



# Wai Chun Group Holdings Limited\*

(Incorporated in Bermuda with limited liability)

(Stock code: 1013)

**2013**  
*Interim Report*

\* for identification purpose only

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# Corporate Information

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTOR

Lam Ching Kui  
*(Chairman and Chief Executive Officer)*

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### AUTHORISED REPRESENTATIVES

Lam Ching Kui  
Tong Chi Cheong

### COMPANY SECRETARY

Tong Chi Cheong

### 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)*  
Lam Ching Kui  
Ko Ming Tung, Edward  
To Yan Ming, Edmond

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

13/F., Admiralty Centre 2  
18 Harcourt Road  
Admiralty  
Hong Kong

## AUDITOR

HLM CPA Limited  
*Certified Public Accountants*  
Room 305  
Arion Commercial Centre  
2-12 Queen's Road West  
Hong Kong

## SHARE 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

## WEBSITE

[www.1013.hk](http://www.1013.hk)

# Management Discussion and Analysis



## INTERIM RESULTS

The board of directors of Wai Chun Group Holdings Limited hereby presents the unaudited consolidated interim results of the Company and its subsidiaries for the six months ended 30 September 2013 together with the comparative figures for the corresponding period in 2012.

For the six months ended 30 September 2013, the Group recorded a turnover of approximately HK\$43,586,000 (six months ended 30 September 2012: approximately HK\$81,174,000), representing a decrease of 46% as compared with the corresponding period last year. The Group recorded a gross profit and gross profit margin of approximately HK\$7,998,000 and 18.4% respectively for the six months ended 30 September 2013, representing a decrease of approximately HK\$5,854,000 and an increase of 1.3% respectively as compared with the gross profit of approximately HK\$13,852,000 and the gross margin of 17.1% for the corresponding period last year.

Selling expenses recorded an increase of 25.3% from approximately HK\$7,409,000 for the six months ended 30 September 2012 to approximately HK\$9,283,000 for the corresponding period this year. Administrative expenses increased by 27.7% from approximately HK\$12,524,000 for six months ended 30 September 2012 to approximately HK\$15,989,000 for the corresponding period this year.

Loss attributable to shareholders of the Company amounted to approximately HK\$16,895,000, representing an increase of approximately HK\$15,911,000 as compared with the loss of approximately HK\$984,000 for the corresponding period last year.



# Management Discussion and Analysis

## BUSINESS REVIEW AND FUTURE PROSPECTS

During the period under review, the Group continued to engage in the production of software and provision of solutions and related services, trading of communication products, provision of telecommunications infrastructure solution services, investment holdings and securities investments. Through the operations of Beijing HollyBridge System Integration Co Limited, the major subsidiary of the Group, the Group provides one stop solutions, including hardware and system modification for its customers.

During the period, the Group recorded loss before taxation of approximately HK\$19,810,000 as compared to profit before taxation of approximately HK\$1,339,000 for the corresponding period last year. The receding operating performance was mainly caused by (i) a revenue decrease from both the sales and integration services and the maintenance services due to intensive market competitions from industry counterparts; and (ii) HK\$7,740,000 compensation income was recorded for the six months ended 30 September 2012 related to guarantee amount paid during the previous year, whereas no similar income was recorded for the six months ended 30 September 2013.

In addition, there was an increase in the operating cost as compared to the corresponding period last year. The increase of operating cost was attributable to continuous enhancements of sales and marketing office by the Group. This also contributed to the receding operating performance.

For the securities investments of the Group, the Group recorded a net realised loss on disposal of held-for-trading investments of approximately HK\$1,661,000 (six months ended 30 September 2012: NIL). A net unrealised loss of approximately HK\$741,000 was also recorded during the period, representing an increase of approximately HK\$284,000 while compared to approximately HK\$457,000 of the corresponding period last year. The Group will continue to adopt a cautious and conservative strategy for securities investments.

# Management Discussion and Analysis

Looking at the economy of Mainland China, the majority of economic indicators shows that the economy of the PRC is continuing to recover, and the PRC government has recently promulgated certain important policies on the country's financial and economic reforms, such as to widen and deepen the application of information technology in all aspect of national development. Moreover, the Unit States has extended their quantitative easing monetary policies to provide stimuli factors on individual spendings for the global consumer markets, which would also lead Mainland China to the track of steady economic growth.

Nevertheless, the Group will continue to adopt competitive advantage markets strategies and efficient management policies in operating its businesses and facing the challenges ahead. The Group will strengthen the sales and marketing team and the operation and technical support team leveraging on world-leading information technologies. The management will focus on improving the market coverage and profitability of the existing business operations and expects to achieve an overall favourable return on investments for the Company's shareholders in the near future.

## FINANCIAL RESOURCES AND LIQUIDITY

As at 30 September 2013, the Group had net current asset of approximately HK\$53,815,000 (31 March 2013: net current assets of approximately HK\$52,854,000) and cash and cash equivalents of approximately HK\$22,957,000 (31 March 2013: approximately HK\$4,623,000). All cash and cash equivalent are denominated in Hong Kong Dollars and Renminbi. The current ratio of the Group was approximately 2.18 (31 March 2013: approximately 2.37) and the Group did not have any external borrowing and had no assets pledged or any contingent liabilities.

As the Group's businesses are conducted in the PRC, the Group does not expect to be exposed to any material foreign exchange risks.



## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2013, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures 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 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:

#### Interests in shares of the Company

Name of Director	Nature of Interest	Long position/ Short position	Number of ordinary shares	Approximate percentage of shareholding in the Company
Mr. Lam Ching Kui	Interest of controlled corporations	Long position	15,400,000,000 (Note)	71.99%

Note: Mr. Lam Ching Kui is deemed to be interested in these 15,400,000,000 shares of the Company held by Ka Chun Holdings Limited (formerly known as Wai Chun Ventures Limited) which is wholly-owned by Wai Chun Investment Fund which, in return, wholly-owned by Mr. Lam Ching Kui.

Save as disclosed above, as at 30 September 2013, none of the Directors or chief executive of the Company or their respective associates 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.

## Other Information

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 30 September 2013, the interests or short positions of every person, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were set out as follows:

Name of Shareholder	Nature of interest	Long position/ Short position	Number of ordinary shares	Approximate percentage of shareholding in the Company
Ka Chun Holdings Limited	Beneficial owner	Long position	15,400,000,000	71.99%
Wai Chun Investment Fund	Interests of controlled corporation	Long position	15,400,000,000 (Note)	71.99%

Note: These 15,400,000,000 shares of the Company are held by Ka Chun Holdings Limited, which is wholly-owned by Wai Chun Investment Fund. Therefore, Wai Chun Investment Fund is deemed to be interested in these 15,400,000,000 shares pursuant to the SFO.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 September 2013.





## Other Information

### SHARE OPTIONS

On 20 August 2008, the Company issued 20,000,000,000 options (the "Option(s)") to Ka Chun Holdings Limited to subscribe for 20,000,000,000 ordinary shares of the Company of HK\$0.01 each. The Options were issued at a consideration of HK\$20,000,000 and exercisable in whole or in part at any time during the period from (and including) 20 August 2008 ("Issue Date") up to (and including) the third business day immediately preceding the fifth anniversary of the Issue Date (i.e. 15 August 2013) at an exercise price of HK\$0.01 per share. During the six months ended 30 September 2013, 5,000,000,000 Options were exercised and 15,000,000,000 Options were lapsed. There were no outstanding options as at 30 September 2013.

### EMPLOYEES

As at 30 September 2013, the Group had a total of 125 employees, the majority of whom are situated in the PRC. Competitive remuneration packages including discretionary bonuses shall be offered to the employees based on their 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 executive Director(s) and senior management pursuant to its terms of reference. No Director, or any of his associates, and executive, is involved in dealing his own remuneration.

## **Other Information**

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the six months ended 30 September 2013, was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of shares in, or debt securities, including debentures, of the Company or any other body corporate.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2013.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2013.



## Other Information

### CORPORATE GOVERNANCE

During the six months ended 30 September 2013, the Company complied with all the relevant code provisions as set out in the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules except for the deviation from code provisions A.2.1, A.3.2 and A.4.1.

Code provision A.2.1 provides that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and chief executive officer. Mr. Lam Ching Kui is the chairman and chief executive officer of the Company. He has extensive experience in project management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Group. The balance of power and authorities are ensured by the operation of the Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

Code provision A.3.2 provides that an issuer should maintain on its website and on the Stock Exchange’s website an updated list of its Directors identifying their role and function and whether they are independent non-executive directors. After the resignation of Mr. Lu Jun Wu as executive Director and the chief executive officer of the Company on 2 January 2013, the Company failed to maintain on the Stock Exchange’s website and on its website an updated list of Directors due to the inadvertent omission by the responsible personnel. The Company has maintained its updated list of Directors on the websites of the Stock Exchange and the Company since July 2013.

Code provision A.4.1 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 to the Company’s bye-laws. As such, the Board considers that sufficient measures have been taken to ensure the Company’s corporate governance practices are no less exacting those in the CG Code.

## Other Information

### AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) 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. The terms of reference of the Audit Committee is currently made available on the Stock Exchange’s website and the Company’s website. The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and overseeing the Company’s financial reporting system (including the adequacy of resources, qualifications and experience of staff in charge of the Company’s financial reporting function and their training arrangement and budget) and the internal control procedures.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. To Yan Ming, Edmond (chairman), Mr. Ko Ming Tung, Edward and Mr. Shaw Lut, Leonardo. The Audit Committee has reviewed the unaudited interim financial results of the Group for the six months ended 30 September 2013. The Group’s external auditor has carried out a review of the unaudited interim financial statements 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 Hong Kong Institute of Certified Public Accountants.

### 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

**Wai Chun Group Holdings Limited**

**Lam Ching Kui**

*Chairman and Chief Executive Officer*

Hong Kong, 28 November 2013



# Independent Review Report

恒健會計師行有限公司

**HLM CPA LIMITED**

**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 Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Wai Chun Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 14 to 42, which comprise the condensed consolidated statement of financial position as at 30 September 2013 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Main Board Listing 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 the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, 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 person for the contents of this report.

# Independent Review 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 these condensed consolidated financial statements 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.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### **HLM CPA Limited**

*Certified Public Accountants*

### **Ho Pak Tat**

*Practising Certificate Number: P05215*

Hong Kong

28 November 2013

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2013

	Notes	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
<b>Turnover</b>	3	<b>43,586</b>	81,174
Cost of sales		<b>(35,588)</b>	(67,322)
<b>Gross profit</b>		<b>7,998</b>	13,852
Other income	4	<b>551</b>	8,402
Net unrealised loss on held-for-trading investments		<b>(741)</b>	(457)
Net realised loss on disposal of held-for-trading investments		<b>(1,661)</b>	—
Selling and distribution expenses		<b>(9,283)</b>	(7,409)
Administrative expenses		<b>(15,989)</b>	(12,524)
Finance costs		<b>(685)</b>	(525)
<b>(Loss) profit before taxation</b>		<b>(19,810)</b>	1,339
Taxation	5	<b>(252)</b>	(927)
<b>(Loss) profit for the period</b>	6	<b>(20,062)</b>	412
<b>(Loss) profit attributable to:</b>			
Shareholders of the Company		<b>(16,895)</b>	(984)
Non-controlling interests		<b>(3,167)</b>	1,396
		<b>(20,062)</b>	412
<b>Loss per share</b>	8	<b>HK cents</b>	HK cents
Basic		<b>(0.17)</b>	(0.02)
Diluted		<b>(0.17)</b>	(0.02)

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013



	<b>2013</b>	2012
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
<b>(Loss) profit for the period</b>	<b>(20,062)</b>	412
<b>Other comprehensive income:</b>		
Exchange differences arising on translation of foreign operations	<b>225</b>	96
<b>Other comprehensive income for the period</b>	<b>225</b>	96
<b>Total comprehensive (expense) income for the period</b>	<b>(19,837)</b>	508
<b>Total comprehensive (expense) income for the period attributable to:</b>		
Shareholders of the Company	<b>(17,105)</b>	(883)
Non-controlling interests	<b>(2,732)</b>	1,391
	<b>(19,837)</b>	508



# Condensed Consolidated Statement of Financial Position

As at 30 September 2013

	Notes	30.9.2013 Unaudited HK\$'000	31.3.2013 Audited HK\$'000
<b>Non-current asset</b>			
Property, plant and equipment	9	15,225	14,440
<b>Current assets</b>			
Inventories	10	18,259	21,664
Trade and other receivables, prepayments and deposits	11	48,428	45,971
Held-for-trading investments	12	9,346	18,918
Fixed deposits		300	300
Bank balances and cash		22,957	4,623
		<b>99,290</b>	<b>91,476</b>
<b>Current liabilities</b>			
Trade and other payables	13	37,640	38,488
Tax payable		253	134
Amount due to the non-controlling interests of a subsidiary	14	7,582	—
		<b>45,475</b>	<b>38,622</b>
<b>Net current assets</b>		<b>53,815</b>	<b>52,854</b>
<b>Total assets less current liabilities</b>		<b>69,040</b>	<b>67,294</b>
<b>Non-current liability</b>			
Loan from the ultimate holding company	15	—	28,417
<b>Net assets</b>		<b>69,040</b>	<b>38,877</b>
<b>Capital and reserves</b>			
Share capital	16	213,912	53,912
Reserves		(178,960)	(51,855)
Equity attributable to shareholders of the Company		<b>34,952</b>	<b>2,057</b>
Non-controlling interests	17	34,088	36,820
<b>Total equity</b>		<b>69,040</b>	<b>38,877</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2013



	Share capital	Share premium	Convertible preference shares	Share option reserve	Translation reserve	Accumulated losses	Attributable to shareholders of the Company	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013 (audited)	53,912	—	110,000	20,000	(5,670)	(176,185)	2,057	36,820	38,877
Loss for the period	—	—	—	—	—	(16,895)	(16,895)	(3,167)	(20,062)
Other comprehensive income (expense) for the period	—	—	—	—	(210)	—	(210)	435	225
Total comprehensive expense for the period	—	—	—	—	(210)	(16,895)	(17,105)	(2,732)	(19,837)
Shares issued upon exercise of share options	50,000	5,000	—	(5,000)	—	—	50,000	—	50,000
Share options lapsed	—	—	—	(15,000)	—	15,000	—	—	—
Shares issued upon conversion of convertible preference shares	110,000	—	(110,000)	—	—	—	—	—	—
At 30 September 2013 (unaudited)	213,912	5,000	—	—	(5,880)	(178,080)	34,952	34,088	69,040
At 1 April 2012 (audited)	53,912	—	110,000	20,000	(5,491)	(165,243)	13,178	(275)	12,903
(Loss) profit for the period	—	—	—	—	—	(984)	(984)	1,396	412
Other comprehensive income (expense) for the period	—	—	—	—	101	—	101	(5)	96
Total comprehensive income (expense) for the period	—	—	—	—	101	(984)	(883)	1,391	508
At 30 September 2012 (unaudited)	53,912	—	110,000	20,000	(5,390)	(166,227)	12,295	1,116	13,411



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013

	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Net cash used in operating activities	(17,845)	(22,150)
Net cash generated from (used in) investing activities	6,543	(214)
Net cash generated from financing activity	29,165	2,009
Net increase (decrease) in cash and cash equivalents	17,863	(20,355)
Effect of foreign exchange rate changes	471	388
Cash and cash equivalents at the beginning of the period	4,923	24,049
Cash and cash equivalents at the end of the period	23,257	4,082
Analysis of the balances of cash and cash equivalents		
Fixed deposits	300	300
Bank balances and cash	22,957	3,782
	23,257	4,082

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

Wai Chun Group Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). 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 Company is an investment holding company. The address of registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and principal place of business is 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and 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 (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 the 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 judgments, 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.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

(Continued)

This interim financial report contains unaudited 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 2013 annual financial statements. The unaudited condensed consolidated 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”).

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following amendments to the HKFRSs issued by the HKICPA.

HKFRSs (Amendments)	Annual improvements to HKFRSs 2009-2011 cycle
HKFRS 1 (Amendments)	Government loans
HKFRS 7 (Amendments)	Disclosures — Offsetting financial assets and financial liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities — Transition Guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 1 (Amendments)	Presentation of items of other comprehensive income
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HK (IFRIC) — Int 20	Stripping costs in the production phase of a surface mine

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 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:

HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures <sup>2</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities <sup>1</sup>
HKFRS 9	Financial instruments <sup>2</sup>
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities <sup>1</sup>
HKAS 36 (Amendments)	Impairment of assets — Recoverable amount disclosures of non-financial assets <sup>1</sup>
HKAS 39 (Amendments)	Financial instruments: Recognition and measurement — Novation of derivatives and continuation of hedge accounting <sup>1</sup>
HK (IFRIC) — Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015

The Directors of the Group anticipate that the application for the new and revised standards, amendments and interpretations will have no material impact on the financial performance and financial position of the Group.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 3. SEGMENT INFORMATION

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 chief operating decision maker (the “CODM”) of the Group.

### Business Segment

The CODM regularly review revenue and operating results derived from three operating divisions — sales and integration services, services income and securities investments. 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
- Securities investments: Listed securities in held-for-trading investments

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 3. SEGMENT INFORMATION (Continued)

### Segment revenues and results

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

#### For the six months ended 30 September 2013 (unaudited)

	Sales and integration services HK\$'000	Services income HK\$'000	Securities investments HK\$'000	Total HK\$'000
<b>TURNOVER</b>				
External sales	28,741	14,845	—	43,586
<b>SEGMENT RESULTS</b>	(6,574)	333	(1,882)	(8,123)
Unallocated corporate income				31
Unallocated corporate expenses				(11,033)
Finance costs				(685)
Loss before taxation				(19,810)
Taxation				(252)
Loss for the period				(20,062)



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 3. SEGMENT INFORMATION (Continued)

### Segment revenues and results (Continued)

For the six months ended 30 September 2012 (unaudited)

	Sales and integration services HK\$'000	Services income HK\$'000	Securities investments HK\$'000	Total HK\$'000
<b>TURNOVER</b>				
External sales	62,682	18,492	—	81,174
<b>SEGMENT RESULTS</b>				
	(1,118)	4,871	(57)	3,696
Unallocated corporate income				7,877
Unallocated corporate expenses				(9,709)
Finance costs				(525)
Profit before taxation				1,339
Taxation				(927)
Profit for the period				412

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 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 2013 (unaudited)

	Sales and integration services HK\$'000	Services income HK\$'000	Securities investments HK\$'000	Total HK\$'000
Segment assets	33,851	17,484	9,346	60,681
Unallocated assets				53,834
<b>Consolidated assets</b>				<b>114,515</b>
Segment liabilities	28,829	14,890	—	43,719
Unallocated liabilities				1,756
<b>Consolidated liabilities</b>				<b>45,475</b>

#### At 31 March 2013 (audited)

	Sales and integration services HK\$'000	Services income HK\$'000	Securities investments HK\$'000	Total HK\$'000
Segment assets	44,968	14,605	18,918	78,491
Unallocated assets				27,425
<b>Consolidated assets</b>				<b>105,916</b>
Segment liabilities	27,452	8,916	—	36,368
Unallocated liabilities				30,671
<b>Consolidated liabilities</b>				<b>67,039</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 3. SEGMENT INFORMATION (Continued)

### Other information

#### At 30 September 2013 (unaudited)

	Sales and integration services HK\$'000	Services income HK\$'000	Securities investments HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to property, plant and equipment	49	25	—	1,081	1,155
Depreciation of property, plant and equipment	26	13	—	331	370
Property, plant and equipment written off	—	—	—	1	1

#### At 31 March 2013 (audited)

	Sales and integration services HK\$'000	Services income HK\$'000	Securities investments HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to property, plant and equipment	19	6	—	1,316	1,341
Depreciation of property, plant and equipment	54	18	—	651	723
Over-provision of allowance for bad and doubtful debts	(246)	(80)	—	—	(326)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 3. SEGMENT INFORMATION (Continued)

### Geographical segments

No geographical segment analysis on turnover 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	
	30.9.2013 Unaudited HK\$'000	31.3.2013 Audited HK\$'000	30.9.2013 Unaudited HK\$'000	31.3.2013 Audited HK\$'000
Hong Kong	61,543	45,487	1,081	1,316
PRC, excluding Hong Kong	52,972	60,429	74	25
	<b>114,515</b>	105,916	<b>1,155</b>	1,341



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 4. OTHER INCOME

	For the six months ended 30 September	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Bank interest income	8	15
Compensation income (Note)	—	7,740
Dividend income from held-for-trading investments	520	400
Over-provision for bad and doubtful debts	—	125
Sundry income	23	122
	<b>551</b>	<b>8,402</b>

Note:

For the six months ended 30 September 2012, the Company has received the compensation income related to guarantee amount paid in previous year.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 5. TAXATION

	For the six months ended 30 September	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Taxation in the PRC:		
Current period	—	667
Under-provision in prior period	252	260
	<b>252</b>	927

No provision for Hong Kong Profits Tax has been provided in the condensed consolidated financial statements as the Company and its subsidiaries in Hong Kong have no assessable profits for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (six months ended 30 September 2012: 25%).

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

For the six months ended 30 September 2013

## 6. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging:

	For the six months ended 30 September	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Depreciation of property, plant and equipment	370	360
Property, plant and equipment written off	1	—
Staff costs (including directors' emoluments)	10,409	8,703

## 7. INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 8. LOSS PER SHARE

### (a) Basic loss per share

The calculation of the basic loss per share for the six months ended 30 September 2013 was based on the Group's loss attributable to shareholders of the Company of approximately HK\$16,895,000 (six months ended 30 September 2012: approximately HK\$984,000) and the weighted average number of ordinary shares of 10,068,758,111 (six months ended 30 September 2012: 5,391,162,483) in issue at the end of the reporting period, calculated as follows:

	For the six months ended 30 September	
	2013 Unaudited '000	2012 Unaudited '000
Issued ordinary shares at 1 April	5,391,163	5,391,163
Effect of share options exercised	1,345,355	—
Effect of conversion of convertible preference shares	3,332,240	—
Weighted average number of ordinary shares	10,068,758	5,391,163





# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 8. LOSS PER SHARE *(Continued)*

### (b) Diluted loss per share

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 and the Group's loss attributable to shareholders of the Company.

For the six months ended 30 September 2013, convertible preference shares were converted fully and share options were exercised or lapsed. The amount of diluted loss per share is the same as basic loss per share as there is no dilutive potential ordinary share for the six months ended 30 September 2013.

For the six months ended 30 September 2012, the Company has two categories of dilutive potential ordinary shares: convertible preference shares and share options. The calculation of diluted loss per share for the six months ended 30 September 2012 does not assume the conversion of the convertible preference shares and the exercise of the share options since their exercise would result in decrease in loss per share.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group acquired items of property, plant and equipment with a cost of approximately HK\$1,155,000 (six months ended 30 September 2012: approximately HK\$629,000).

During the period, the Group had written off a cost of approximately HK\$41,000 (six months ended 30 September 2012: HK\$Nil) of property, plant and equipment with carrying amount of approximately HK\$1,000.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 10. INVENTORIES

	<b>30.9.2013 Unaudited HK\$'000</b>	31.3.2013 Audited HK\$'000
Work in progress	<b>11,061</b>	13,699
Other consumables	<b>7,198</b>	7,965
	<b>18,259</b>	21,664

## 11. 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:

	<b>30.9.2013 Unaudited HK\$'000</b>	31.3.2013 Audited HK\$'000
Trade receivables		
0-30 days	<b>17,713</b>	20,719
31-90 days	<b>152</b>	229
Over 90 days	<b>245</b>	—
	<b>18,110</b>	20,948
Other receivables, prepayments and deposits	<b>30,318</b>	25,023
Total trade and other receivables, prepayments and deposits	<b>48,428</b>	45,971



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Other receivables, prepayments and deposits mainly consist of approximately HK\$18,900,000 paid in 2013, being deposit paid for the advanced integration information system development in Beijing HollyBridge System Integration Company Limited (“Beijing HollyBridge”) to fulfill the additional requirement maintaining the qualification of approved system integrators of the information technology business for financial institutions in the PRC.

The Directors consider that the carrying amount of trade and other receivables, prepayments and deposits approximates their fair value.

## 12. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments comprise:

	<b>30.9.2013</b> <b>Unaudited</b> <b>HK\$'000</b>	31.3.2013 Audited HK\$'000
Equity securities listed in Hong Kong, at fair value	<b>9,346</b>	18,918

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 13. 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:

	<b>30.9.2013</b>	31.3.2013
	<b>Unaudited</b>	Audited
	<b>HK\$'000</b>	HK\$'000
Trade payables		
0-90 days	<b>15,685</b>	20,920
91-180 days	<b>6,932</b>	3,588
Over 180 days	<b>9,580</b>	6,897
	<b>32,197</b>	31,405
Other payables	<b>5,443</b>	7,083
Total trade and other payables	<b>37,640</b>	38,488

The average credit period on purchases is ranged from 60 to 180 days.

## 14. AMOUNT DUE TO THE NON-CONTROLLING INTERESTS OF A SUBSIDIARY

The amount is unsecured, interest-free and repayment on demand.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 15. RELATED PARTIES TRANSACTIONS AND BALANCES

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

	For the six months ended 30 September	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Rental expenses paid to:		
Ms. Chan Oi Mo (Note i)	1,800	1,800
Wai Chun Holdings Group Limited (Note ii)	1,594	1,594
	<b>3,394</b>	3,394
Interest expense paid to:		
Wai Chun Investment Fund (Note iii)	685	525
	30.9.2013 Unaudited HK\$'000	31.3.2013 Audited HK\$'000
<b>Loan from the ultimate holding company</b>		
Wai Chun Investment Fund (Note iii)	—	28,417

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 15. RELATED PARTIES TRANSACTIONS AND BALANCES

(Continued)

The amounts due are unsecured, interest-bearing and not repayable within one year.

Notes:

- (i) Ms. Chan Oi Mo is the wife of Mr. Lam Ching Kui, a director of the Company.
- (ii) Wai Chun Holdings Group Limited is owned as to 50% by Mr. Lam Ching Kui, a director of the Company, and as to 50% by Ms. Chan Oi Mo, the wife of Mr. Lam Ching Kui.
- (iii) Wai Chun Investment Fund is the ultimate holding company of the Company.

### Key management personnel compensation

	For the six months ended 30 September	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Directors' fee	240	240
Basic salaries, other allowance and benefit in kind	1,200	1,398
Retirement benefits scheme contributions	8	12
	<b>1,448</b>	1,650

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 16. SHARE CAPITAL

	Number of shares  '000	Share capital  HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each at 1 April 2012, 31 March 2013 and 30 September 2013	89,000,000	890,000
Convertible preference shares of HK\$0.01 each at 1 April 2012, 31 March 2013 and 30 September 2013	11,000,000	110,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each at 1 April 2012 and 31 March 2013	5,391,163	53,912
Exercise of share options (Note a, Note 18)	5,000,000	50,000
Conversion of convertible preference shares (Note b)	11,000,000	110,000
Ordinary shares of HK\$0.01 each at 30 September 2013	21,391,163	213,912
Convertible preference shares of HK\$0.01 each at 1 April 2012 and 31 March 2013	11,000,000	110,000
Conversion of convertible preference shares (Note b)	(11,000,000)	(110,000)
Convertible preference shares of HK\$0.01 each at 30 September 2013	—	—

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 16. SHARE CAPITAL (Continued)

- (a) During the period, 5,000,000,000 share options were exercised into 5,000,000,000 new shares of HK\$0.01 each.
- (b) The convertible preference shares were issued at a total consideration of HK\$110,000,000 on 20 August 2008. The convertible preference shares are convertible in whole or in part at any time for a period of five years commencing 20 August 2008 at a conversion price of HK\$0.01 per share.

During the period, holders of convertible preference shares converted a total of 11,000,000,000 convertible preference shares into 11,000,000,000 ordinary shares of HK\$0.01 each of the Company. All of the convertible preference shares were converted before maturity date during the period.

## 17. NON-CONTROLLING INTERESTS

	30.9.2013 Unaudited HK\$'000	31.3.2013 Audited HK\$'000
Balance at beginning of the period/year	36,820	(275)
Share of loss for the period/year	(3,167)	(873)
Additional capital injection attribution to the 49% held by the non-controlling shareholder	—	37,880
Exchange realignment	435	88
Balance at end of the period/year	34,088	36,820





# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 18. SHARE OPTIONS

### Ka Chun Holdings Limited (previous known as “Wai Chun Ventures Limited”) Option

On 20 August 2008, the Company issued 20,000,000,000 options to Ka Chun Holdings 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.

The following table discloses details of the Company’s number of Option held by the grantee and movements in such holdings during the period:

Grantee	At 1.4.2013	Exercised	Lapsed	At 30.9.2013
		during the period	during the period	
	'000	'000	'000	'000
		(Note 16)		
Ka Chun Holdings Limited	20,000,000	(5,000,000)	(15,000,000)	—

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013



## 19. COMMITMENTS

### (i) Operating Lease Commitments

Operating lease payments represent rentals payable by the Group for certain of its office premises in Hong Kong and PRC. Leases and rentals are negotiated and fixed respectively for an average term of two years.

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

	<b>30.9.2013</b>	31.3.2013
	<b>Unaudited</b>	Audited
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,409</b>	2,966
In the second to fifth years, inclusive	—	—
	<b>1,409</b>	2,966



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 19. COMMITMENTS (Continued)

### (ii) Capital commitments

	<b>30.9.2013</b> <b>Unaudited</b> <b>HK\$'000</b>	31.3.2013 Audited HK\$'000
Contracted but not provided for in the financial statements in respect of property, plant and equipment	<b>4,328</b>	4,210
Additional share capital in a subsidiary due and payable within a period of 15 months (31 March 2013: 21 months) (Note)	<b>39,960</b>	39,525

Note:

Holy (Hong Kong) Universal Limited, a wholly owned subsidiary of the Company, is allowed to inject the additional share capital of amount RMB31,620,000 in Beijing HollyBridge, its 51% owned subsidiary, within two years from December 2012, according to the renewed Memorandum and Articles of Association and Capital Verification Report.