	4	8,072	235
Gain on disposal of subsidiaries	5	–	–
Unrealised (loss) gain on held for trading investment		(170)	947
Realised loss on held for trading investment		(1,330)	–
Selling and distribution expenses		(4,537)	(754)
Administrative expenses		(13,507)	(12,633)
Finance costs		(20)	–
Loss before taxation		(5,400)	(7,754)
Taxation	6	(699)	(161)
Loss for the period	7	(6,099)	(7,915)
Loss attributable to:			
Shareholders of the Company		(6,099)	(7,915)
Interim dividend	8	–	–
Loss per share	9	HK cents	HK cents
Basic		(0.11)	(0.15)
Diluted		(0.11)	(0.15)

Condensed Consolidated Statement of Comprehensive Income

	2010	2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Loss for the period	(6,099)	(7,915)
Other comprehensive expenses:		
Exchange differences on translation	(575)	(199)
Loss arising on revaluation of available-for-sale investments	(2,397)	–
Other comprehensive expenses for the period	(2,972)	(199)
Total comprehensive expenses for the period	(9,071)	(8,114)
Total comprehensive expenses for the period attributable to:		
Shareholders of the Company	(9,071)	(8,114)

Condensed Consolidated Statement of Financial Position

	Notes	30.9.2010 Unaudited HK\$'000	31.3.2010 Audited HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	6,806	2,078
Intangible asset	11	481	509
Available-for-sale investments	12	46,489	48,885
		53,776	51,472
CURRENT ASSETS			
Inventories	13	20,058	6,584
Trade and other receivables, prepayments and deposits	14	44,335	32,502
Amounts due from a related company	17	–	2,039
Held for trading investments	15	1,610	12,940
Fixed deposits – secured		300	300
Bank balances and cash		5,820	9,332
		72,123	63,697
CURRENT LIABILITIES			
Trade and other payables	16	61,594	47,199
Amount due to related companies	17	7,737	2,335
Tax payable		4	–
		69,335	49,534
NET CURRENT ASSETS		2,788	14,163
NET ASSETS		56,564	65,635
CAPITAL AND RESERVES			
Share capital	18	53,912	53,912
Reserves		2,652	11,723
TOTAL EQUITY		56,564	65,635

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Convertible preference share	Convertible share option reserve	Investment revaluation reserve	Translation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2010 (audited)	53,912	-	110,000	20,000	8,334	(3,464)	(123,147)	65,635
Loss for the period	-	-	-	-	-	-	(6,099)	(6,099)
Other comprehensive expenses	-	-	-	-	(2,397)	(575)	-	(2,972)
Total comprehensive expenses	-	-	-	-	(2,397)	(575)	(6,099)	(9,071)
At 30 September 2010 (unaudited)	53,912	-	110,000	20,000	5,937	(4,039)	(129,246)	56,564
At 1 April 2009 (audited)	53,912	-	110,000	20,000	-	(1,539)	(98,875)	83,498
Loss for the period	-	-	-	-	-	-	(7,915)	(7,915)
Other comprehensive expense	-	-	-	-	-	(199)	-	(199)
Total comprehensive expenses	-	-	-	-	-	(199)	(7,915)	(8,114)
At 30 September 2009 (unaudited)	53,912	-	110,000	20,000	-	(1,738)	(106,790)	75,384

Condensed Consolidated Statement of Cash Flows

	2010	2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Net cash used in operating activities	(15,878)	(16,412)
Net cash generated from (used in) investing activities	5,694	(41,028)
Net cash generated from financing activities	7,397	–
Net decrease in cash and cash equivalents	(2,787)	(57,440)
Cash and cash equivalents at the beginning of the period	9,632	84,124
Effect of foreign exchange rate changes	(725)	(199)
Cash and cash equivalents at the end of the period	6,120	26,485
Analysis of the balances of cash and cash equivalents		
Fixed deposits – secured	300	300
Fixed deposits – unsecured	–	22,134
Bank balances and cash	5,820	4,051
	6,120	26,485

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

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 Islands.

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), under the historical cost convention, except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Notes to the Condensed Consolidated Financial Statements

2. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The accounting policies and method of computation used in preparing the unaudited condensed consolidated interim financial statements are consistent with those used in the audited financial statements for the year ended 31 March 2010 except as described below.

For the current interim period, the Group has applied the following new standards, amendments and interpretations (the “new HKFRSs”) issued by HKICPA, which are or have become effective. The adoption of the new HKFRSs has no material effects on how the results and financial position for the current or prior accounting periods are prepared and presented.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

HKAS 27 (Revised) and consequential amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates have been adopted (annual periods beginning on or after 1 July 2009). The revisions to HKAS 27 principally affect the accounting for transactions or events that result in a change in the Group’s interests in its subsidiaries.

Notes to the Condensed Consolidated Financial Statements

2. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

The adoption of HKAS 27 (Revised) has no material effect on the accounting for the Group’s disposal in the current period of its entire interests in Chun Tai (BVI) Limited, Chun Tai Novelty Company Limited, Chun Tai Printing Limited, Zhongshan Modern Color Printing and Packaging Products Factory Company Limited, Full Hope Enterprises Limited, Telecom Plus Technology Limited, Allnet Company Limited, Telecom Plus Investment Limited, Plus Investment & Management Consulting Company and Up Hill Investments Limited.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 7 (Amendment)	Disclosure – Transfers of Financial Assets ⁴
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets) ⁵
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ²
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

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

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 July 2010

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

⁵ Effective for annual periods beginning on or after 1 January 2013

Notes to the Condensed Consolidated Financial Statements

2. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

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 the 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 for HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The directors of the Group anticipate that the application for the other new and revised Standards, Amendments and Interpretations will have no material impact on the financial performance and financial position of the Group.

3. Segment information

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 segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The reportable segments have 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.

Notes to the Condensed Consolidated Financial Statements

3. Segment information *(Continued)*

Business segments

The CODM regularly review revenue and operating results derived from three operating divisions – sales and integration service, services income and contract income. These divisions are the basis on which the Group reports its primary segment information. Principal activities are as follows:

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

Notes to the Condensed Consolidated Financial Statements

3. Segment information (Continued)**Segment revenues and results**

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

Six months ended 30 September 2010 (unaudited)

	Sales and integration services HK\$'000	Services income HK\$'000	Contract income HK\$'000	Total HK\$'000
REVENUE				
External sales	40,695	6,061	1,805	48,561
SEGMENT RESULTS				
	3,286	700	36	4,022
Unallocated corporate income				1,405
Unallocated corporate expenses				(10,807)
Finance costs				(20)
Loss before taxation				(5,400)
Taxation				(699)
Loss for the period				(6,099)

Notes to the Condensed Consolidated Financial Statements

3. Segment information (Continued)**Segment revenues and results** (Continued)

Six months ended 30 September 2009 (unaudited)

	Sales and integration services HK\$'000	Services income HK\$'000	Contract income HK\$'000	Total HK\$'000
REVENUE				
External sales	33,015	6,504	2,463	41,982
SEGMENT RESULTS	(3,388)	3,338	533	483
Unallocated corporate income				1,023
Unallocated corporate expenses				(9,260)
Finance costs				—
Loss before taxation				(7,754)
Taxation				(161)
Loss for the period				(7,915)

Notes to the Condensed Consolidated Financial Statements

3. Segment information *(Continued)***Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segments.

At 30 September 2010 (unaudited)

	Sales and integration services HK\$'000	Services income HK\$'000	Contract income HK\$'000	Total HK\$'000
Segment assets	48,108	7,165	2,134	57,407
Unallocated assets				68,492
Consolidated assets				125,899
Segment liabilities	50,916	7,583	2,259	60,758
Unallocated liabilities				8,577
Consolidated liabilities				69,335

Notes to the Condensed Consolidated Financial Statements

3. Segment information *(Continued)***Segment assets and liabilities** *(Continued)*

At 31 March 2010 (audited)

	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				<u>76,929</u>
Consolidated assets				<u>115,169</u>
Segment liabilities	34,634	9,758	215	44,607
Unallocated liabilities				<u>4,927</u>
Consolidated liabilities				<u>49,534</u>

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").

Notes to the Condensed Consolidated Financial Statements

3. Segment information (Continued)**Geographical segments** (Continued)

The following is an analysis of the carrying amount of segment assets and liabilities 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	
	30.9.2010	31.3.2010	30.9.2010	31.3.2010
	Unaudited	Audited	Unaudited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	66,719	73,740	4,800	1,565
PRC, excluding Hong Kong	59,180	41,429	44	74
	125,899	115,169	4,844	1,639

4. Other income

	Six months ended	
	30.9.2010	30.9.2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Bank interest income	9	12
Dividend income from held for trading investments	720	69
Written back of over-provided purchases in previous years	6,667	–
Sundry income	676	154
	8,072	235

Notes to the Condensed Consolidated Financial Statements

5. Gain on disposal of subsidiaries

On 30 September 2010, the Group disposed of its entire interests in Chun Tai (BVI) Limited, Chun Tai Novelty Company Limited, Chun Tai Printing Limited, Zhongshan Modern Color Printing and Packaging Products Factory Company Limited, Full Hope Enterprises Limited, Telecom Plus Technology Limited, Allnet Company Limited, Telecom Plus Investment Limited, Plus Investment & Management Consulting Company and Up Hill Investments Limited. The total consideration of approximately HK\$19 was settled in cash. The gain on disposal of subsidiaries was approximately HK\$19.

6. Taxation

	Six months ended	
	30.9.2010	30.9.2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Taxation in the PRC:		
Current period	699	161

No Hong Kong Profits Tax has been provided in the consolidated financial statements as the Group does not have any assessable profits for the six months ended 30 September 2010 (six months ended 30 September 2009: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2009: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profits streams.

Notes to the Condensed Consolidated Financial Statements

7. Loss for the period

Loss for the period has been arrived at after charging:

	Six months ended	
	30.9.2010	30.9.2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Amortisation of intangible asset	27	14
Depreciation on property, plant and equipment	117	124
Staff costs (including directors' emoluments)	5,693	4,497

8. Interim dividend

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2010 (six months ended 30 September 2009: Nil).

9. Loss per share

The calculation of the basic loss per share for the six months ended 30 September 2010 is based on the Group's net loss attributable to shareholders of HK\$6,099,000 (six months ended 30 September 2009: HK\$7,915,000) and on weighted average number of ordinary shares in issue during the period of 5,391,162,483 (six months ended 30 September 2009: 5,391,162,483) shares.

Diluted loss 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 six months ended 30 September 2010 and 2009 did not assume the conversion of the convertible preference shares and convertible share options as the conversion of which would result in a decrease in loss per share.

Notes to the Condensed Consolidated Financial Statements

10. Movement in property, plant and equipment

During the six months ended 30 September 2010, the Group acquired items of property, plant and equipment with a cost of approximately HK\$4,844,000 (six months ended 30 September 2009: approximately HK\$1,185,000).

11. Intangible asset

Vehicle license with a cost of HK\$550,000 is amortised on a straight-line basis over 10 years.

12. Available-for-sale investments

	30.9.2010	31.3.2010
	Unaudited	Audited
	HK\$'000	HK\$'000
LISTED INVESTMENTS		
Equity shares, listed in Hong Kong	46,489	48,885

At the end of the reporting period, the above investments are stated at their fair values, which are based on quoted market prices in an active market. A loss of approximately HK\$2,397,000 has been recognised in the investment revaluation reserve.

13. Inventories

	30.9.2010	31.3.2010
	Unaudited	Audited
	HK\$'000	HK\$'000
Work in progress	16,924	6,584
Other consumables	3,134	–
	20,058	6,584

Notes to the Condensed Consolidated Financial Statements

14. Trade and other receivables, prepayments and deposits

According to the contracts entered into with trade customers, an average of the contracts revenue is normally collected within 90 days from the date of receipt of customers' acceptance, whereas the remaining trade receivables represent retentions held by customers which are normally due one year after completion of the project. The following is an aging analysis of trade receivables included in trade and other receivables at the end of the reporting period.

	30.9.2010	31.3.2010
	Unaudited	Audited
	HK\$'000	HK\$'000
Trade receivables:		
0-30 days	18,642	3,914
31-90 days	44	5,749
Over 90 days	12,119	10,332
	30,805	19,995
Other receivables, prepayments and deposits	13,530	12,507
Total trade and other receivables, prepayments and deposits	44,335	32,502

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Notes to the Condensed Consolidated Financial Statements

15. Held for trading investments

	30.9.2010	31.3.2010
	Unaudited	Audited
	HK\$'000	HK\$'000
LISTED INVESTMENTS		
Equity shares, listed in Hong Kong	1,610	12,940

At the end of the reporting period, the above investments are stated at their fair values, which are based on quoted market prices in an active market.

16. Trade and other payables

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

	30.9.2010	31.3.2010
	Unaudited	Audited
	HK\$'000	HK\$'000
0-90 days	24,637	1,504
91-180 days	92	8,815
Over 180 days	23,253	20,286
	47,982	30,605
Other payables	13,612	16,594
Total trade and other payables	61,594	47,199

Notes to the Condensed Consolidated Financial Statements

17. Amount due from (to) related companies

	30.9.2010	31.3.2010
	Unaudited	Audited
	HK\$'000	HK\$'000
北京偉俊房地產開發有限公司	(2,494)	(2,335)
Wai Chun Mining Industry Group Company Limited	(5,243)	2,039

Mr. Lam Ching Kui, a director of the Company, is also the director and beneficial shareholder of the related companies, i.e. 北京偉俊房地產開發有限公司 and Wai Chun Mining Industry Group Company Limited.

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

18. Share capital

	Number of shares	Share capital
	'000	HK\$'000
Authorised		
Ordinary Shares of HK\$0.01 each at 31 March 2010 and 30 September 2010	100,000,000	1,000,000
Issued and fully paid:		
Ordinary Shares of HK\$0.01 each at 31 March 2010 and 30 September 2010	5,391,163	53,912
Issued and fully paid		
Convertible Preference Shares:		
Convertible Preference Shares of HK\$0.01 each at 31 March 2010 and 30 September 2010	11,000,000	110,000

Notes to the Condensed Consolidated Financial Statements

18. Share capital *(Continued)*

- a) The Convertible Preference Shares were issued at a total consideration of HK\$11,000,000. 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).

Notes to the Condensed Consolidated Financial Statements

18. Share capital *(Continued)*

a) *(Continued)*

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

Conversion price:

One Convertible Preference Share 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.

Notes to the Condensed Consolidated Financial Statements

18. Share capital *(Continued)*

a) *(Continued)*

Rights to income,
capital and voting:

- i) The Convertible Preference Shares shall carry the right to receive income and dividend.
- ii) On a return of capital on liquidation, the assets of the Company available for distribution among the members shall be applied in repaying the holders of the Convertible Preference Shares and the issued value thereof (being the par value of HK\$0.01 per Convertible Preference Shares). The Convertible Preference Shares shall rank for return of capital on liquidation in priority to all other shares in the capital of the Company for the time being in issue.
- iii) Holder(s) of Convertible Preference Shares shall not be entitled to vote at general meeting of the holders of the Ordinary Share.

Transferability:

The Convertible Preference Shares are freely transferable provided that the Convertible Preference Shares cannot be transferred to connected persons of the Company (within the meaning of the Listing Rules). Once a conversion notice is served by the holder of the Convertible Preference Shares, the Convertible Preference Shares subject to the conversion notice shall not be transferable except where such conversion will result in the Company failing to comply with the public float requirement, in which case, the holder of the Convertible Preference Shares may still transfer the Convertible Preference Shares subject to the conversion notice.

Notes to the Condensed Consolidated Financial Statements

18. Share capital *(Continued)*

- b) The Liability component of the Preference Shares recognised in the statement of financial position is calculated as follows:

	HK\$'000
<hr style="border: 1px solid black;"/>	
Proceeds from issue of	
the Convertible Preference Shares	110,000
Equity component at date of issue	(110,000)
<hr style="border: 1px solid black;"/>	
Liability component at 30 September 2010	
and 31 March 2010	–
<hr style="border: 1px solid black;"/>	

19. 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.

20. Commitments**(i) Operating lease commitments**

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

Notes to the Condensed Consolidated Financial Statements

20. Commitments (Continued)**(i) Operating lease commitments** (Continued)

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

	At 30.9.2010	At 31.3.2010
	Unaudited	Audited
	HK\$'000	HK\$'000
Within one year	2,798	1,159
In the second to fifth years, inclusive	1,226	–

(ii) Capital commitments

	At 30.9.2010	At 31.3.2010
	Unaudited	Audited
	HK\$'000	HK\$'000
Contracted but not provided for in the financial statements in respect of property, plant and equipment	6,249	2,036

(iii) Other commitments

	At 30.9.2010	At 31.3.2010
	Unaudited	Audited
	HK\$'000	HK\$'000
Contracted but not provided for in the financial statements in respect of administrative services fee	–	600

Notes to the Condensed Consolidated Financial Statements

21. Related party transactions

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

	Six months ended	
	30.9.2010	30.9.2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Rental expenses paid to:		
Ms. Chan Oi Mo	1,800	1,800
Loan interest expense paid to:		
Wai Chun Mining Industry Group Company Limited	19	–
Administrative service fees paid to:		
Wai Chun Mining Industry Group Company Limited	600	1,200

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.