



偉俊集團控股有限公司*
Wai Chun Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1013)

ANNUAL REPORT 2016

Contents

Corporate Information	2
Chairman's Statement	3
Biographical Details of Directors	5
Report of the Directors	6
Corporate Governance Report	14
Independent Auditor's Report	24
Consolidated Statement of Profit or Loss	26
Consolidated Statement of Profit or Loss and Other Comprehensive Income	27
Consolidated Statement of Financial Position	28
Consolidated Statement of Changes in Equity	29
Consolidated Statement of Cash Flows	30
Notes to the Consolidated Financial Statements	32
Five Years Financial Summary	82

Corporate Information

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*)
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

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 BERMUDA

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

REGISTRAR IN HONG KONG

Union Registrars Limited
Suites 3301-04
33/F., Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited

STOCK CODE

1013

COMPANY WEBSITE

www.1013.hk

On behalf of the board (the "Board") of directors (the "Director(s)") of Wai Chun Group Holdings Limited (the "Company"). I would like to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2016.

DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial Performance

For the year ended 31 March 2016, the Group recorded a turnover of approximately HK\$178,104,000 (2015: approximately HK\$152,469,000) representing an increase of approximately 16.8% when compared to 2015. The increase in turnover is attributable to an increase in the sales and integration services contracts during the year. In line with the increase in turnover, gross profit increased to approximately HK\$31,260,000 (2015: approximately HK\$29,703,000) representing an increase of approximately 5.2% compared to 2015. The gross profit margin decreased from approximately 19.5% in 2015 to approximately 17.6% this year. Administrative expenses increased by approximately HK\$25,505,000 when compared to 2015, which is mainly due to (i) share-based payment expenses of approximately HK\$19,680,000 recognised for the 1,069,558,120 share options granted under the Company's share option scheme during the year and (ii) an increase of approximately HK\$4,400,000 in depreciation for the year. The above-mentioned increase in depreciation is due to leasehold improvement with a carrying amount of approximately HK\$8,800,000 at the beginning of the years needs to be amortised fully over the financial year ended 31 March 2016, i.e. its remaining lease term whereas there is no such depreciation for the first half year of the financial year ended 31 March 2015.

The Group recorded a loss attributable to owners of the Company of approximately HK\$56,747,000 (2015: approximately HK\$29,113,000) for the year.

Financial Resources and Position

Total debts of the Group amounted to approximately HK\$83,213,000 (2015: approximately HK\$32,783,000), comprising loans from ultimate holding company of approximately HK\$49,801,000 (2015: approximately HK\$794,000), amounts due to the non-controlling interests of a subsidiary of approximately HK\$31,849,000 (2015: approximately HK\$31,989,000) and other borrowing of approximately HK\$1,563,000 (2015: Nil). All the above-mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing. The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 32.4% (2015: approximately 35.0%), representing a decrease of approximately 7.4% as compared to 2015. Cash and cash equivalents amounted to approximately HK\$36,027,000 (2015: approximately HK\$3,629,000) as at 31 March 2016 which are mostly denominated in Hong Kong Dollars and Renminbi. As the Group's businesses are conducted in the PRC, 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 31 March 2016. At the end of the year, the current ratio of the Group is approximately 1.08 (2015: approximately 0.92).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

The Group had future minimum lease payments under non-cancellable operating leases in respect of rented premises amounting to approximately HK\$10,398,000 (2015: approximately HK\$10,417,000). On the basis of the undrawn loan facilities of approximately HK\$140,000,000, granted by its ultimate holding company, Wai Chun Investment Fund ("Wai Chun Fund"), which will not demand the Company for repayment of such loans until all other liabilities of the Group have been satisfied, the Directors believe that the Group has sufficient financial resources for its operations. The directors will remain cautious in the Group's liquidity risk management, details of which are disclosed in note 2 to the financial statements of this annual report.

Chairman's Statement

BUSINESS REVIEW AND FUTURE PROSPECT

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; (v) securities investments; and (vi) provision of telecommunications infrastructure solution services. Through the operations of Beijing HollyBridge System Integration Co., Limited ("Beijing HollyBridge"), the major subsidiary of the Group, the Group has provided one stop solution, including hardware and system modification for the customers. The management continued to devote its effort to enhance the operational efficiency of Beijing HollyBridge, and during the year ended 31 March 2016, service contracts entered into with various customers such as banks, governmental agencies and public transportation companies amounted to approximately RMB176 million.

On 26 November 2015, the injection of additional share capital amounting to RMB31,620,000 (approximately HK\$38,374,000) into Beijing HollyBridge was completed. Beijing HollyBridge remains to be accounted for as a 51% indirect non-wholly owned subsidiary of the Company at the end of the financial year and its financial results were consolidated into the financial statements of the Company and its subsidiaries accordingly. The capital injection was funded by a loan from ultimate holding company of the Company. The loan is unsecured and bears interest at a prevailing market rate.

Looking forward, to turn the Group back to a profitable position, the Company (i) will enhance operational efficiency by removing duplication and bottlenecks through standardisation of work procedures and simplification of operation process and; (ii) will further tighten its budgetary control by vigorously implementing measures for cost and expense control, optimising cost analysis and appraisal mechanism, and constantly strengthening cost management. 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.

The Company has been actively identifying projects with growth potential for acquisition or investment and has been in discussions with various independent third parties for such acquisition or investment. However, the Company was unable to materialise any potential acquisition or investment due to various reasons. Meanwhile, the Company intends to enrich and improve its financial resources by conducting a fund raising exercise. The Company is in preliminary discussion with various agents and will comply with the requirements of the Listing Rules when and as the circumstance required.

APPRECIATION

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

Lam Ching Kui

Chairman and Chief Executive Officer

Hong Kong, 29 June 2016

Biographical Details of Directors

EXECUTIVE DIRECTOR

Mr. Lam Ching Kui, aged 57, has over 24 years of experience in project investments and securities investments. Mr. Lam has been engaged in industrial and residential property development in the PRC and commercial property investment in Hong Kong. He has made investments in listed securities and renewable energy. Mr. Lam is an indirect substantial shareholder of the Company and has been the Chairman and an executive Director of the Company since August 2008. Mr. Lam is responsible for the overall strategic planning of the Group. Mr. Lam is also the chairman and the executive director of Wai Chun Mining Industry Group Company Limited, a public listed company in Hong Kong. Other than disclosed above, Mr. Lam did not hold any other directorships in any listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ko Ming Tung, Edward, aged 55, was appointed as an independent non-executive Director in August 2008. Mr. Ko obtained an external bachelor of laws degree from the University of London in the United Kingdom in August 1986 and is a member of The Law Society of Hong Kong. Mr. Ko is the principal of Messrs. Edward Ko & Company and has been practising as a solicitor in Hong Kong for more than 20 years.

Other than the directorship in the Company, currently, Mr. Ko is also an independent non-executive director of Sinofer Holdings Limited, Chia Tai Enterprises International Limited and EverChina Int'l Holdings Company Limited, shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Ko is also an independent non-executive director of Chinese Energy Holdings Limited, shares of which are listed on the GEM board of the Stock Exchange. Mr. Ko was previously a non-executive director of Harmonic Strait Financial Holdings Limited, shares of which are listed on the main board of the Stock Exchange. Other than disclosed above, Mr. Ko did not hold any other directorships in any listed public companies in the past three years.

Mr. Shaw Lut, Leonardo, aged 50, is the deputy head of 華頓綜合經濟研究所 (Huadun Economic Institute), the director of 行政及公務人員研修基金 (Administrator and Official Study Fund), the vice director of 國務院發展研究中心東方公共管理綜合研究所專家委員會 (the Expert Committee of the Eastern Public Management Institute of the Development Research Centre of State Council). Mr. Shaw graduated from Shanghai Fudan University and was a teacher and researcher at Fudan University. Mr. Shaw is currently a committee member of All-China Youth Federation, the deputy chairman of Beijing United Youth Association and the deputy director of Shanghai Economy Magazine. Mr. Shaw has been an Independent Non-executive Director of the Company since May 2009. Mr. Shaw was previously an independent non-executive director of Wai Chun Mining Industry Group Company Limited, a public listed company in Hong Kong. Other than disclosed above, Mr. Shaw did not hold any other directorships in any listed public companies in the past three years.

Mr. To Yan Ming, Edmond, aged 44, holds a bachelor degree in Commerce in Accounting from Curtin University of Technology in Western Australia. Mr. To is a Certified Public Accountant practicing in Hong Kong and a director of Edmond To CPA Limited, Zhonglei (HK) CPA Company Limited and R.C.W. (HK) CPA Limited. Mr. To was formerly a director of Fortitude CPA Limited. Mr. To is a member of both the CPA Australia and Hong Kong Institute of Certified Public Accountants. Mr. To worked for one of the international accounting firms, Deloitte Touche Tohmatsu and has over 10 years of experience in auditing, accounting, floatation and taxation matters. Mr. To is currently an independent non-executive director of China Vanguard Group Limited, shares of which are listed on the GEM board of the Stock Exchange. Mr. To was previously an independent non-executive director of each of BEP International Holdings Limited, China Household Holdings Limited and Theme International Holdings Limited. Mr. To is also an independent non-executive director of each of Courage Marine Group Limited, Eyang Holdings (Group) Co., Limited and Wai Chun Mining Industry Group Company Limited, shares of all of which are listed on the main board of the Stock Exchange. Mr. To has been an Independent Non-executive Director of the Company since September 2009.

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding Company and the principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements. There were no significant changes in the nature of the Company's and of the Group's principal activities during the year.

Discussions and reviews of the Group's business and possible risks and uncertainties that the Group may be facing are contained in the Chairman's Statement as set out on pages 3 and 4 of this annual report. The financial risk management objectives and policies of the Group are shown in note 7(B) to the financial statements of this annual report. These discussions form part of this Report of the Directors.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2016 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 26 to 81.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity set out on page 29 and in note 34 to the consolidated financial statements respectively.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the five financial years ended 31 March 2016 is set out on page 82.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

DIRECTORS

EXECUTIVE DIRECTOR

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ko Ming Tung, Edward

Mr. Shaw Lut, Leonardo

Mr. To Yan Ming, Edmond

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

In accordance with Bye-law 87 of the Bye-laws of the Company, Mr. Ko Ming Tung, Edward, and Mr. To Yan Ming, Edmond shall retire from office by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, will offer themselves for re-election.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers all the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

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

Each of the two independent non-executive Directors, Mr. Shaw Lut, Leonardo and Mr. To Yan Ming, Edmond has entered into a service agreement with the Company for a term of two years from their date of appointment, which can be terminated by either party giving not less than one month notice in writing to the other party. Mr. Ko Ming Tung, Edward has not entered into a service agreement with the Company. Each of the independent non-executive Directors is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Company's Bye-laws.

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

DIRECTORS' REMUNERATION

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

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

Report of the Directors

DIRECTORS (CONTINUED)

PERMITTED INDEMNITY

Pursuant to the Bye-laws of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur or about the execution and discharge of his duties or in relation thereto. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

INTERESTS IN CONTRACTS

Other than as disclosed in note 30 to the consolidated financial statements, there are no contract of significance to which the Company, its holding company, fellow subsidiaries or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING BUSINESS

None of the Directors had any interests in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, during the year and up to the date of this report.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2016, 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 ("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	15,400,000,000 <i>(Note)</i>	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 31 March 2016, 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.

Report of the Directors

DIRECTORS (CONTINUED)

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year 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 31 March 2016, 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 the 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
Ka Chun Holdings Limited	Beneficial owner	15,400,000,000	71.99%
Wai Chun Investment Fund	Interests of controlled corporations	15,400,000,000 <i>(Note)</i>	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 for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at 31 March 2016, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

SHORT POSITIONS IN SHARES AND UNDERLYING SHARES IN THE COMPANY

As at 31 March 2016, the Company had not been notified of any short positions being held by any substantial shareholder in the Shares or underlying Shares.

OTHER PERSONS

As at 31 March 2016, 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.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS (CONTINUED)

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 25 September 2015 (“New Share Option Scheme”) in view of the lapse of the old share option scheme adopted by the Company on 22 January 2001. Particulars of the New Share Option Scheme and movements of the Company’s share options during the year are set out in note 29 to the consolidated financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules 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 year ended 31 March 2016.

CONNECTED TRANSACTIONS

TENANCY AGREEMENTS

A tenancy agreement was entered into between Wai Chun Holdings Group Limited as landlord and Wai Chun Strategic Investment Limited, a wholly owned subsidiary of the Company, as tenant on 23 October 2013 in relation to the right portion of 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong, the Company’s principal place of business in Hong Kong. The term of the tenancy agreement commences from 1 November 2013 and expiring on 31 October 2015, both days inclusive, with a rental of HK\$265,675 per calendar month (equivalent to HK\$3,188,100 per annum), exclusive of management fee, rates and all other outgoing charges per calendar month. The tenancy agreement expired on 31 October 2015 and was renewed for another two years starting from 1 November 2015 to 31 October 2017 (both days inclusive) on the same terms and conditions as the expired lease.

Wai Chun Holdings Group Limited is owned as to 50% by Mr. Lam Ching Kui and as to the remaining 50% by Ms. Chan Oi Mo. Mr. Lam Ching Kui is a controlling shareholder of the Company and is interested in approximately 71.99% of the issued share capital of the Company and Ms. Chan Oi Mo is the spouse of Mr. Lam Ching Kui. Accordingly, Wai Chun Holdings Group Limited is regarded as a connected person of the Company under the Listing Rules. Therefore, the tenancy agreement constitutes a continuing connected transaction for the Company under Rule 14A.31 of the Listing Rules.

The aggregate rental payable under the Tenancy Agreement per annum, being HK\$3,188,100, represents less than 5% of the applicable percentage ratios (as defined in the Listing Rules) for the Company on an annual basis. Accordingly, pursuant to Rule 14A.76(2) of the Listing Rules, the Tenancy Agreement is subject to reporting, announcement and annual review requirements, but no approval of independent shareholders of the Company will be required.

On 12 March 2013, the Group entered into a tenancy agreement (the “Tenancy Agreement”) with Ms. Chan Oi Mo (“Ms. Chan”), pursuant to which the Group agreed to pay Ms. Chan the rental charge of the Premises located in Unit 1L and 1K of Block A6, Xili Residences, Tang Lang Village, Nam Shan District, Shenzhen, PRC. The lease term lasts for three years commencing from 1 April 2013. Prior to the expiry of the Tenancy Agreement on 31 March 2016, the Company has entered into a new tenancy agreement with Ms. Chan to renew the term of the Tenancy Agreement for three years from 1 April 2016 to 31 March 2019 (both days inclusive) subject to the terms and conditions of the new tenancy agreement on 22 March 2016.

CONNECTED TRANSACTIONS (CONTINUED)

TENANCY AGREEMENTS (CONTINUED)

Ms. Chan is the spouse of Mr. Lam Ching Kui who is director and indirectly owns approximately 71.99% of the issued share capital of the Company. Mr. Lam Ching Kui, being a director and the ultimate controlling shareholder (as defined in the Listing Rules) of the Company and therefore, the entering into the Tenancy Agreement between Ms. Chan and the Company constitutes a continuing connected transaction for the Company which is subject to the reporting and announcement requirements but is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 March 2016, the Company paid total rental charges of HK\$3,600,000 to Ms. Chan.

ANNUAL REVIEW

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions and in their opinion, the transactions are:

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in pages 10 and 11 of the Annual Report in accordance with Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

COMPLIANCE WITH DISCLOSURE REQUIREMENTS

Save as "Rental expenses" in the amounts of HK\$3,600,000 and HK\$3,188,000 for the year as shown in note 32 — "Related party transactions" to the consolidated financial statements which constituted connected transactions of the Company under Chapter 14A of the Listing Rules, all other transactions as shown in note 32 are connected transactions exempted from announcement, reporting, annual review and independent shareholders' approval requirements under Rule 14A.76/14A.95/14A.90 of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

PUBLIC FLOAT

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

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 91% of total turnover and sales to the largest customer accounted for approximately 30%. The five largest suppliers of the Group in aggregate accounted for about 62% of its total purchase costs for the year. Purchases from the largest supplier accounted for about 18% of its total purchase costs. None of the Directors, their associates, or any shareholder (who to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers or suppliers.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2016.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

EMOLUMENT POLICY

As at 31 March 2016, the Group had a total of 175 employees, the majority of whom are situated in the PRC. In addition to offering competitive remuneration packages to employee, discretionary bonuses may also be granted to eligible employees based on individual performance.

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

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's environmental policies are driven towards two main targets, namely compliance with environmental related laws and regulations and additional measures to protect the environment in the area of energy-saving and waste reduction. For compliance with laws and regulations, the Group's major operations are located in China and there is a specific team inside the Group to continuously monitor the regulatory requirements and the Group's compliance with such requirements. The Group also engaged professional expert to conduct analysis of energy efficiency and waste generation in its operation and provide recommendations for area which can be improved. The Board believes that the Group has complied with environmental related laws and regulations in China and adopted additional measures which enhanced the energy efficiency and reduced waste production in its operation.

Report of the Directors

COMPLIANCE WITH LAWS AND REGULATIONS

The Board considers compliance with laws and regulations an important element in the business operation of the Group. The Group's major operations and over half of its sales are located in China and compliance with domestic laws and regulations in China is particularly important. The Group has specific personnel to handle and update compliance works in China and they also have the assistance from external legal advisors. The Board considers that the Group's compliance with laws and regulations in China is well monitored.

RELATIONSHIPS WITH STAKEHOLDERS

The Group provides a harmonious and professional working environment to employees and ensures they all are reasonable remunerated. The Company regular reviews and updates its policies on remuneration and benefits, training, occupational health and safety.

The Group also recognises that it is important to maintain good relationship with business partners to achieve its long-term goals. During the year, there was no material and significant dispute between the Group and its business partners.

CORPORATE GOVERNANCE

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

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2016 have been audited by Messrs. HLM CPA Limited. A resolution for their appointment as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Lam Ching Kui

Chairman and Chief Executive Officer

Hong Kong, 29 June 2016

Corporate Governance Report

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

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

CORPORATE GOVERNANCE

During the year ended 31 March 2016, the Company complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules except code provisions A.2.1 and A.4.1.

Under code provision A.2.1, 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 is 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.4.1 provides 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 ("Mr. Ko") as an independent non-executive Director, however, he is subject to retirement by rotation at least once every three years and re-election at the AGM 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 than those in the CG Code.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

As at the date of this annual report, the composition of the Board is set out as follows:

EXECUTIVE DIRECTOR

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ko Ming Tung, Edward

Mr. Shaw Lut, Leonardo

Mr. To Yan Ming, Edmond

BOARD OF DIRECTORS (CONTINUED)

RESPONSIBILITIES

The Board has a balance of skill and experience and a balanced composition of executive and non-executive Directors and is responsible for oversight of the management of the Company's business and affairs. The Board has delegated the day-to-day responsibility to the executive Director(s) and senior management of the Company.

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

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

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

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

During the year ended 31 March 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

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

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

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

Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

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

BOARD MEETINGS

During the year ended 31 March 2016, the Board held four regular board meetings. In addition, board meetings are convened when necessary to deal with everyday matters that require the Board's prompt decision, and are usually attended by executive Directors only. The Directors attended the meetings in person or through electronic means of communication. The attendance of each Director is set out as follows:

Name of Director	Number of meetings attended/held
Mr. Lam Ching Kui	4/4
Mr. Ko Ming Tung, Edward	4/4
Mr. Shaw Lut, Leonardo	4/4
Mr. To Yan Ming, Edmond	4/4

GENERAL MEETINGS

During the year ended 31 March 2016, an annual general meeting and a special general meeting of the Company was held on 6 September 2015 and 25 September 2015 respectively. The attendance of each Director is set out as follows:

Name of Director	Number of meetings attended/held
Mr. Lam Ching Kui	2/2
Mr. Ko Ming Tung, Edward	2/2
Mr. Shaw Lut, Leonardo	1/2
Mr. To Yan Ming, Edmond	1/2

BOARD PROCESS

Directors are provided with relevant information to make informed decisions. The Board and each director have separate and independent access to the Company's senior management for information and making enquires if necessary. In addition, Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

BOARD OF DIRECTORS (CONTINUED)

BOARD PROCESS (CONTINUED)

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

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

BOARD DIVERSITY POLICY

The Company is dedicated to having a diverse Board which can enable corporate issues be considered from different perspectives and appropriate level of examination and evaluation be conducted. In this connection, the Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board (the "Diversity Policy").

Pursuant to the Diversity Policy, the Company considers Board diversity from a number of perspectives, including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of service. The ultimate decision would be based on the merits and contributions the selected candidates can bring to the Board.

The Nomination Committee opined that the Company has a diverse Board. The Nomination Committee and the Board would review the Diversity Policy at least annually.

DIRECTORS' TRAINING

According to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development by way of receiving in-house briefing, taking part in training relating to the Listing Rules and corporate governance matters or attending seminars relating to their role as a director of listed issuer. Each of the Directors has provided a record of training they received for the year ended 31 March 2016 to the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Lam Ching Kui, the Chairman of the Company, was also appointed as the Chief Executive Officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTORS

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting, laws or economics. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director has given an annual confirmation of his independence to the Company, and the Company considers each of them to be independent under Rule 3.13 of the Listing Rules.

All independent non-executive Directors (except Mr. Ko Ming Tung, Edward) have been appointed for a term of two years from their date of appointment. Each of the independent non-executive Directors is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Company's Bye-laws.

BOARD COMMITTEES

The Company has set up three committees of the Board, including the Remuneration Committee, audit committee ("Audit Committee") and nomination committee ("Nomination Committee") of the Company, with specific terms of reference relating to their authority and duties, which strengthen the Board's functions and enhance its expertise.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the executive Director and three independent non-executive Directors. Mr. Ko Ming Tung, Edward is the chairman of the Remuneration Committee.

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

The model of remuneration committee described in code provision B.1.2(c)(ii) of the CG Code has been adopted by the Remuneration Committee.

During the year ended 31 March 2016, the Remuneration Committee held two meetings, with attendance record as follows:

Name of Director	Number of meetings attended/held
Mr. Ko Ming Tung, Edward (<i>Chairman</i>)	2/2
Mr. Lam Ching Kui	2/2
Mr. Shaw Lut, Leonardo	2/2
Mr. To Yan Ming, Edmond	2/2

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

BOARD COMMITTEES (CONTINUED)

AUDIT COMMITTEE

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

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

The Audit Committee meets regularly with the Company's external auditor to discuss various accounting issues, and reviews the interim and annual reports before submitting the same to the Board. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board.

During the year ended 31 March 2016, the Audit Committee held two meetings, with attendance record as follows:

Name of Director	Number of meetings attended/held
Mr. To Yan Ming, Edmond (<i>Chairman</i>)	2/2
Mr. Ko Ming Tung, Edward	2/2
Mr. Shaw Lut, Leonardo	2/2

At the meetings, the Audit Committee reviewed the audited financial statements for the year ended 31 March 2016 and the interim report for the six months ended 30 September 2015 respectively. The Audit Committee has also reviewed the Group accounting principles and practices, Listing Rules and statutory compliance and financial reporting matters. The Audit Committee is satisfied with their review of the independence of the auditor and their audit process for the year ended 31 March 2016.

The Group's results and consolidated financial statements for the year ended 31 March 2016 have been reviewed by the Audit Committee.

NOMINATION COMMITTEE

The Nomination Committee comprises the executive Director and three independent non-executive Directors. Mr. Shaw Lut, Leonardo is the chairman of the Nomination Committee.

The primary function of the Nomination Committee is to make recommendations to the Board on new appointment and re-appointment of Directors and senior management. New Directors are sought mainly through referrals and internal promotions. In evaluating whether an appointee is suitable to act as a Director, the Board will review the independence, experience and skills of the appointee as well as personal ethics, integrity and possible time commitment of the appointee with reference to the Diversity Policy adopted by the Board during the year and the requirements under the Listing Rules.

Corporate Governance Report

BOARD COMMITTEES (CONTINUED)

NOMINATION COMMITTEE (CONTINUED)

During the year ended 31 March 2016, the Nomination Committee held two meetings, with attendance record as follows:

<u>Name of Director</u>	<u>Number of meetings attended/held</u>
Mr. Shaw Lut, Leonardo (<i>Chairman</i>)	2/2
Mr. Ko Ming Tung, Edward	2/2
Mr. Lam Ching Kui	2/2
Mr. To Yan Ming, Edmond	2/2

CORPORATE GOVERNANCE FUNCTIONS

The Company's corporate governance functions are carried out by the Board in compliance with the CG Code.

The corporate governance functions currently performed by the Board are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's disclosure in the Corporate Governance Report.

During the year ended 31 March 2016, the Board has reviewed the Company's policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management as well as the Company's compliance with the CG Code.

EXTERNAL AUDITOR AND ITS REMUNERATION

HLM CPA Limited, the external auditor of the Company, shall retire and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of HLM CPA Limited as auditor of the Company is to be proposed at the forthcoming AGM.

HLM CPA Limited provided services in respect of the audit of Company's financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSS") for the year ended 31 March 2016. HLM CPA Limited also reviewed the 2015 unaudited interim financial information of the Company, which was prepared in accordance with HKFRSS.

EXTERNAL AUDITOR AND ITS REMUNERATION (CONTINUED)

The total fees charged by HLM CPA Limited in respect of audit services for the year ended 31 March 2016 amounted to HK\$500,000.

Description of non-audit services performed by HLM CPA Limited	Fee Paid HK\$
(1) Interim review of financial statements of the Company and its subsidiaries for the six months ended 30 September 2015	128,000

DIRECTORS' RESPONSIBILITY IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS

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

The statement of the Auditors of the Company regarding their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 24 to 25 of this Annual Report.

GOING CONCERN

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group notwithstanding that the Group's total liabilities exceeded its total assets by approximately HK\$38,177,000 and capital deficiency attributable to owners of the Company approximately HK\$52,901,000 as at 31 March 2016 and the Group incurred a loss of approximately HK\$61,820,000 for the year ended 31 March 2016.

The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration of the followings:

- (i) As at 31 March 2016, the Company has undrawn loan facilities of approximately HK\$140,000,000 granted by its ultimate holding company, Wai Chun Investment Fund, which is provided on a subordinated basis, i.e. Wai Chun Investment Fund will not demand the Company for repayment of such loans until all other liabilities of the Group had been satisfied;
- (ii) In addition to the loan facilities stated above, Wai Chun Investment Fund has also undertaken to provide adequate funds to enable the Group to meet in full its financial obligations when they fall due in the foreseeable future;
- (iii) The directors will strengthen to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring the general administrative expenses and operating costs.

The directors have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the reporting date taking into account the impact of above measures, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the reporting date, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Corporate Governance Report

INTERNAL CONTROL

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

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

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

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called a special general meeting.

SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

Shareholders may convene a special general meeting of the Company according to the provisions as set out in the Bye-laws and the Companies Act of Bermuda. The procedures that shareholders can use to convene a special general meeting are set out in Bye-law 58 of the Company's Bye-laws.

PUTTING ENQUIRIES BY SHAREHOLDERS TO THE BOARD

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

SHAREHOLDERS' RIGHTS (CONTINUED)

PROCEDURES FOR PUTTING FORWARD PROPOSALS BY SHAREHOLDERS AT SHAREHOLDERS' MEETING

Pursuant to the Companies Act of Bermuda, the number of members necessary for a requisition for putting forward a proposal at a general meeting shall be:

- (a) any number of members representing not less than one-twentieth of the total voting rights at the date of the requisition; or
- (b) not less than one hundred members.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, at the Company's principal place of business in Hong Kong in the case of:

- (a) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
- (b) any other requisition, not less than one week before the meeting.

The Company will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with the necessary procedures.

CONSTITUTIONAL DOCUMENTS

During the year, there had been no significant change in the Company's constitutional documents.

Independent Auditor's Report

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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香港皇后大道西2-12號聯發商業中心305室
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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)

We have audited the consolidated financial statements of Wai Chun Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 81, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that, the Group's total liabilities exceeded its total assets by approximately HK\$38,177,000 and capital deficiency attributable to owners of the Company was approximately HK\$52,901,000 as at 31 March 2016 and the Group incurred a loss of approximately HK\$61,820,000 for the year ended 31 March 2016. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As explained in Note 2 to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis.

HLM CPA Limited

Certified Public Accountants

Ho Pak Tat

Practising Certificate Number: P05215

Hong Kong

29 June 2016

Consolidated Statement of Profit or Loss

For the year ended 31 March 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Turnover	<i>8</i>	178,104	152,469
Cost of sales		(146,844)	(122,766)
Gross profit		31,260	29,703
Other income	<i>9</i>	83	426
Other gains or losses	<i>10</i>	(3,009)	(423)
Selling and distribution expenses		(25,701)	(26,569)
Administrative expenses		(61,347)	(35,842)
Finance costs	<i>11</i>	(2,995)	(1,635)
Loss before taxation		(61,709)	(34,340)
Taxation	<i>12</i>	(111)	(283)
Loss for the year	<i>13</i>	(61,820)	(34,623)
Loss attributable to:			
– Owners of the Company		(56,747)	(29,113)
– Non-controlling interests		(5,073)	(5,510)
		(61,820)	(34,623)
Loss per share	<i>17</i>	HK cents	HK cents
–Basic		(0.27)	(0.14)
–Diluted		(0.27)	(0.14)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
Loss for the year	(61,820)	(34,623)
Other comprehensive income (expense): <i>Item that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising on translation of foreign operations	333	(73)
Other comprehensive income (expense) for the year	333	(73)
Total comprehensive expense for the year	(61,487)	(34,696)
Total comprehensive expense attributable to:		
– Owners of the Company	(56,123)	(29,609)
– Non-controlling interests	(5,364)	(5,087)
	(61,487)	(34,696)

Consolidated Statement of Financial Position

At 31 March 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Non-current asset			
Property, plant and equipment	18	988	10,672
Current assets			
Inventories	19	23,967	32,876
Trade and other receivables, prepayments and deposits	20	84,407	34,123
Financial assets at fair value through profit or loss	21	–	1,980
Fixed deposits	22	300	300
Bank balances and cash	23	35,727	3,329
		144,401	72,608
Current liabilities			
Trade and other payables	24	100,244	46,704
Tax payable		109	163
Borrowing	25	1,563	–
Amounts due to the non-controlling interests of a subsidiary	26	31,849	31,989
		133,765	78,856
Net current assets (liabilities)		10,636	(6,248)
Total assets less current liabilities		11,624	4,424
Non-current liability			
Loans from ultimate holding company	32	49,801	794
Net (liabilities) assets		(38,177)	3,630
Capital and reserves			
Share capital	27	213,912	213,912
Reserves		(266,813)	(230,370)
Capital deficiency attributable to owners of the Company		(52,901)	(16,458)
Non-controlling interests	28	14,724	20,088
(Capital deficiency) total equity		(38,177)	3,630

The consolidated financial statements on pages 26 to 81 were approved and authorised for issue by the Board of Directors on 29 June 2016 and are signed on its behalf by:

Lam Ching Kui
Director

Ko Ming Tung, Edward
Director

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 31 March 2014	213,912	5,000	-	(5,429)	(200,332)	13,151	25,175	38,326
Loss for the year	-	-	-	-	(29,113)	(29,113)	(5,510)	(34,623)
Other comprehensive income (expense) for the year	-	-	-	(496)	-	(496)	423	(73)
Total comprehensive expense for the year	-	-	-	(496)	(29,113)	(29,609)	(5,087)	(34,696)
At 31 March 2015 and 1 April 2015	213,912	5,000	-	(5,925)	(229,445)	(16,458)	20,088	3,630
Loss for the year	-	-	-	-	(56,747)	(56,747)	(5,073)	(61,820)
Other comprehensive income (expense) for the year	-	-	-	624	-	624	(291)	333
Total comprehensive expense for the year	-	-	-	624	(56,747)	(56,123)	(5,364)	(61,487)
Recognition of equity-settled share-based payments	-	-	19,680	-	-	19,680	-	19,680
At 31 March 2016	213,912	5,000	19,680	(5,301)	(286,192)	(52,901)	14,724	(38,177)

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Operating activities			
Loss before taxation		(61,709)	(34,340)
Adjustments for:			
Interest expenses	<i>11</i>	2,995	1,635
Depreciation of property, plant and equipment	<i>18</i>	9,711	5,285
Dividend income from held-for-trading investments	<i>9</i>	–	(296)
Interest income	<i>9</i>	(83)	(106)
Gain on disposal of property, plant and equipment	<i>10</i>	–	(1)
Allowance for bad and doubtful debts	<i>10</i>	2,149	2,923
Impairment loss of other receivables	<i>10</i>	860	–
Net realised gain on disposal of held-for-trading investments	<i>10</i>	–	(2,499)
Shares based payment expenses		19,680	–
Operating cash flows before movements in working capital		(26,397)	(27,399)
Decrease (increase) in inventories		8,909	(7,779)
Decrease in financial assets at fair value through profit or loss		1,876	9,020
Increase in trade and other receivables, prepayments and deposits		(51,612)	(7,712)
Increase in amounts due to the non-controlling interests of a subsidiary		–	1,572
Increase in trade and other payables		50,958	20,621
Cash used in operations		(16,266)	(11,677)
Interest paid		–	(121)
Tax paid		(158)	–
Net cash used in operating activities		(16,424)	(11,798)
Investing activities			
Purchase of property, plant and equipment	<i>18</i>	(64)	(405)
Proceeds from disposal of property, plant and equipment		–	3
Dividend received		–	296
Interest received		83	106
Net cash generated from investing activities		19	–

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Financing activities			
Loans from ultimate holding company		47,807	794
Borrowing		1,563	–
Net cash generated from financing activities		49,370	794
Net increase (decrease) in cash and cash equivalents		32,965	(11,004)
Effects of foreign exchange rate changes		(567)	136
Cash and cash equivalents at the beginning of the year		3,629	14,497
Cash and cash equivalents at the end of the year		36,027	3,629
Analysis of the balances of cash and cash equivalents:			
Fixed deposits	22	300	300
Bank balances and cash	23	35,727	3,329
		36,027	3,629

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinion of the directors, its ultimate holding company is Wai Chun Investment Fund, which is a private limited company incorporated in the Cayman Islands and controlled by Mr. Lam Ching Kui, an executive director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 35.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group notwithstanding that the Group's total liabilities exceeded its total assets by approximately HK\$38,177,000 and capital deficiency attributable to owners of the Company approximately HK\$52,901,000 as at 31 March 2016 and the Group incurred a loss of approximately HK\$61,820,000 for the year ended 31 March 2016.

The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration of the followings:

- (i) As at 31 March 2016, the Company has undrawn loan facilities of approximately HK\$140,000,000 granted by its ultimate holding company, Wai Chun Investment Fund, which will not demand the Company for repayment of such loans until all other liabilities of the Group had been satisfied;
- (ii) In addition to the loan facilities stated above, Wai Chun Investment Fund has also undertaken to provide adequate funds to enable the Group to meet in full its financial obligations when they fall due in the foreseeable future;
- (iii) The directors will strengthen to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring the general administrative expenses and operating costs.

The directors have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the reporting date taking into account the impact of above measures, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the reporting date, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

3.1 NEW AND REVISED HKFRSs AFFECTING AMOUNTS REPORTED AND/OR DISCLOSURES IN THE FINANCIAL STATEMENTS

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

3.2 NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

HKFRS 9 (2014)	Financial Instruments ³
HKFRS 15	Revenue from Contracts with Customers ³
HKFRS 16	Leases ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ³
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 7	Disclosure Initiative ²
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

³ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

⁴ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

⁵ Effective date yet to be determined

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

3.2 NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 Presentation of Financial Statements give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKAS1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

3.3 NEW HONG KONG COMPANIES ORDINANCE (CAP. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance ("CO").

The provision of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' report and audits become effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PREPARATION (CONTINUED)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in the net assets or liabilities consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries are stated at cost less any identified impairment loss.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined by reference to the proportion of the total cost of providing the servicing for the product sold.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASING (CONTINUED)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to the non-controlling interests as appropriate).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BORROWING COSTS

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

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

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

RETIREMENT BENEFIT COSTS

Payments to the Mandatory Provident Fund Scheme and state-managed retirement benefit scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share-based payment transactions to others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transaction are set out in note 29 to the Group's consolidation financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

TAXATION

Taxation represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary difference associated with investments in subsidiaries and associates, and interests in joint arrangement, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment including leasehold improvements, furniture, fixtures and office equipment and motor vehicles for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful life, using the straight-line method. The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold improvements	20% or over the terms of the lease, if higher
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

IMPAIRMENT OF TANGIBLE ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (FVTPL) and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held-for-trading or it is designated as at FVTPL.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling it in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held-for-trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earning on the financial asset and is included in the "other gains or losses" line item in the consolidated statement of profit or loss. Fair value is determined in the manner described in Note 7(C).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, deposits and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, deposits and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities and equity instruments

Classification of debt or equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other financial liabilities

Other financial liabilities (including trade and other payables, borrowing, amounts due to the non-controlling interests of a subsidiary and loans from ultimate holding company) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Derecognition (Continued)

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

RELATED PARTIES

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (1) has control or joint control of the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or of a parent of the Group.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i).
 - (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Group's parent.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of their useful lives.

Estimated impairment of trade receivables and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of the each reporting period.

Share-based payments

The Group recognises share-based payment expenses on options granted. Share-based compensation expense is based on the estimated fair value of each option at its grant date, the estimation of which requires the directors to make assumptions about future volatility of the Group's stock price, future interest rates and the timing with respect to exercise of the options. The effects of a change in one or more of these variables could result in a materially different fair value.

Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

6. CAPITAL RISK MANAGEMENT

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

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

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

The Group monitors capital on the basis of the net debt to total assets ratio. This ratio is calculated as net debt divided by total assets. Net debt is calculated as total borrowings less cash and bank balances. Total assets are calculated as non-current assets and current assets.

The net debt to total assets ratio at 31 March 2016 and 2015 was as follows:

	2016 HK\$'000	2015 HK\$'000
Debts (<i>Note</i>)	83,213	32,783
Less: Cash and cash equivalents	(36,027)	(3,629)
Total net debt	47,186	29,154
Total assets	145,389	83,280
Net debt to total assets ratio	32.46%	35.01%

Note: Debts comprise loans from ultimate holding company of approximately HK\$49,801,000 (2015: approximately HK\$794,000), borrowing of approximately HK\$1,563,000 (2015: Nil) and amounts due to the non-controlling interests of a subsidiary of approximately HK\$31,849,000 (2015: approximately HK\$31,989,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2016 HK\$'000	2015 HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	98,550	29,060
Financial assets at fair value through profit or loss	–	1,980
Financial liabilities		
Other financial liabilities	173,230	78,168

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade receivables, deposits and other receivables, bank balances and cash, trade and other payables, borrowing, amounts due to the non-controlling interests of a subsidiary and loans from ultimate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

As at 31 March 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised trade receivables as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are reputable banks located in Hong Kong and the People's Republic of China (the "PRC").

The credit risk on wealth management products, designated as at fair value through profit or loss is limited as these financial products were bought from a reputable bank in the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group has concentration of credit risk on trade receivables as 30% (2015: 34%) and 91% (2015: 69%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Directors are of the view that most customers with outstanding balances as at 31 March 2016 are either existing customers with a long business relationship with the Group and/or reputable companies in the industry. They have good historical repayment records and no default in payment. The risk of credit default is considered to be low and accordingly, the provision for doubtful debts as at 31 March 2016 amounting to approximately HK\$2,149,000 (2015: approximately HK\$2,923,000) is considered adequate to cover any significant potential credit risk.

Other receivables consist of a large number of counterparties spread across diverse industries and geographical areas. In the opinion of the directors, the Group does not have any significant concentration of credit risk.

The Group has concentration of credit risk by geographical location, as all the trade receivables are located in the PRC as at 31 March 2016 and 2015.

The Group has no other significant concentration of credit risk, with exposure spreading over a number of counterparties.

Market risk

(i) Foreign currency risk

The Group is not exposed to significant currency risk as most of its monetary assets and monetary liabilities are denominated in the functional currency of the individual group entity. The management is of the opinion that the Group's exposure to foreign currency risk is minimal. Accordingly, no foreign exchange risk sensitivity analysis is presented. The significant balance carried in the translation reserve account is occasioned by the translation of the financial statements of the Group's subsidiaries into the presentation currency of the consolidated financial statements of the Group at each reporting date.

(ii) Interest rate risk

For the year ended 31 March 2016, the Group's fair value interest rate risk relates borrowing. The Group is exposed to cash flow interest rate risk in relation primarily to loans from ultimate holding company and amounts due to the non-controlling interests of a subsidiary and bank balances due to the fluctuation of the prevailing market interest rates for the year ended 31 March 2016.

The Group currently does not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis

For the year ended 31 March 2016, the sensitivity analyses below have been determined based on the exposure to interest rates for derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2016 would increase/decrease by approximately HK\$16,000. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

For the year ended 31 March 2016, the Group's cash flow interest rate risk is only related to the impact of prevailing market interest rate change on bank balances which are all short-term in nature. Therefore, any future variations in interest rates will not have significant impact on the result of the Group. Accordingly, no sensitivity analysis is performed for the year ended 31 March 2016.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group is exposed to liquidity risk of being unable to finance its future working capital and financial requirements when they fall due. The capital deficiency attributable to owners of the Company as at 31 March 2016 was approximately HK\$52,901,000. In view of this, the directors of the Company have given careful consideration to the future liquidity of the Group and details of which are set out in Note 2.

The management will closely monitor the cash flow generated from operations and the Group's needs for different types of external financing and will negotiate for proper facilities and consider proper means of equity financing as appropriate.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Liquidity tables

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contracted undiscounted payments, was as follows:

	Weighted average effective interest rate	On Demand or Less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount 2016 HK\$'000
2016							
Non-derivative financial liabilities							
Trade payables	-	21,144	10,488	39,080	-	70,712	70,712
Other payables	-	2,601	-	-	-	2,601	2,601
Borrowing	24%	1,563	-	-	-	1,563	1,563
Amounts due to the non-controlling interests of a subsidiary	5.33%	31,849	-	-	-	31,849	31,849
Loans from ultimate holding company	6.25%	-	-	-	52,913	52,913	49,801
		57,157	10,488	39,080	52,913	159,638	156,526

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average effective interest rate	On Demand or Less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount 2015 HK\$'000
2015							
Non-derivative financial liabilities							
Trade payables	-	11,566	10,510	14,235	-	36,311	36,311
Other payables	-	2,224	-	-	-	2,224	2,224
Amounts due to the non- controlling interests of a subsidiary	5.33%	31,989	-	-	-	31,989	31,989
Loan from ultimate holding company	6.25%	-	-	-	844	844	794
		45,779	10,510	14,235	844	71,368	71,318

The directors of the Company believe that based on the continuous financing supported and undrawn facilities granted by its ultimate holding company, Wai Chun Investment Fund, which will not demand the Company for repayment until all other liabilities of the Group had been satisfied, the liquidity of the Group will be improved. Therefore, the directors consider that the Group has sufficient financial resources to satisfy its working capital requirements and payments of liabilities and its forthcoming future capital commitments as and when fall due.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL INSTRUMENTS (CONTINUED)

(C) FAIR VALUE MEASUREMENTS

Some of the Group's financial instruments are measured at fair value at the end of each reporting period on a recurring basis. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation technique and key inputs
	2016 HK\$'000	2015 HK\$'000		
Financial assets at FVTPL				
Financial assets designated at FVTPL	–	1,980	Level 1	Quoted prices in an active market

At the end of the reporting period, the Group had no fair value measurements of financial instruments.

Except the financial assets that are measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

8. TURNOVER AND SEGMENT INFORMATION

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies in conformity with HKFRSs that are regularly reviewed by the executive directors of the Company, being the Chief Operating Decision Maker (the "CODM") of the Group. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

BUSINESS SEGMENT

The CODM regularly reviews 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 Consolidated Financial Statements

For the year ended 31 March 2016

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

SEGMENT REVENUES AND RESULTS

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

For the year ended 31 March 2016

	Sales and integration services HK\$'000	Services income HK\$'000	Securities investments HK\$'000	Total HK\$'000
TURNOVER				
External sales	117,559	60,545	–	178,104
SEGMENT RESULTS	(10,411)	1,886	–	(8,525)
Unallocated corporate income				83
Unallocated corporate expenses				(50,272)
Finance costs				(2,995)
Loss before taxation				(61,709)
Taxation				(111)
Loss for the year				(61,820)

For the year ended 31 March 2015

	Sales and integration services HK\$'000	Services income HK\$'000	Securities investments HK\$'000	Total HK\$'000
TURNOVER				
External sales	111,550	40,919	–	152,469
SEGMENT RESULTS	(15,834)	6,358	2,795	(6,681)
Unallocated corporate income				131
Unallocated corporate expenses				(26,155)
Finance costs				(1,635)
Loss before taxation				(34,340)
Taxation				(283)
Loss for the year				(34,623)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

SEGMENT ASSETS AND LIABILITIES

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

At 31 March 2016

	Sales and integration services HK\$'000	Services income HK\$'000	Securities investments HK\$'000	Total HK\$'000
Segment assets	84,089	43,307	–	127,396
Unallocated assets				17,993
Consolidated assets				145,389
Segment liabilities	81,186	41,813	–	122,999
Unallocated liabilities				60,567
Consolidated liabilities				183,566

At 31 March 2015

	Sales and integration services HK\$'000	Services income HK\$'000	Securities investments HK\$'000	Total HK\$'000
Segment assets	47,803	17,534	–	65,337
Unallocated assets				17,943
Consolidated assets				83,280
Segment liabilities	56,396	20,687	–	77,083
Unallocated liabilities				2,567
Consolidated liabilities				79,650

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

OTHER INFORMATION

For the year ended 31 March 2016

	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	8	4	–	52	64
Depreciation of property, plant and equipment	215	111	–	9,385	9,711
Allowance for bad and doubtful debts	1,418	731	–	–	2,149
Impairment loss of other receivables	567	293	–	–	860

For the year ended 31 March 2015

	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	294	108	–	3	405
Depreciation of property, plant and equipment	199	73	–	5,013	5,285
Allowance for bad and doubtful debts	2,138	785	–	–	2,923

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

8. TURNOVER AND 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 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	
	31.3.2016 HK\$'000	31.3.2015 HK\$'000	31.3.2016 HK\$'000	31.3.2015 HK\$'000
Hong Kong	4,971	17,176	52	3
The PRC, excluding Hong Kong	140,418	66,104	12	402
	145,389	83,280	64	405

INFORMATION ON MAJOR CUSTOMERS

Included in turnover arising from sales and integration services and services income of approximately HK\$178,104,000 (2015: HK\$152,469,000) are turnover of approximately HK\$117,109,000 (2015: HK\$102,866,000) which arose from sales to the Group's three (2015: three) major customers and each customer accounted for more than 10% of the Group's total turnover.

Turnover from major customers, each of whom amounted to 10% or more of the Group's total turnover, is set out below:

	2016		2015	
	Turnover HK\$'000	Percentage of turnover	Turnover HK\$'000	Percentage of turnover
Customer A	56,667	32%	63,635	42%
Customer B	32,328	18%	19,203	13%
Customer C	28,114	16%	20,028	13%

No other single customers contributed 10% or more to the Group's turnover for both 2016 and 2015.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

9. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Bank interest income	83	106
Dividend income from held-for-trading investments	–	296
Sundry income	–	24
	83	426

10. OTHER GAINS OR LOSSES

	2016 HK\$'000	2015 HK\$'000
Allowance for bad and doubtful debts	(2,149)	(2,923)
Gain on disposal of property, plant and equipment	–	1
Impairment loss of other receivables, prepayments and deposits	(860)	–
Net realised gain on disposal of held-for-trading investments	–	2,499
	(3,009)	(423)

11. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interests paid/payable to:		
– ultimate holding company	1,200	20
– the non-controlling interests of a subsidiary	1,572	1,615
– borrowing	223	–
	2,995	1,635

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

12. TAXATION

	2016 HK\$'000	2015 HK\$'000
Current tax:		
Hong Kong	–	–
PRC Enterprise Income Tax	111	283
	111	283

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax had been made as the Group did not generate any assessable profits in Hong Kong for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

The taxation for the years can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	2016 HK\$'000	2015 HK\$'000
Loss before taxation	(61,709)	(34,340)
Tax at the applicable income tax rate of 16.5%	(10,182)	(5,666)
Tax effect of expenses not deductible for tax purpose	6,280	2,683
Tax effect of income not taxable for tax purpose	(1,025)	(571)
Tax effect of deductible temporary differences not recognised	1,373	705
Tax effect of tax losses not recognised	3,627	3,036
Effect of different tax rates of subsidiaries operating in other jurisdiction	38	96
Taxation for the year	111	283

At 31 March 2016, the Group has unused tax losses of approximately HK\$64,266,000 (2015: approximately HK\$52,370,000) available to offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

13. LOSS FOR THE YEAR

	2016 HK\$'000	2015 HK\$'000
Loss for the year has been arrived at after charging:		
Auditor's remuneration	500	500
Allowance for bad and doubtful debts	2,149	2,923
Cost of inventories recognised as an expense	142,082	122,766
Depreciation of property, plant and equipment	9,711	5,285
Impairment of other receivables	860	–
Rent and rates	10,569	10,560
Share-based payment expenses	19,680	–
Staff costs (including directors' emoluments – Note 14)		
– salaries and allowance	32,848	32,405
– retirements benefits scheme contributions	3,179	2,662
	36,027	35,067
And after crediting:		
Bank interest income	83	106
Gain on disposal of property, plant and equipment	–	1

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

14. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

(A) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The aggregate amounts of emoluments payable to Directors and chief executive of the Company during the year were as follows:

	2016 HK\$'000	2015 HK\$'000
Fees	480	480
Other emoluments:		
Basic salaries, other allowance and benefits in kind	2,600	2,600
Retirement benefit costs		
– Defined contribution retirement plans	18	18
	2,618	2,618
Total emoluments	3,098	3,098

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

14. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(A) DIRECTORS' EMOLUMENTS AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

Year 2016

	Other emoluments				2016 Total emoluments HK\$'000
	Directors' fees HK\$'000	Basic salaries, other allowance and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Defined contribution retirement plans HK\$'000	
Executive Director Lam Ching Kui (Chief Executive Officer)	-	2,400	200	18	2,618
Independent Non-executive Directors					
Ko Ming Tung Edward	240	-	-	-	240
Shaw Lut Leonardo	120	-	-	-	120
To Yan Ming Edmond	120	-	-	-	120
	480	-	-	-	480
Total	480	2,400	200	18	3,098

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

14. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(A) DIRECTORS' EMOLUMENTS AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

Year 2015

	Other emoluments				2015 Total emoluments HK\$'000
	Directors' fees HK\$'000	Basic salaries, other allowance and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Defined contribution retirement plans HK\$'000	
Executive Director					
Lam Ching Kui <i>(Chief Executive Officer)</i>	-	2,400	200	18	2,618
Independent Non-executive Directors					
Ko Ming Tung Edward	240	-	-	-	240
Shaw Lut Leonardo	120	-	-	-	120
To Yan Ming Edmond	120	-	-	-	120
	480	-	-	-	480
Total	480	2,400	200	18	3,098

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

14. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(A) DIRECTORS' EMOLUMENTS AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

No director waived any emoluments in the years ended 31 March 2016 and 2015. No incentive payment for joining the Group was paid or payable to any directors during the years ended 31 March 2016 and 2015.

The executive director's emoluments shown above was mainly for his services in connection with the management of the affairs of the Company and the Group during the years ended 31 March 2016 and 2015.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries during the years ended 31 March 2016 and 2015.

(B) DIRECTORS' RETIREMENT BENEFITS

None of the directors received or will receive any retirement benefits during the year (2015: Nil).

(C) DIRECTORS' TERMINATION BENEFITS

None of the directors received or will receive any termination benefits during the year (2015: Nil).

(D) CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the year ended 31 March 2016, the Company did not pay consideration to any third parties for making available directors' services (2015: Nil).

(E) INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS, CONTROLLED BODIES CORPORATES AND CONNECTED ENTITIES WITH SUCH DIRECTORS

During the year ended 31 March 2016, there is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors (2015: Nil).

(F) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2015: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

15. FIVE HIGHEST PAID EMPLOYEES

During the year, of the five individuals with the highest emoluments in the Group, one (2015: one) was the director of the Company whose emoluments are included in the disclosures above. The remuneration of the remaining four (2015: four) individuals were as follows:

	2016 HK\$'000	2015 HK\$'000
Basic salaries, other allowance and benefits in kind	1,762	1,900
Retirement benefit costs		
– Defined contribution retirement plans	54	53
	1,816	1,953

The number of the highest paid employees who are not the directors and the Chief Executive Officers of the Company whose remuneration fell within the following bands is as follows:

	Number of individual	
	2016	2015
Their emoluments were within the following band:		
Nil to HK\$1,000,000	4	4

No emoluments were paid to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31 March 2016 and 2015.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

16. DIVIDEND

No dividend was paid or proposed during 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

17. LOSS PER SHARE

(A) BASIC LOSS PER SHARE

The calculation of the basic loss per share for the year ended 31 March 2016 was based on the Group's loss attributable to owners of the Company of approximately HK\$56,747,000 (2015: approximately HK\$29,113,000) and the number of ordinary shares of 21,391,162,483 (2015: 21,391,162,483 shares) in issue at the end of the reporting period.

(B) DILUTED LOSS PER SHARE

Diluted loss per share is calculated by adjusting the number of ordinary shares outstanding due to the effect of all dilutive potential ordinary shares and the Group's loss attributable to owners of the Company.

The Company has dilutive potential ordinary shares which is share option. The calculation of diluted loss per share for the year ended 31 March 2016 does not assume the exercise of the share options since their exercise would result in a decrease in loss per share. Accordingly, the diluted loss per share is the same as the basic loss per share.

For the year ended 31 March 2015, there is no potential dilutive share held by the Company. The amount of diluted loss per share is the same as basic loss per share for the year ended 31 March 2015.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST				
At 1 April 2014	13,553	3,376	2,341	19,270
Additions	–	405	–	405
Disposals	–	(4)	–	(4)
Written off	–	(1,172)	–	(1,172)
Effect of foreign currency exchange differences	–	17	–	17
At 31 March 2015	13,553	2,622	2,341	18,516
Additions	22	42	–	64
Effect of foreign currency exchange differences	–	(76)	–	(76)
At 31 March 2016	13,575	2,588	2,341	18,504
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 April 2014	296	1,901	1,526	3,723
Charge for the year	4,439	430	416	5,285
Disposals	–	(2)	–	(2)
Written off	–	(1,172)	–	(1,172)
Effect of foreign currency exchange differences	–	10	–	10
At 31 March 2015	4,735	1,167	1,942	7,844
Charge for the year	8,781	531	399	9,711
Effect of foreign currency exchange differences	–	(39)	–	(39)
At 31 March 2016	13,516	1,659	2,341	17,516
NET CARRYING AMOUNTS				
At 31 March 2016	59	929	–	988
At 31 March 2015	8,818	1,455	399	10,672

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

19. INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Work in progress	19,423	27,275
Other consumables	4,544	5,601
	23,967	32,876

No inventories of the Group were carried at net realisable value (2015: HK\$Nil) at the end of the reporting period.

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

According to the contracts entered into with trade customers, the contract revenue is normally collected within 90 days from the date of receipt of customers' acceptance.

	2016 HK\$'000	2015 HK\$'000
Trade receivables	93,316	52,798
Less: Allowance for bad and doubtful debts	(33,807)	(31,658)
	59,509	21,140
Other receivables	1,211	3,200
Prepayments	22,432	8,692
Deposits	1,255	1,091
	24,898	12,983
Total	84,407	34,123

Other receivables, prepayments and deposits mainly consist of approximately HK\$117,000 for the deposit for leasehold improvements, approximately HK\$1,009,000 for the rental and utility deposit of offices in Hong Kong and the PRC, approximately HK\$461,000 for the tender guarantee of integration services contracts and approximately HK\$22,432,000 for the prepayments of inventories to suppliers.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

The following is an aging analysis of trade receivables net of allowance for bad and doubtful debts presented based on the date of receipt of customers' acceptance/date of rendering services:

	2016 HK\$'000	2015 HK\$'000
0-30 days	38,484	16,881
31-90 days	17,472	761
Over 90 days	3,553	3,498
	59,509	21,140

Movements in the allowance for bad and doubtful debts:

	2016 HK\$'000	2015 HK\$'000
Balance at beginning of the year	31,658	28,735
Allowance recognised on receivables	2,149	2,923
Balance at end of the year	33,807	31,658

There is no trade receivables that are past due but not impaired for both years ended of 2016 and 2015.

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

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK\$'000	2015 HK\$'000
Wealth management products, designated as at fair value through profit or loss	-	1,980

Wealth management products were issued by a reputable bank in the PRC. The fair value of the wealth management products have been determined based on the quoted price from bank at the reporting date. All wealth management products was disposed of in April 2015 at a consideration of RMB1,560,000 (approximately HK\$1,980,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

22. FIXED DEPOSITS

Fixed deposits with banks carry interest at market rates of 0.01% (2015: 0.01%) per annum.

23. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 0.35% (2015: 0.01% to 0.35%) per annum.

24. TRADE AND OTHER PAYABLES

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

	2016 HK\$'000	2015 HK\$'000
Trade payables:		
0-90 days	39,080	14,235
91-180 days	10,488	10,510
Over 180 days	21,144	11,566
	70,712	36,311
Other payables:		
Receipts in advance	16,703	6,850
Accruals and others	12,829	3,543
	29,532	10,393
Total	100,244	46,704

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

Included in other payables, mainly consist of approximately HK\$16,703,000 for the deposits payment from customers, approximately HK\$6,788,000 for the accrued rental expenses of offices in Hong Kong and approximately HK\$2,402,000 for the accrued salaries in Hong Kong.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

25. BORROWING

	2016 HK\$'000	2015 HK\$'000
Loans from an independent third party	1,563	–

The amount is unsecured, repayable on demand and bearing interest at fixed interest rate.

26. AMOUNTS DUE TO THE NON-CONTROLLING INTERESTS OF A SUBSIDIARY

The amounts due to the non-controlling interests of a subsidiary is unsecured, repayable on demand and bearing interest at prevailing interest rate from 1 April 2015. No interest was charged prior to 1 April 2015.

27. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 1 April 2014, 31 March 2015 and 31 March 2016	89,000,000	890,000
Convertible preference shares of HK\$0.01 each at 1 April 2014, 31 March 2015 and 31 March 2015	11,000,000	110,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 1 April 2014, 31 March 2015 and 31 March 2016	21,391,163	213,912

28. NON-CONTROLLING INTERESTS

	2016 HK\$'000	2015 HK\$'000
Balance at beginning of the year	20,088	25,175
Share of loss for the year	(5,073)	(5,510)
Exchange realignment	(291)	423
Balance at end of the year	14,724	20,088

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

29. SHARE OPTIONS

EQUITY-SETTLED SHARE OPTION SCHEME:

On 22 January 2001, the Company adopted a share option scheme (the "Old Share Option Scheme") for the primary purpose of providing incentives or rewards to the Directors and employees of the Group and to recognise the contribution of such eligible persons to the growth of the Group. The Old Share Option Scheme expired on 21 January 2011. No further options could thereafter be offered under the Old Share Option Scheme.

Pursuant to a share option scheme adopted by the shareholders of the Company on 25 September 2015 (the "New Share Option Scheme"), the Company may, at its discretion, invite executive or non-executive director, employee (whether full-time or part-time), chief executive, substantial shareholder, consultant, professional and other advisers to take up options.

The subscription price of the New Share Option Scheme will be a price not less than at the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share.

The total number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme of the Group shall not in aggregate exceed 10% of the total number of shares in issue as at the adoption date. Besides, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme of the Company in issue shall not exceed 30% of the relevant class of the shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period shall not exceed 1% of the total number of shares in issue.

Options granted under the New Share Option Scheme must be taken up within 14 days of the grant upon payment of HK\$1.00 per grant.

As at 31 March 2016, the number of shares in respect of the options granted and remained outstanding under the New Share Option Scheme was 1,069,558,120, representing approximately 5% of the issued shares of the Company. As at the date of this annual report, the number of shares available for issue under the New Share Option Scheme was 1,069,558,128, representing approximately 5% of the issued shares of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

29. SHARE OPTIONS (CONTINUED)

Movements of the Company's share options during the year ended 31 March 2016 are set out below:

Category of participants	As at 1 April 2015	Number of share options				As at 31 March 2016	Date of grant	Exercisable period	Exercise price HK\$
		Granted	Cancelled	Expired/Lapse	Exercised				
Consultants	-	855,646,496	-	-	-	855,646,496	15 January 2016	15 January 2016 to 14 January 2021	0.037
Employee	-	213,911,624	-	-	-	213,911,624	15 January 2016	15 January 2016 to 14 January 2021	0.037
Total	-	1,069,558,120	-	-	-	1,069,558,120			
Exercise price	-	0.037	-	-	-	0.037			

On 15 January 2016, the Company granted a total of 1,069,558,120 share options under the Scheme to consultants and employee of the Group. The exercise period of the options is 5 years from the date of grant of the options, i.e. from 15 January 2016 to 14 January 2021. The options will entitle the grantees to subscribe for a total of 1,069,558,120 new shares of HK\$0.01 each at an exercise price of HK\$0.037 per share.

The fair value of equity-settled share options granted during the year ended 31 March 2016 was estimated as at the date of grant, using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2016
Exercise price (HK\$)	0.037
Share price at the date of grant (HK\$)	0.037
Dividend yield (%)	-
Expected volatility (%)	87.893
Risk-free interest rate (%)	0.964
Expected life of options (years)	5

The expected life of the options is based on the contractual life and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The fair value of the share options granted during the year ended 31 March 2016 was approximately HK\$19,680,000. The fair value per option granted was HK cents 1.84. The Group recognised share-based payment expenses of approximately HK\$19,680,000 for the year ended 31 March 2016.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

30. RETIREMENT BENEFITS OBLIGATIONS

DEFINED CONTRIBUTION RETIREMENT PLANS

The employees of the Group in the PRC are members of defined contribution plans organised by the relevant local government authorities in the PRC. The subsidiary is required to make monthly contributions to these plans at a fixed percentage of the employee's basic salary. The only obligation of the Group with respect to the retirement benefit scheme in the PRC is to make the required contributions under the scheme.

The Group participates in a retirement benefit scheme, which was registered under the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme effective from December 2000 and is funded by contributions from employer and employees according to the provisions of the MPF Ordinance. The employer's contributions vested fully with the employees when contributed into the scheme. The only obligation of the Group with respect to the scheme is to make the specified contributions.

The total expense recognised in the consolidated statement of profit or loss of approximately HK\$3,179,000 (2015: approximately HK\$2,662,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

31. COMMITMENTS

(I) OPERATING LEASE COMMITMENTS

The Group as lessee

	2016 HK\$'000	2015 HK\$'000
Minimum lease payments in respect of rented premises paid under operating leases during the year	10,398	10,417

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016 HK\$'000	2015 HK\$'000
Within one year	2,123	3,074
In the second to fifth year inclusive	-	-
	2,123	3,074

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

31. COMMITMENTS (CONTINUED)

(II) CAPITAL COMMITMENTS

	2016 HK\$'000	2015 HK\$'000
Contracted but not provided for in the financial statements in respect of property, plant and equipment	4,291	4,313
Additional share capital in a subsidiary due and payable (2015: within a period of 8 months)	–	40,138

32. RELATED PARTIES TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(A) TRANSACTIONS WITH RELATED PARTIES

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

	2016 HK\$'000	2015 HK\$'000
Rental expenses paid/payable to:		
Ms. Chan Oi Mo (<i>Note i</i>)	3,600	3,600
Wai Chun Holdings Group Limited (<i>Note ii</i>)	3,188	3,188
Interest expenses paid/payable to:		
Wai Chun Investment Fund (<i>Note iii</i>)	1,200	20
The non-controlling interests of a subsidiary	1,572	1,615

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

32. RELATED PARTIES TRANSACTIONS (CONTINUED)

(B) OUTSTANDING BALANCES WITH RELATED PARTIES

	2016 HK\$'000	2015 HK\$'000
Amounts due to the non-controlling interests of a subsidiary	31,849	31,989
Loans from ultimate holding company Wai Chun Investment Fund (<i>note iv</i>)	49,801	794

Notes:

- (i) Ms. Chan Oi Mo is the spouse 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 spouse of Mr. Lam Ching Kui.
- (iii) Wai Chun Investment Fund is the ultimate holding company of the Company.
- (iv) The loans are unsecured, interest-bearing and not repayable within one year.

(C) KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration for key management personnel is as follows:

	2016 HK\$'000	2015 HK\$'000
Directors' fee	480	480
Basic salaries, other allowance and benefit in kind	3,250	3,300
Retirement benefits scheme contributions	36	35
	3,766	3,815

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment		354	9,095
Interests in subsidiaries		–	1
		354	9,096
Current assets			
Inventories		4,544	5,601
Other receivables, prepayments and deposits		117	116
Amounts due from subsidiaries		–	1,622
Cash at bank		5	16
		4,666	7,355
Current liabilities			
Other payables and accruals		4,459	650
Net current assets		207	6,705
Total assets less current liabilities		561	15,801
Non-current liability			
Loans from ultimate holding company	32	49,801	794
Net (liabilities) assets		(49,240)	15,007
Capital and reserves			
Share capital	27	213,912	213,912
Reserves	34	(263,152)	(198,905)
(Capital deficiency) total equity		(49,240)	15,007

The financial statements was approved and authorised for issue by the Board of Directors on 29 June 2016 and are signed on its behalf by:

Lam Ching Kui
Director

Ko Ming Tung, Edward
Director

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

34. RESERVES

The Company

	Share premium HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2014	5,000	–	(172,985)	(167,985)
Total comprehensive expense for the year	–	–	(30,920)	(30,920)
At 31 March 2015	5,000	–	(203,905)	(198,905)
Total comprehensive expense for the year	–	19,680	(83,927)	(64,247)
At 31 March 2016	5,000	19,680	(287,832)	(263,152)

35. SUBSIDIARIES

35.1 GENERAL INFORMATION OF SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation and principal place of business	Paid up registered capital	Proportion of ownership interest held by the Company				Principal activities
			Directly		Indirectly		
			2016	2015	2016	2015	
Beijing HolyBridge System Integration Company Limited <i>(Note 1)</i>	PRC	RMB82,000,000	–	–	51%	51%	Provide solutions software and service
Holy (Hong Kong) Universal Limited	Hong Kong	HK\$300,000	–	–	100%	100%	Investment holding
Plus Financial Distribution Holdings Limited	Hong Kong	HK\$2	100%	100%	–	–	Investment holding
Plus Financial Management Services Limited	PRC	USD900,000	–	–	100%	100%	Consultancy service
Profit Choice (HK) Limited	Hong Kong	HK\$1,000	–	–	100%	100%	Investment holding
Telecom Plus Technology Holdings Limited	Hong Kong	HK\$2	100%	100%	–	–	Investment holding
Wai Chun Strategic Investment Limited	Hong Kong	HK\$1,000	100%	100%	–	–	Investment holding

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

Note (1): The English name is directly translated from the Chinese name shown in the PRC business license.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

35. SUBSIDIARIES (CONTINUED)

35.2 DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by the non-controlling interests		Loss allocated to the non-controlling interests		Accumulated non-controlling interests	
		31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Beijing Holly Bridge System Integration Company Limited	PRC	49%	49%	5,073	5,510	13,638	20,088

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Beijing HollyBridge System Integration Company Limited

	2016 HK\$'000	2015 HK\$'000
Current assets	159,020	78,011
Non-current assets	469	818
Current liabilities	(167,444)	(76,463)
Non-current liabilities	–	–
(Capital deficiency) equity attributable to owners of the Company	(4,057)	1,207
Non-controlling interests	(3,898)	1,159

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

35. SUBSIDIARIES (CONTINUED)

35.2 DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Beijing HollyBridge System Integration Company Limited (Continued)

	2016 HK\$'000	2015 HK\$'000
Revenue	178,181	152,598
Expenses	(188,535)	(163,843)
Loss for the year	(10,354)	(11,245)
Loss attributable to owners of the Company	(5,281)	(5,735)
Loss attributable to the non-controlling interests	(5,073)	(5,510)
Loss for the year	(10,354)	(11,245)
Other comprehensive expense attributable to owners of the Company	1,394	(359)
Other comprehensive income attributable to the non-controlling interests	(291)	423
Other comprehensive income for the year	1,103	64
Total comprehensive expense attributable to owners of the Company	(3,887)	(6,094)
Total comprehensive expense attributable to the non-controlling interests	(5,364)	(5,087)
Total comprehensive expense for the year	(9,251)	(11,181)
Net cash outflow from operating activities	(5,048)	(165)
Net cash outflow from investing activities	(920)	(2,239)
Net cash inflow from financing activities	39,978	–
Net cash inflow (outflow)	34,010	(2,401)

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

Five Years Financial Summary

RESULTS

	2016 HK\$'000	Year ended 31 March			
		2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Turnover	178,104	152,469	139,438	143,329	140,590
Loss before taxation	(61,709)	(34,340)	(50,756)	(11,378)	(27,121)
Taxation	(111)	(283)	(133)	(437)	(129)
Loss for the year	(61,820)	(34,623)	(50,889)	(11,815)	(27,250)
Non-controlling interests	5,073	5,510	11,742	873	275
Loss for the year attributable to owners of the Company	(56,747)	(29,113)	(39,147)	(10,942)	(26,975)

ASSETS AND LIABILITIES

	2016 HK\$'000	As at 31 March			
		2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Total assets	145,389	83,280	93,556	105,916	94,521
Total liabilities	(183,566)	(79,650)	(55,230)	(67,039)	(81,618)
	(38,177)	3,630	38,326	38,877	12,903
Non-controlling interests	(14,724)	(20,088)	(25,175)	(36,820)	275
(Capital deficiency) equity attributable to owners of the Company	(52,901)	(16,458)	13,151	2,057	13,178