



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

(Incorporated in Bermuda with limited liability)  
(Stock Code: 1013)

**2016**  
Interim Report

\*for identification purpose only



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## 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 REPRESENTATIVE

Lam Ching Kui

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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 HM11  
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](http://www.1013.hk)

# Management Discussion and Analysis

## INTERIM RESULTS

The board of directors of Wai Chun Group Holdings Limited hereby presents the unaudited consolidated interim results of the Company and its subsidiaries for the six months ended 30 September 2016 together with the comparative figures for the corresponding period in 2015.

For the six months ended 30 September 2016, the Group recorded a turnover of approximately HK\$30,094,000 (six months ended 30 September 2015 approximately HK\$58,081,000), representing a decrease of 48.2% as compared with the corresponding period last year. The Group recorded a gross profit and gross profit margin of approximately HK\$7,587,000 and 25.2% respectively for the six months ended 30 September 2016, representing decreases of approximately HK\$5,283,000 but increase of 3.0% respectively as compared with the gross profit of approximately HK\$12,870,000 and the gross margin of 22.2% for the corresponding period last year.

Selling expenses recorded a decrease of 12.3% from approximately HK\$15,762,000 for the six months ended 30 September 2015 to approximately HK\$13,824,000 for the corresponding period this year. Administrative expenses decreased by 7.4% from approximately HK\$18,546,000 for six months ended 30 September 2015 to approximately HK\$17,170,000 for the corresponding period this year.

Loss attributable to owners of the Company amounted to approximately HK\$19,370,000, representing a decrease of approximately HK\$412,000 as compared with the loss of approximately HK\$19,782,000 for the corresponding period last year.

## BUSINESS REVIEW AND FUTURE PROSPECTS

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) investment holdings; and (iv) 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 interim period, service contracts entered into with various customers such as banks, governmental agencies and public transportation companies amounted to approximately RMB16 million.

Due to keen competition in the market, the interim turnover was decreased. The management is trying its best to boost the sales in the second half of the year, and hope to achieve similar revenue to that of last year.

## Management Discussion and Analysis

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.

### FINANCIAL RESOURCES AND LIQUIDITY

Total debts of the Group amounted to approximately HK\$104,056,000 (31 March 2016: approximately HK\$83,213,000), comprising loans from ultimate holding company of approximately HK\$55,588,000 (31 March 2016: approximately HK\$49,801,000), amounts due to the non-controlling interests of a subsidiary of approximately HK\$31,524,000 (31 March 2016: approximately HK\$31,849,000) and other borrowing of approximately HK\$16,944,000 (31 March 2016: approximately HK\$1,563,000). All the above-mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing. The Group had no assets pledged or any material contingent liabilities as at 30 September 2016. The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 49.5% (31 March 2016: approximately 32.5%), representing an increase of approximately 17.0% as compared to last financial year end date. The current ratio of the Group was approximately 0.9 (31 March 2016: approximately 1.1). Cash and cash equivalents of approximately HK\$32,976,000 (31 March 2016: approximately HK\$35,727,000) 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.

## Other Information

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

As at 30 September 2016, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

#### Interests in shares of the Company

Name of Director	Nature of Interest	Long position/ Short position	Number of ordinary shares	Approximate percentage of shareholding in the Company
Mr. Lam Ching Kui	Interest of controlled corporations	Long position	15,000,000,000 (Note)	70.12%

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

Save as disclosed above, as at 30 September 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.

## Other Information

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

As at 30 September 2016, the interests or short positions of every person, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were set out as follows:

Name of Shareholder	Nature of interest	Long position/ Short position	Number of ordinary shares	Approximate percentage of shareholding in the Company
Ka Chun Holdings Limited	Beneficial owner	Long position	15,000,000,000	70.12%
Wai Chun Investment Fund	Interests of controlled corporation	Long position	15,000,000,000 (Note)	70.12%

*Note:* These 15,000,000,000 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 15,000,000,000 shares pursuant to the SFO.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 September 2016.

### EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 24 to the condensed consolidated financial statements, the Group had no other material event after the reporting period.

### EMPLOYEES

As at 30 September 2016, the Group had a total of 124 employees, the majority of whom are situated in the PRC. Competitive remuneration packages including discretionary bonuses shall be offered to the employees based on their individual performance.

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

## Other Information

The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the executive Director(s) and senior management pursuant to its terms of reference. No Director, or any of his associates, and executive, is involved in dealing his own remuneration.

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

At no time during the six months ended 30 September 2016, was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of shares in, or debt securities, including debentures, of the Company or any other body corporate.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2016.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2016.

### **CORPORATE GOVERNANCE**

During the six months ended 30 September 2016, the Company complied with all the relevant code provisions as set out in the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules except for the deviation from code provisions A.2.1 and A.4.1.

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



## Other Information

Code provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term and subject to re-election. The Company has not fixed the term of appointment of Mr. Ko Ming Tung, Edward as the independent non-executive Director, however, all independent non-executive Directors are subject to retirement by rotation at least once every three years and re-election at the annual general meeting of the Company pursuant to the Company's bye-laws. As such, the Board considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting those in the CG Code.

## UPDATE ON DIRECTORS' INFORMATION

Upon enquiry by the Company, save as disclosed below, there is no change in the information of the Directors required to be disclosed since the Company's last published annual report:

- Mr. To Yan Ming Edmond is a Certified Public Accountant practicing in Hong Kong and a director of Edmond To CPA Limited, Asian Alliance (HK) CPA Limited (formerly known as Zhonglei (HK) CPA Company Limited) and R.C W. (HK) CPA Limited during this period. He has been appointed as an independent non-executive director of Birmingham International Holdings Limited and EPI (Holdings) Limited (the issued shares of both of which are listed on the main board of The Stock Exchange) on 15 and 18 October 2016 respectively.

## AUDIT COMMITTEE

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

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. To Yan Ming, Edmond (chairman), Mr. Ko Ming Tung, Edward and Mr. Shaw Lut, Leonardo. The Audit Committee has reviewed the unaudited interim financial results of the Group for the six months ended 30 September 2016. The Group's external auditor, HLM CPA Limited, has carried out a review of the unaudited interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## Other Information

### APPRECIATION

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

By Order of the Board

**Wai Chun Group Holdings Limited**

**Lam Ching Kui**

*Chairman and Chief Executive Officer*

Hong Kong, 29 November 2016

# Independent Review Report

恒健會計師行有限公司

**HLM CPA LIMITED**

**Certified Public Accountants**

Room 305, Arion Commercial Centre  
2-12 Queen's Road West, Hong Kong.  
香港皇后大道西 2-12 號聯發商業中心 305 室  
Tel 電話: (852) 3103 6980  
Fax 傳真: (852) 3104 0170  
E-mail 電郵: info@hlm.com.hk

## **TO THE BOARD OF DIRECTORS OF WAI CHUN GROUP HOLDINGS LIMITED**

偉俊集團控股有限公司

*(Incorporated in Bermuda with limited liability)*

## **INTRODUCTION**

We have reviewed the condensed consolidated financial statements of Wai Chun Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 12 to 42, which comprise the condensed consolidated statement of financial position as of 30 September 2016, and the related condensed 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 six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

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

# Independent Review Report

## CONCLUSION

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

Without qualifying our review conclusion, we draw attention to Note 2 to the condensed consolidated financial statements which indicate that, Group's net current liabilities and net liabilities of approximately HK\$9,416,000 and HK\$64,336,000 respectively and also, the Group's capital deficiency attributable to owners of the Company were approximately HK\$71,587,000 as at 30 September 2016 and the Group incurred a loss of approximately HK\$26,641,000 for the six months ended 30 September 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 condensed consolidated financial statements, these condensed 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 November 2016

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2016

	Notes	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
<b>Revenue</b>	4	30,094	58,081
Cost of sales		(22,507)	(45,211)
<b>Gross profit</b>		7,587	12,870
Other income	5	840	48
Other gains or losses	6	(1,448)	(2,060)
Selling and distribution expenses		(13,824)	(15,762)
Administrative expenses		(17,170)	(18,546)
Finance costs	7	(2,626)	(958)
<b>Loss before taxation</b>		(26,641)	(24,408)
Taxation	8	-	-
<b>Loss for the period</b>	9	(26,641)	(24,408)
<b>Loss attributable to:</b>			
- Owners of the Company		(19,370)	(19,782)
- Non-controlling interests		(7,271)	(4,626)
		(26,641)	(24,408)
<b>Loss per share</b>	11	<b>HK cents</b>	<b>HK cents</b>
- Basic		(0.09)	(0.09)
- Diluted		(0.09)	(0.09)

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

For the six months ended 30 September 2016

	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
<b>Loss for the period</b>	<b>(26,641)</b>	<b>(24,408)</b>
<b>Other comprehensive income:</b> <i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	482	693
<b>Other comprehensive income for the period, net of tax</b>	<b>482</b>	<b>693</b>
<b>Total comprehensive expenses for the period</b>	<b>(26,159)</b>	<b>(23,715)</b>
<b>Total comprehensive expenses for the period attributable to:</b>		
– Owners of the Company	(18,686)	(17,497)
– Non-controlling interests	(7,473)	(6,218)
	<b>(26,159)</b>	<b>(23,715)</b>

## Condensed Consolidated Statement of Financial Position

At 30 September 2016

	Notes	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
<b>Non-current asset</b>			
Property, plant and equipment	12	668	988
<b>Current assets</b>			
Inventories	13	24,697	23,967
Trade and other receivables, prepayments and deposits	14	84,914	84,407
Fixed deposits		300	300
Bank balances and cash		32,976	35,727
		<b>142,887</b>	<b>144,401</b>
<b>Current liabilities</b>			
Trade and other payables	15	103,835	100,244
Tax payable		–	109
Amounts due to the non-controlling interests of a subsidiary	16	31,524	31,849
Borrowings	17	16,944	1,563
		<b>152,303</b>	<b>133,765</b>
<b>Net current (liabilities) assets</b>		<b>(9,416)</b>	<b>10,636</b>
<b>Total assets less current liabilities</b>		<b>(8,748)</b>	<b>11,624</b>
<b>Non-current liability</b>			
Loans from ultimate holding company		55,588	49,801
<b>Net liabilities</b>		<b>(64,336)</b>	<b>(38,177)</b>
<b>Capital and reserves</b>			
Share capital	18	213,912	213,912
Reserves		(285,499)	(266,813)
Capital deficiency attributable to owners of the Company		(71,587)	(52,901)
Non-controlling interests	19	7,251	14,724
Capital deficiency		<b>(64,336)</b>	<b>(38,177)</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Share option reserve	Translation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016 (audited)	213,912	5,000	19,680	(5,301)	(286,192)	(52,901)	14,724	(38,177)
Loss for the period	-	-	-	-	(19,370)	(19,370)	(7,271)	(26,641)
Other comprehensive income (expense) for the period	-	-	-	684	-	684	(202)	482
Total comprehensive income (expense) for the period	-	-	-	684	(19,370)	(18,686)	(7,473)	(26,159)
At 30 September 2016 (unaudited)	213,912	5,000	19,680	(4,617)	(305,562)	(71,587)	7,251	(64,336)
At 1 April 2015 (audited)	213,912	5,000	-	(5,925)	(229,445)	(16,458)	20,088	3,630
Loss for the period	-	-	-	-	(19,782)	(19,782)	(4,626)	(24,408)
Other comprehensive income (expense) for the period	-	-	-	2,285	-	2,285	(1,592)	693
Total comprehensive income (expense) for the period	-	-	-	2,285	(19,782)	(17,497)	(6,218)	(23,715)
At 30 September 2015 (unaudited)	213,912	5,000	-	(3,640)	(249,227)	(33,955)	13,870	(20,085)



## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2016

	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
<b>Operating activities</b>		
Cash used in operations	(22,001)	(3,959)
Interest paid	(210)	(958)
Income tax paid	(97)	(162)
<b>Net cash used in operating activities</b>	<b>(22,308)</b>	<b>(5,079)</b>
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	100	-
Purchase of property, plant and equipment	-	(56)
Proceeds from disposals of held for trading investments	-	1,980
Interest received	65	25
<b>Net cash generated from investing activities</b>	<b>165</b>	<b>1,949</b>
<b>Financing activities</b>		
Borrowings	15,606	1,587
Loans from ultimate holding company	4,121	3,382
<b>Net cash generated from financing activities</b>	<b>19,727</b>	<b>4,969</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(2,416)</b>	<b>1,839</b>
<b>Effect of foreign exchange rate changes</b>	<b>(335)</b>	<b>59</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>36,027</b>	<b>3,629</b>
<b>Cash and cash equivalents at end of the period</b>	<b>33,276</b>	<b>5,527</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Fixed deposits	300	300
Bank balances and cash	32,976	5,227
	<b>33,276</b>	<b>5,527</b>

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 1. GENERAL INFORMATION

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”). At 30 September 2016, the directors consider that the immediate holding company of the Company to be Ka Chun Holdings Limited, which is incorporated in the British Virgin Islands and controlled by the ultimate holding company of the Company, Wai Chun Investment Fund, which is a private limited company incorporated in the Cayman Islands. Its ultimate controlling party is Mr. Lam Ching Kui (“Mr. Lam”), who is the chairman of the Board of directors and an executive director of the Company. On 2 November 2016, Wai Chun Investment Fund transferred its holding of 100% issued share capital of Ka Chun Holdings Limited to Supreme Union Holdings Limited, which is a private limited company incorporated in the British Virgin Islands and also controlled by Mr. Lam. After completion of the transfer, Supreme Union Holdings Limited becomes the ultimate holding company of the Company.

The Company is an investment holding company. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

## 2. BASIS OF PREPARATION

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

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies in the Group’s audited financial statements for the year ended 31 March 2016, except for the accounting policy changes that are expected to be reflected in the audited financial statements for the year ending 31 March 2017. Details of any changes in accounting policies are set out in note 3 to the condensed consolidated financial statements.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 2. BASIS OF PREPARATION (Continued)

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). They shall be read in conjunction with the Group's audited financial statements for the year ended 31 March 2016.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in view of its net current liabilities and net liabilities of approximately HK\$9,416,000 and HK\$64,336,000 respectively and also, the Group's capital deficiency attributable to owners of the Company was approximately HK\$71,587,000 and the Group incurred a loss of approximately HK\$26,641,000 for the six months ended 30 September 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 30 September 2016, the Company has undrawn loan facilities of approximately HK\$134,412,000 granted by its ultimate holding company, Wai Chun Investment Fund, which had committed not to demand the Company for repayment of any loans outstanding due to it until other liabilities of the Group had been satisfied. By way of an assignment of loan agreement dated 2 November 2016, the outstanding loan amount and loan facilities from Wai Chun Investment Fund were assigned to Supreme Union Holdings Limited under the same terms and conditions. Supreme Union Holdings Limited became the ultimate holding company of the Company with effect from 2 November 2016 as referred to in note 24 to the condensed consolidated financial statements;

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 2. BASIS OF PREPARATION (Continued)

- (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 up to 1 November 2016. On 2 November 2016, Supreme Union Holdings Limited and ultimate controlling party have also undertaken to provide sufficient financial supports to allow the Group to meet in full its future financial obligations when they fall due in the foreseeable future;
- (iii) The directors will 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 twelve months from 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 reporting date, and accordingly, are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant to the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

### New and revised HKFRSs issued but not yet effective

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these interim financial statements:

Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

<sup>4</sup> Effective date yet to be determined

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 3. PRINCIPAL ACCOUNTING POLICIES (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.

The directors of the Company do not anticipate that the application of the other new or revised standards and amendments will have a material impact on the condensed consolidated financial statements.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 4. REVENUE 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.

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

Sales and integration services:      Income from sales and services provision of integration services of computer and communication systems

Services income:      Income from design, consultation and production of information system software and management training services

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### Business segments

#### *Segment revenues and results*

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

#### Six months ended 30 September 2016 (unaudited)

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
External sales	9,515	20,579	30,094
Segment results	(5,776)	(8,941)	(14,717)
Unallocated corporate income			840
Unallocated corporate expenses			(10,138)
Finance costs			(2,626)
Loss before taxation			(26,641)
Taxation			-
Loss for the period			(26,641)



# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### Business segments (Continued)

Segment revenues and results (Continued)

Six months ended 30 September 2015 (unaudited)

	Sales and integration services HK\$'000	Services income HK\$'000	Total HK\$'000
Revenue			
External sales	42,076	16,005	58,081
Segment results	(10,841)	2,237	(8,604)
Unallocated corporate income			48
Unallocated corporate expenses			(14,894)
Finance costs			(958)
Loss before taxation			(24,408)
Taxation			—
Loss for the period			(24,408)

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale for both periods.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### Business segments (Continued)

*Segment assets and liabilities*

**At 30 September 2016 (unaudited)**

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	43,968	95,086	139,054
Unallocated assets			4,501
Consolidated assets			143,555
Segment liabilities	41,978	90,781	132,759
Unallocated liabilities			75,132
Consolidated liabilities			207,891

**At 31 March 2016 (audited)**

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	Total <i>HK\$'000</i>
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

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### Other information

Six months ended 30 September 2016 (unaudited)

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	48	103	155	306
Allowance for bad and doubtful debts	451	976	–	1,427
Impairment loss of other receivables	31	66	–	97

Six months ended 30 September 2015 (unaudited)

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	4	2	50	56
Depreciation of property, plant and equipment	121	46	4,701	4,868
Allowance for bad and doubtful debts	485	184	–	669
Impairment loss of prepayment	66	25	–	91

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 4. REVENUE 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 People's Republic of China (the "PRC").

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets		Additions to property, plant and equipment	
	30 September 2016 Unaudited HK'000	31 March 2016 Audited HK'000	30 September 2016 Unaudited HK'000	31 March 2016 Audited HK'000
Hong Kong	4,328	4,971	–	52
The PRC, excluding Hong Kong	139,227	140,418	–	12
	143,555	145,389	–	64

## 5. OTHER INCOME

	Six months ended 30 September	
	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
Bank interest income	65	25
Sundry income	775	23
	840	48

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 6. OTHER GAINS OR LOSSES

	Six months ended 30 September	
	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
Allowance for bad and doubtful debts	(1,427)	(669)
Gain on disposal of property, plant and equipment	100	-
Impairment loss of other receivables	(97)	-
Net foreign exchange loss	(24)	-
Impairment loss of inventories	-	(1,300)
Impairment loss of prepayment	-	(91)
	<b>(1,448)</b>	<b>(2,060)</b>

## 7. FINANCE COSTS

	Six months ended 30 September	
	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
Interests paid/payable to:		
– ultimate holding company	1,666	72
– non-controlling interests of a subsidiary	750	873
– independent third parties	153	13
– a director of a subsidiary	57	-
	<b>2,626</b>	<b>958</b>

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 8. TAXATION

	Six months ended 30 September	
	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
Current tax – PRC Enterprise Income Tax	-	-
Current tax – Hong Kong Profits Tax	-	-
	-	-

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits in Hong Kong for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (six months ended 30 September 2015: 25%).

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

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 9. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2016	2015
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Loss for the period has been arrived at after charging:		
Allowance for bad and doubtful debts	1,427	669
Depreciation of property, plant and equipment	306	4,868
Staff costs (including directors' emoluments)	16,158	15,967
Impairment loss of inventories	–	1,300
Impairment loss of other receivables	97	–
Impairment loss of prepayment	–	91
And after crediting:		
Bank interest income	65	25
Gain on disposal of property, plant and equipment	100	–

## 10. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

## 11. LOSS PER SHARE

### Basic loss per share

The calculation of the basic loss per share for the six months ended 30 September 2016 is based on the Group's loss attributable to owners of the Company of approximately HK\$19,370,000 (six months ended 30 September 2015: approximately HK\$19,782,000) and 21,391,162,483 ordinary shares (six months ended 30 September 2015: 21,391,162,483 ordinary shares) in issue at the end of the reporting period.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 11. LOSS PER SHARE (Continued)

### 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 options. No adjustment was made in calculating diluted loss per share for the six months ended 30 September 2016 as the exercise of share options would result in decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share for the six months ended 30 September 2016.

The amount of diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares for the six months ended 30 September 2015.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, there was no acquisition of property, plant and equipment (six months ended 30 September 2015: approximately HK\$56,000). During the six months ended 30 September 2016, the Group disposed of a motor vehicle with an aggregate carrying amount of HK\$Nil for cash proceeds of HK\$100,000, resulting in a gain on disposal of HK\$100,000 (six months ended 30 September 2015: HK\$Nil).

## 13. INVENTORIES

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Work in progress	20,382	19,423
Other consumables	4,315	4,544
	<b>24,697</b>	23,967

No inventories of the Group were carried at net realisable value (31 March 2016: HK\$Nil) at the end of the reporting period.



## Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

### 14. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

According to the contracts entered into with trade customers, an average of the contracts revenue is normally collected within 90 days from the date of receipt of customers' acceptance/date of rendering services, except for certain contracts with longer implementation schedules where the credit period may extend beyond 90 days, or may be extended for major or specific customers.

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Trade receivables	98,072	93,316
Less: Allowance for bad and doubtful debts	(35,234)	(33,807)
	62,838	59,509
Other receivables	1,580	1,211
Prepayments	19,158	22,432
Deposits	1,338	1,255
	22,076	24,898
Total	84,914	84,407

## Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

### 14. 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:

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Trade receivables		
0-90 days	24,364	55,956
91-180 days	19	3,553
Over 180 days	38,455	–
	62,838	59,509

Movements in the allowance for bad and doubtful debts:

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Balance at beginning of the period/year	33,807	31,658
Allowance recognised on receivables	1,427	2,149
Balance at end of the period/year	35,234	33,807

There is no trade receivables that are past due but not impaired for the period/year ended.

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

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 15. TRADE AND OTHER PAYABLES

The following is an aging analysis of trade payables, presented based on the date of goods delivered/the period of service rendered:

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Trade payables:		
0-90 days	37,394	39,080
91-180 days	163	10,488
Over 180 days	31,138	21,144
	68,695	70,712
Other payables:		
Receipt in advance	13,203	16,703
Accruals and others	21,937	12,829
	35,140	29,532
Total	103,835	100,244

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

The directors consider the carrying amounts of trade and other payables approximate to their fair values.

## 16. 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 from 1 April 2014. No interest was charged prior to 1 April 2014.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 17. BORROWINGS

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Loans from independent third parties	15,084	1,563
Loan from a director of a subsidiary	1,860	–
	16,944	1,563

The loan amounts are unsecured, repayable within one year and bearing interest at fixed interest rates.

## 18. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each at 1 April 2015, 31 March 2016 and 30 September 2016	89,000,000	890,000
Convertible preference shares of HK\$0.01 each at 1 April 2015, 31 March 2016 and 30 September 2016	11,000,000	110,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each at 1 April 2015, 31 March 2016 and 30 September 2016	21,391,163	213,912

A total of 11,000,000 convertible preference shares were converted into 11,000,000 ordinary shares of HK\$0.01 each of the Company during the year ended 31 March 2014.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 19. NON-CONTROLLING INTERESTS

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Balance at beginning of the period/year	14,724	20,088
Share of loss for the period/year	(7,271)	(5,073)
Exchange realignment	(202)	(291)
Balance at end of the period/year	7,251	14,724

## 20. SHARE OPTIONS

### Equity-settled share option scheme:

Pursuant to a share option scheme adopted by the shareholders of the Company on 25 September 2015 (the "Share Option Scheme"), the Company may, at their 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 Share Option Scheme will be determined 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 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 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 Share Option Scheme must be taken up within 14 days of the grant upon payment of HK\$1.00 per grant.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 20. SHARE OPTIONS (Continued)

### Equity-settled share option scheme: (Continued)

At 31 March 2016 and 30 September 2016, the number of shares in respect of the options granted and remained outstanding under the Share Option Scheme was 1,069,558,120, representing 5% of the issued shares of the Company. As at the date of this interim report, the number of shares available for issue under the Share Option Scheme was 1,069,558,120, representing 5% of the issued shares of the Company.

Movements of the Company's share options held by consultants and employees during the period ended 30 September 2016 are set out below:

Category of participants	Number of share options						
	At 1 April 2016	Granted	Exercised	At 30 September 2016	Date of grant	Exercise period	Exercise price HK\$
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 Share Option 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:

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

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 20. SHARE OPTIONS (Continued)

### Equity-settled share option scheme: (Continued)

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 HK\$19,680,000, of which the Group recognised the entire amount as an expense during the year ended 31 March 2016. The fair value per option granted was HK cents 1.84.

## 21. COMMITMENTS

### Operating lease commitments

*The Group as lessee*

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

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Within one year	4,553	2,123
In the second to fifth years, inclusive	266	–
	<b>4,819</b>	2,123

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 Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

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

	Six months ended 30 September	
	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
Rental expenses paid/payable to:		
Ms. Chan Oi Mo (Note i)	1,800	1,800
Wai Chun Holdings Group Limited (Note ii)	1,593	1,593
Interest expense paid/payable to:		
Wai Chun Investment Fund (Note iii)	1,666	72
Non-controlling interest of a subsidiary	750	873
A director of a subsidiary	57	–
Sales to:		
Wai Chun Culture Development (Shanghai) Limited* (Note iv)	10,794	–



# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 22. RELATED PARTIES TRANSACTIONS (Continued)

### (b) Outstanding balances with related parties

	30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
Amounts due to the non-controlling interests of a subsidiary (Note 16)	31,524	31,849
Amounts due to directors of a subsidiary (Note v)	3,592	–
Trade receivables from Wai Chun Culture Development (Shanghai) Limited* (Note iv)	11,859	–
Loans from ultimate holding company Wai Chun Investment Fund (Note vi)	55,588	49,801
Loan from a director of a subsidiary (Note 17)	1,860	–

#### Notes:

- (i) Ms. Chan Oi Mo is the spouse of Mr. Lam, a director of the Company.
  - (ii) Wai Chun Holdings Group Limited is owned as to 50% by Mr. Lam, a director of the Company, and as to 50% by Ms. Chan Oi Mo, the spouse of Mr. Lam.
  - (iii) Wai Chun Investment Fund is the ultimate holding company of the Company.
  - (iv) Wai Chun Culture Development (Shanghai) Limited\* has common ultimate controlling party of the Company, Mr. Lam.
  - (v) The amounts due to directors of a subsidiary are unsecured, interest-free and repayable on demand.
  - (vi) The loans are unsecured, interest-bearing and not repayable within one year.
- \* The English name is directly translated from the Chinese name shown in the PRC business license.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 22. RELATED PARTIES TRANSACTIONS (Continued)

### (c) Key management personnel compensation

Remuneration for key management personnel is as follows:

	Six months ended 30 September	
	2016 Unaudited HK\$'000	2015 Unaudited HK\$'000
Directors' fee	240	240
Basic salaries, other allowance and benefit in kind	1,200	1,200
Retirement benefits scheme contributions	9	9
	<b>1,449</b>	<b>1,449</b>

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 condensed consolidated financial statements, there were no other significant related party transactions.

## 23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

## 24. EVENT AFTER THE REPORTING PERIOD

On 2 November 2016, Wai Chun Investment Fund transferred its holding of 100% issued share capital of Ka Chun Holdings Limited to Supreme Union Holdings Limited, which is a private limited company incorporated in the British Virgin Islands and also controlled by Mr. Lam. After completion of the transfer, Supreme Union Holdings Limited becomes the ultimate holding company of the Company. On the same date, Wai Chun Investment Fund and Supreme Union Holdings Limited entered into an assignment of loan agreement, the outstanding loan amount and loan facilities from Wai Chun Investment Fund were assigned to Supreme Union Holdings Limited under the same terms and condition.

## 25. COMPARATIVE FIGURES

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