偉俊集團控股有限公司*

Wai Chun Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1013)

2017 Annual Report

*for identification purpose only

Contents

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
Chu Kwan Yau, Janice

COMPANY SECRETARY

Chu Kwan Yau, Janice

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 2017.

DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial Performance

For the year ended 31 March 2017, the Group recorded a revenue of approximately HK$117,171,000 (2016: approximately HK$178,104,000) representing a decrease of approximately 34.2% when compared to 2016. The decrease in revenue is attributable to a drop in the sales and integration services contracts during the year as a result of weak economy over the period. In line with the decrease in revenue, gross profit decreased to approximately HK$12,986,000 (2016: approximately HK$31,260,000) representing an decrease of approximately 58.5% compared to 2016. Despite the gross profit margin on sales of integration services was similar with last year, the new mobile and electronic components business was trading with low gross profit margin. As a result, the gross profit margin decreased from approximately 17.6% in 2016 to approximately 11.1% this year. Administrative expenses decreased by approximately HK$20,937,000 when compared to 2016, which is mainly due to the decrease in depreciation expenses and share-based payment expenses of approximately HK$19,680,000 recognised for the share options granted under the Company's share option scheme.

The Group recorded a loss attributable to owners of the Company of approximately HK$48,853,000 (2016: approximately HK$56,747,000) for the year.

Financial Resources and Position

Total debts of the Group amounted to approximately HK$135,166,000 (2016: approximately HK$83,213,000), comprising loan from ultimate holding company of approximately HK$64,709,000 (2016: approximately HK$49,801,000), amounts due to the non-controlling interests of a subsidiary of approximately HK$31,401,000 (2016: approximately HK$31,849,000) and borrowings of approximately HK$39,056,000 (2016: 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 net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 61.6% (2016: approximately 32.4%), representing an increase of approximately 90.1% as compared to 2016. Cash and bank balances amounted to approximately HK$28,853,000 (2016: approximately HK$36,027,000) as at 31 March 2017 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 as at 31 March 2017. At the end of the financial year, the current ratio of the Group is approximately 0.84 (2016: approximately 1.08). On the basis of the undrawn loan facilities of approximately HK$125,291,000, granted by its ultimate holding company, Supreme Union, which will be provided on a subordinated basis, the Directors believe that the Group has sufficient financial resources for its operations. The directors will remain cautious in the Group's liquidity management.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

Litigations and Contingent Liabilities

During the year and up to the date of this report, the Group has been involved in certain legal proceedings of material importance. Details of the litigations and contingent liabilities are set out in Note 36 to the consolidated financial statements.

For the litigations referred in Note 36(I) & 36(II), the directors are of the view that they have no significant impact on the Group's financial position and its operating result for the year ended 31 March 2017 as all the above amounts have already been recorded in the consolidated financial statements as at 31 March 2017. Moreover, the Company shall utilise the shareholder's loan facilities or exercise other methods to obtaining financing to the Group, including but not limited to share placement or loan capitalisation when necessary.

For the arbitral claim of deposit refund of RMB5,817,000 (approximately HK$6,614,000) as stated in Note 36(III), as the rights and obligation of the deposit was transferred to an independent third party, having sought legal advices, the directors believe that above contingent liabilities are unlikely to materialise and no provision for liabilities in this respect has been made in the consolidated financial statements accordingly.

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 mobile and electronic components; (iii) investment holdings; and (iv) provision of telecommunications infrastructure solution services. Through the operations of Beijing HollyBridge, 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 2017, service contracts entered into with various customers such as banks, governmental agencies and public transportation companies amounted to approximately RMB26 million. On the other hand, the Group strived for a new business into trading of mobiles and electronic components in this year.

As announced on 9 June 2017, the Company, Trend Access Limited (a direct wholly owned subsidiary of the Company) (as purchaser) and Hodgson Technologies Limited (the "Vendor"), entered into an equity transfer agreement pursuant to which Trend Access Limited has conditionally agreed to acquire and the Vendor has conditionally agreed to sell an aggregate of 51% of equity interest in the target company (Yueyang Kaida Kewang Motor Vehicle Parts Manufacturing Limited), for the consideration of RMB7,500,000 (equivalent to approximately HK$8,400,000), and shall be paid by the Company to the Vendor by way of the issue and allotment of 84 million consideration shares at the issue price of approximately HK$0.10 per consideration shares to the Vendor. Given that the overall motor vehicle market in PRC is growing steadily in the past few years, the Board is optimistic about the prospect of the China motor vehicle parts manufacturing and would like to identify investment opportunities in the China motor vehicle parts manufacturing market. The Board is of the opinion that the acquisition will bring a new revenue stream and satisfactory investment returns to the Group considering the target company's existing customer base and the comprehensive production lines.

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. Meanwhile, the Company intends to enrich and improve its financial resources by conducting fund raising exercises such as share placement or loan capitalisation, when necessary.

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, 30 June 2017

Biographical Details of Directors

EXECUTIVE DIRECTOR

Mr. Lam Ching Kui, aged 58, has over 25 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 56, 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 26 years.

Other than the directorship in the Company, currently, Mr. Ko is also an independent non-executive director of Sinofert 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 (now known as Asia Investment Finance Group 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 51, 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 45, 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, Asian Alliance (HK) CPA Limited (formerly known as Zhonglei (HK) CPA Company Limited) and R.C.W. (HK) 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 extensive experience in auditing, accounting, initial public offerings and taxation matters.

Mr. To was previously an independent non-executive director of China Household Holdings Limited and Theme International Holdings Limited, companies listed on the Main Board of the Stock Exchange. Mr. To is currently an independent non-executive director of Courage Marine Group Limited, Birmingham Sports Holdings Limited, EPI (Holdings) Limited, SH Group (Holdings) Limited, Tianli Holdings Group Limited and Wai Chun Mining Industry Group Company Limited, companies listed on the Main Board of the Stock Exchange. Mr. To is also an independent non-executive director of China Vanguard Group Limited and Asia Grocery Distribution Limited, companies listed on the GEM 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 2017.

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 to 5 of this annual report. The financial risk management objectives and policies of the Group are shown in note 7(B) to the consolidated 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 2017 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 41 to 107.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: 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 44 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 2017 is set out on page 108.

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.

DISTRIBUTABLE RESERVES

As at 31 March 2017, the Company did not have any reserves available for distribution to its shareholders (2016: Nil).

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 pages 6 and 7 of this annual report.

In accordance with Bye-law 87 of the Bye-laws of the Company, Mr. Lam Ching Kui and Mr. Shaw Lut, Leonardo 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 in to account the directors' duties, responsibilities and performance and the results of the Group.

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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed below in the section headed "Connected Transactions" and in note 32 to the consolidated financial statements, there are no transactions, arrangements or contracts of significance to which the Company's holding company, subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of 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.

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.

INTERESTS OF CONTROLLING SHAREHOLDER IN CONTRACTS

Save as disclosed below in the section headed "Connected Transactions" and in notes 26 and 32 to the consolidated financial statements, there was no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in paragraph 16 of Appendix 16 to the Listing Rules) or any of its subsidiaries, at any time during the year.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2017, 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	15,000,000,000 *(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 Supreme Union Holdings Ltd. which, in return, wholly-owned by Mr. Lam Ching Kui.

Save as disclosed above, as at 31 March 2017, 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.

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 2017, 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	15,000,000,000	70.12%
Supreme Union Holdings Limited	Interests of controlled corporations	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 Supreme Union Holdings Limited. Therefore, Supreme Union Holdings Limited is deemed to be interested in these 15,000,000,000 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 2017, 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 2017, 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 2017, the Company had not been notified of any interests or short positions being held by any person (other than the Directors and chief executives and the substantial shareholders as disclosed above) in the share capital of the Company that was required to be disclosed under Division 2 and 3 of Part XV of the SFO and the Listing Rules.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 25 September 2015 ("Share Option Scheme"). Particulars of the 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.

SUBSTANTIAL SHAREHOLDERS (continued)

RETIREMENT BENEFITS OBLIGATIONS

Particulars of the retirement benefits obligations of the Group are set out in note 30 to the consolidated financial statements.

MANAGEMENT CONTRACTS

During the year under review, no management and administrative contracts regarding the entire or any major businesses of the Company have been entered into or have existed.

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 2017.

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 1 November 2015 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 2015 and expiring on 31 October 2017, 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.

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 70.12% 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.

CONNECTED TRANSACTIONS (continued)

TENANCY AGREEMENTS (continued)

On 22 March 2016, 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 2016 to 31 March 2019 (both days inclusive).

Ms. Chan is the spouse of Mr. Lam Ching Kui who is director and indirectly owns approximately 70.12% 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 2017, the Company paid total rental charges of HK$4,200,000 to Ms. Chan.

SERVICE AGREEMENTS

On 27 May 2016, Beijing HollyBridge System Integration Company Limited ("Beijing HollyBridge"), an indirect non-wholly-owned subsidiary of the Company, entered into an on-site services agreement and a network services agreement ("Agreements") respectively with Wai Chun Culture Development (Shanghai) Company Limited ("Wai Chun Culture"), pursuant to which Wai Chun Culture has agreed to engage Beijing HollyBridge, as its contractor for the provision of on-site services in respect of the electronic equipment and procurement services of network equipment for the exhibition. The contract value of the on-site services agreements and the network services agreement are approximately RMB6,200,000 (approximately HK$6,944,000) and RMB7,876,000 (approximately HK$8,822,000) respectively.

As the ultimate beneficial owner of Wai Chun Culture is Mr. Lam Ching Kui, who is the controlling shareholder and the director of the Company. Therefore, the entering into the Agreements between Beijing HollyBridge and Wai Chun Culture constitutes a continuing connected transaction of the Company. The aggregate contract value of the Agreements was approximately RMB14,076,000 (approximately HK$15,766,000) and exceeded HK$10,000,000 which is subject to announcement, annual review and independent shareholders' approval requirement according to the Listing Rules. An announcement was made on 3 April 2017, and circular containing further information on the continuing connected transactions and a notice of the general meeting will be despatched to the shareholders on or before 31 July 2017.

During the year ended 31 March 2017, the sales to Wai Chun Culture was HK$14,212,000.

CONNECTED TRANSACTIONS (continued)

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 13 to 15 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$4,200,000 and HK$3,188,000 and "sales" in the amount of HK$14,212,000 for the year as shown in note 32 -"Related party transactions and balances" 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. For the service agreements as mentioned in the above section headed "Connected Transactions", the Company has failed to make timely disclosure of the entering into the Agreements and to seek independent shareholders' approval for the connected transactions which constituted a breach of Rule 14A.35 and 14A.36 of the Listing Rules. Save as disclosed above, 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 90% of total turnover and sales to the largest customer accounted for approximately 40%. The five largest suppliers of the Group in aggregate accounted for about 79% of its total purchase costs for the year. Purchases from the largest supplier accounted for about 35% 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 2017.

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.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 37, the Group had no other material event after the reporting period.

EMOLUMENT POLICY

As at 31 March 2017, the Group had a total of 48 employees, the majority of whom are situated in the PRC. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

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

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the environment, social and governance of the Group are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board considers compliance with laws and regulations are 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 2017 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, 30 June 2017

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 2017, 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 2017, 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;

BOARD OF DIRECTORS (continued)

RESPONSIBILITIES (continued)

- 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.

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 2017, 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	3/4
Mr. To Yan Ming, Edmond	3/4

BOARD OF DIRECTORS (continued)

GENERAL MEETINGS

During the year ended 31 March 2017, an annual general meeting of the Company was held on 8 September 2016. The attendance of each Director is set out as follows:

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

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.

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.

BOARD OF DIRECTORS (continued)

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 2017 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.

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 2017, the Remuneration Committee held two meetings, with attendance record as follows:

Name of Director	**Number of meetings attended/held**
Mr. Ko Ming Tung, Edward *(Chairman)*	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.

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.

BOARD COMMITTEES (continued)

AUDIT COMMITTEE (continued)

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 2017, the Audit Committee held two meetings, with attendance record as follows:

Name of Director	Number of meetings attended/held
Mr. To Yan Ming, Edmond *(Chairman)*	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 2017 and the interim report for the six months ended 30 September 2016 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 2017.

The Group's results and consolidated financial statements for the year ended 31 March 2017 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.

BOARD COMMITTEES (continued)

NOMINATION COMMITTEE (continued)

During the year ended 31 March 2017, the Nomination Committee held two meetings, with attendance record as follows:

Name of Director	Number of meetings attended/held
Mr. Shaw Lut, Leonardo *(Chairman)*	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 2017, 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.

COMPANY SECRETARY

The company secretary of the Company, Ms. Chu Kwan Yau Janice, is responsible for supporting the Board, ensuring good information flow within the Board and Board policy and procedures are followed, advising the Board on governance matters, facilitating induction and professional development of directors. She has attained no less than 15 hours of relevant professional training during the year.

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.

EXTERNAL AUDITOR AND ITS REMUNERATION (continued)

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 2017. HLM CPA Limited also reviewed the 2016 unaudited interim financial information of the Company, which was prepared in accordance with HKFRSs.

The total fees charged by HLM CPA Limited in respect of audit services for the year ended 31 March 2017 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 2016	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 35 to 40 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$98,225,000 and capital deficiency attributable to owners of the Company amounted to approximately HK$101,136,000 as at 31 March 2017, and the Group incurred a loss of approximately HK$61,004,000 for the year ended 31 March 2017.

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 2017, the Company has undrawn loan facilities of approximately HK$125,291,000 granted by its ultimate holding company, Supreme Union, which is provided on a subordinated basis, i.e. Supreme Union will not demand the Company for repayment of such loans until all 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 granted by the previous ultimate holding company Wai Chun Investment Fund were assigned to Supreme Union under the same terms and conditions;

GOING CONCERN (continued)

(ii) In addition to the loan facilities granted by Supreme Union as stated above, the ultimate controlling party has also undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of approving the consolidated financial statement;

(iii) The directors will strengthen and implement measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating costs;

(iv) The directors will consider to improve the financial position of the Group and to enlarge the capital base of the Company by conducting fund raising exercises such as share placement or loan capitalisation when necessary.

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.

INTERNAL CONTROL

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The objective is to cover all important controls, including financial, operational, compliance, and risk management functions to endure they are in place and functioning effectively for the Group.

The Group's risk management policy includes the following elements:

- Identification significant risks in the Group's operation environment and evaluate the impacts of those;
- Develop necessary measure to manage those risks;
- Risk and mitigate measures with risk ownership will be documented in a risk register; and
- Risk register will be monitored and reviewed the effectiveness of such measures regularly.

INTERNAL CONTROL (continued)

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

The Board has delegated the Audit Committee to perform its responsibilities of risk management and internal control systems by performing the following:

- Oversees the Group's risk management and internal control systems on an ongoing basis;
- Reviews the effectiveness of the Group's risk management and internal control systems annually, and such review should cover all material controls including financial, operational and compliance control;
- Considers major findings on risk management and internal control matters, implementation of the mitigation activities by the management team, and reports and makes recommendations to the Board.

The Group's internal audit function is performed by an outsourced internal audit team, which reports directly to the Audit Committee of the Group.

The Board has received a report from the outsourced internal auditor summarizing audits concluded in the year. The report provided internal audit findings and any action to be taken by management as a result. These findings and recommendations for improvement will be communicated to the respective management for their responses and corrective actions. The Group's management team monitors the implementation of its recommendations reports the outcome to the Audit Committee.

The Board considers the Group internal control system and risk management is adequate and effective for the financial year.

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.

Environmental, Social and Governance Report

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) under Appendix 27 of the Listing Rules. The content of this report includes two main subject areas, being environmental and social responsibility as required by the Guide.

It report reviews and reports the core business and offices of the Group and follows the principles of materiality, quantification, balance and consistency to disclose relevant statistics and information and covers the reporting period from 1 April 2016 to 31 March 2017.

The Group aims to be creative and innovative on its network and system integration products and services by bringing clients safety, efficiency and convenience; to investors, employees, business partners and supporters with a reasonable return on investments, and the society and environment with responsibilities and sustainable development. The Group also wishes to become a leader in network and system integration products and services in the PRC.

The Board, headed by the Chairman and having a balance of skill and experience from the Executive and Non-Executive Directors, is responsible for formulation and approval of the Group’s development, business strategies, policies, annual budget and business plans. The day-to-day management including the effective implementation of the overall strategies and initiatives adopted by the Board on operations, financial, environmental and social issues and obligations, has been delegated to the Chief Executive Officer (“CEO”) and its senior management team members. Through an independent internal control and risk management system, the Group ensures it fulfills and complies with its environmental and social responsibilities and obligations as required by the ESG Guide and the laws and related regulations of the People’s Republic of China (“PRC”) and the Hong Kong Special Administrative Region (“HKSAR”).

It is the duty of the Board to review, address and report all the environmental and social issues listed in the Aspects and Areas in the Guide, and in response, the Board has approved its updated strategies and policies. The Board has resolved and assigned the CEO and its senior team members to have the overall responsibility to implement its adopted strategies and policies. The CEO is duty bound to explore and develop Key Performance Indicators (“KPIs”) where appropriate and necessary for future monitoring and continuing action in line with the Group’s visions, policies and goals.

ENVIRONMENTAL RESPONSIBILITY

The Group is aware of its responsibility and commitments to the environmentally sustainable development of its on-going operation. We protect the environment, comply with the requirements of the national and local regulatory authorities and specific guides in the industry, and are committed to the social responsibility of protecting the environment as a responsible corporation. The Group supports the “Green World” and has implemented policies and taken measures to ensure our business and operation are energy, water, paper and resources saving.

As at year ended 31 March 2017, the Group had not been subject to any reported violation in relation to its emissions and waste discharges or other environmental issues.

ENVIRONMENTAL RESPONSIBILITY (continued)

EMISSIONS AND WASTE

As the Group is mainly a software and information system designer, developer, integrator and provider, our activities are mostly under normal office environment without much adverse impact on the environment especially in terms of emissions and waste discharges. Our main emissions during our normal course of business and operation are indirect greenhouse gases, primarily carbon dioxide from energy consumption and employee travels. Therefore, reduction of energy consumption and efficient arrangement of employees' travels are our priorities.

There has been a small amount of waste produced from the Group's office activities such as toner cartridges, ink boxes and batteries, which require attention. We have introduced measures to ensure that they had been collected properly and transferred to qualified organizations for environmentally friendly disposal.

USE OF RESOURCES

Electricity is the main source of energy and resource used by our offices in our daily operations. Other resources such as fresh water and consumables, namely paper and printing ink have also been used, but their volumes and/or quantities have been small.

The Group is committed to save energy, water, paper and resources and to promote the sustainable development of its activities by raising the environmental awareness of its employees and business partners, and involving them in energy, water, paper and emissions saving and minimization activities by introducing the following measures under the principles of reducing, reusing, recycling, replacing and recovering (as "5R").

The Group has assigned the Administration Department of each office to carry out routine checks to ensure the above measures have been effectively implemented, and has established the "Electricity, Water & Paper Consumption" and "CO_2 Emission" records as the KPIs for the management to monitor accordingly.

ENVIRONMENT AND NATURAL RESOURCES

As described above, the Group's business and operation neither generates any hazardous emissions nor waste, nor uses much of the natural resources. But, the Group still commits to be an environmentally friendly and responsible corporation. The Group has implemented policies and measures under the "5R" principles as practicable as possible. It is not just for cost savings, it is also for preserving the natural resources for tomorrow. The Group has constantly reviewed ways and means to accomplish further resources savings. One effective way is to constantly remind, educate, guide and direct its employees on the importance of "green practices" and to act in an eco-friendly manner in office work and daily life.

SOCIAL RESPONSIBILITY

EMPLOYMENT AND LABOUR PRACTICES

The Group's business development and growth relies heavily on the skills, passion and commitment of its employees. We therefore treasure our employees as one of our most valuable assets. We commit to comply with all the laws, rules and regulations on the employment arrangements including the Labor Laws of the PRC and the Employment Ordinances of the HKSAR, and have totally forbidden the recruitment of child labor and forced labor. The Group also commits to provide equal opportunity to all employees on recruitment, promotion, compensation and benefits, and establishes happy, harmonious, safe and healthy working offices. The Group strives to strengthen its human resources management with employee oriented policies to encourage motivation and innovation and to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship with the employees.

On employment, the Group has adopted a mixed policy of external recruitment and international promotion for vacancies. All vacancies are open to all with equal opportunities, to be decided with no discrimination on sex, religion, gender, age and disability, and to be selected on qualification, skill and competency basis. All successful employment must enter into proper and standardized contracts in writing between the respective employees and the Group. The Human Resources Manager has been charged with the responsibility and duty to ensure all the statutory obligations of the Group have been fulfilled and complied with in a legitimate manner.

The Group provides and maintains statutory benefits to all qualified employees including but not limited to mandatory provident funds (for Hong Kong employees) and unemployment, retirement and housing insurance (for PRC employees), medical insurance, work injury insurance and compensation and statutory holidays pursuant to the requirements of the laws of the PRC and HKSAR.

Employees' remuneration packages have been determined with reference to the prevailing market level in line with their competency, qualifications and experience. The Group has honored all obligations to our employees including the payment of salaries and wages, holidays and leave, compensation, insurance and health benefits without disputes as at year end 31 March 2017.

The Human Resources Manager has prepared an "Employment Record" with breakdown of total number of employees in different levels and sectors, genders, ages and qualifications as a KPI for the management to be constantly aware of and monitor the Group's employment situations.

SOCIAL RESPONSIBILITY (continued)

HEALTH AND SAFETY

As disclosed before, the Group adopts "employees-oriented" human resources policies, and has been working whole-heartedly on providing a happy, harmonious, safe and healthy working environment to our employees. The Employees Rules and Regulations, Employment and Labor contracts have contained details on health and safety protection, of which the Group has fully complied with the labor laws and regulations of PRC and employment ordinance of HKSAR.

The Group had not recorded any claim on compensation or work related injury investigation by the relevant government officials in the reporting period in the PRC and the HKSAR.

DEVELOPMENT AND TRAINING

The Group supports all employees to continue learning and improving their knowledge and job skills for the benefit of its employees as well as the Group. As required by the related laws, the Group has provided to newly recruited employees the basic business skill and introduction to the Group's rules and regulations and corporate culture training to improve their qualities, abilities and safety awareness in order to adapt to their new positions earlier. Furthermore, the Group encourages employees to actively participate in position-related training organized by external institutions in order to enhance individual professional quality and ability, the costs of which will be paid by the Group on application and by discretion of the senior management.

The Human Resource Manager has maintained a record on the internal and external training programs provided to and sponsored for employees as a KPI for the senior management to monitor and to review their effectiveness in relation to the investment costs.

LABOR STANDARDS

The Group strictly complies with the Labor Laws of PRC and the Employment Ordinances of HKSAR, and adopts their respective standards as its minimum labor standard on labor protection and welfare. The Group adheres to the laws of PRC and HKSAR as well as the local market practices on recruitment, dismissal, promotion, leaves, holidays, benefits as well as equal employment opportunities to all sexes, genders, ages, races and religions. The Group acts against child and forced labor in any of our offices. As a formality and for better management, the Group has maintained a concise employees file to hold and to record the employees' personal background information and credentials including copies of ID and passport, academic qualifications and certificates, references, and performance assessment by seniors.

SOCIAL RESPONSIBILITY (continued)

SUPPLY CHAIN MANAGEMENT

The Group appoints a Commercial Representative ("CR") to be responsible for a specific purchase, who will be delegated the full responsibility of purchase contract negotiation and signing, and implementation of the purchase contract involving orders placement, liaison with suppliers, products and services delivery and quality checking, payment, etc.

The Group conducts its sourcing and purchases on a carefully screened, monitored and transparent process. The CR is required to compare quotations from different suppliers to ensure cost efficiency and quality guarantee. Furthermore, the CR is required to check all the outcomes of products, technology and/or services purchased in line with the terms and conditions of the purchase contracts signed.

PRODUCT RESPONSIBILITY

The Group sells integrated network and system solutions mostly in the form of software to clients in the PRC under tender. Tailor-made features, qualities including user-friendliness and ease of application, security and after sale repair and maintenance services are the most important considerations and requirements for our sales.

As at year end 31 March 2017, there were no products, technology or services defects, complaints, or intellectual right infringement reported.

ANTI-CORRUPTION

The Group established an "Internal Audit System", under which the audit committee is authorized by the Board to create an environment of anti-corruption and anti-fraud, and conduct regular reviews on internal control system so as to regulate the conduct and behaviour of employees, create an atmosphere of integrity and dedication, and prevent prejudice to the Group's interest. The Group reported no bribery nor corruption cases as at year end 31 March 2017.

COMMUNITY INVESTMENT

As a responsible corporation, apart from jobs creation, the Group has carried out its business and operation in a totally environmentally friendly manner, and has allocated resources to support training of more skilled, competent and innovative software designers and developers. The Group has also encouraged employees to provide voluntary services to support and to repay the society, local community and those in need.

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

OPINION

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 41 to 107, which comprise the consolidated statement of financial position as at 31 March 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN AND LITIGATION

The accompanying consolidated financial statements for the year ended 31 March 2017 have been prepared assuming that the Group will continue as a going concern. 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$98,225,000 and capital deficiency attributable to owners of the Company was approximately HK$101,136,000 as at 31 March 2017 and the Group incurred a loss of approximately HK$61,004,000 for the year ended 31 March 2017. 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.

We also draw attention to note 36 to the consolidated financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the Group. Our opinion is not qualified in respect of these matters.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition of sales and integration services and service income	
The Company's major revenue is generated from sales and integration services and services income. We identified revenue recognition of sales and integration service income and services income as a key audit matter since the management is required to determine the stage of completion to recognise the service revenue, which is judgmental and may be subjected to management bias.	Our audit procedures in relation to the management's assessment and revenue recognition included: – checking the contract amount in percentage completion table with the signed sales contracts; – selecting individual projects on a sample basis and comparing them to the underlying contracts. We assessed whether the projects revenue recognition was in line with the stage of completion of the projects and performed recalculations in accordance with the percentage completed; – checking the maintenance period and assessing the reasonableness of the recognition for the maintenance contracts; – performing analytical procedures including margin analysis to assess the reasonableness of the revenue recognised throughout the year; and – observing the engineering department to understand the installation project and matching the percentage completed in the percentage completion table. We found the Group's revenue recognition in relation to sales and integration services and services income was supported by the evidence that we gathered.

Key audit matters	How our audit addressed the key audit matter
Impairment assessments on other receivables	
As set out in note 20 to the consolidated financial statements, impairment loss on other receivables recorded at 31 March 2017, which represented management's estimates of the amounts which are potentially irrecoverable, and amounted to HK$961,000, has been provided in current year. Management is required to carry out an impairment test, which is judgmental and may be subjected to management bias.	Our audit procedures in relation to management's impairment assessment of other receivables included: – assessing and testing on the process used by management to develop the estimate for the impairment of other receivables; – performing the substantive procedures relating to other receivables, including vouching test, sending confirmation etc.; and – reviewing the subsequent settlement of other receivables which provide evidence of the reasonableness of the estimate made. We found the judgements and assumption made by management in assessing the provision for impairment of other receivables to be reasonable based on evidence obtained.

Key audit matters	How our audit addressed the key audit matter
Impairment assessments of trade receivables	
As described in note 20 to the consolidated financial statements, allowance for doubtful debts recorded at 31 March 2017, which represented management's estimates of the amounts which are potentially irrecoverable and amounted to HK$35,941,000, are excluded from the balance of trade receivables. The Group's allowance for doubtful debts are based on management's estimate of the expected credit losses to be incurred, which is estimated by taking into account the current market condition, the credit history of the Group's customers and customer-specific conditions. We have identified allowance for doubtful debts as a key audit matter because the estimates on which these provisions are based entail a significant degree of management judgement and may be subject to management bias.	Our audit procedures in relation to management's impairment assessment of trade receivables included: – assessing and testing on the process used by management to develop the estimate for the impairment of trade receivables; – reviewing the ageing analysis and testing its accuracy on a sample basis; – performing and testing its accuracy on substantive procedures relating to trade receivables, including vouching test, sending confirmation etc.; – reviewing the subsequent settlement of trade receivables which provide evidence of the reasonableness of the estimate made; and – inquiring management about the recoverability of individual substantial balances and evaluating the allowance for doubtful debts made by management for these individual balances with reference to the ageing of overdue balances and historical and past year ended settlement records. We found the judgements and assumption made by management in assessing the provision for impairment of trade receivables to be reasonable based on evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLM CPA Limited
Certified Public Accountants
Ho Pak Tat
Practising Certificate Number: P05215
Hong Kong

30 June 2017

Consolidated Statement of Profit or Loss

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	*8*	**117,171**	178,104
Cost of sales		**(104,185)**	(146,844)
Gross profit		**12,986**	31,260
Other income	*9*	**982**	83
Other gains and losses	*10*	**(3,330)**	(3,009)
Selling and distribution expenses		**(22,673)**	(25,701)
Administrative expenses		**(40,410)**	(61,347)
Finance costs	*11*	**(8,559)**	(2,995)
Loss before taxation		**(61,004)**	(61,709)
Taxation	*12*	**–**	(111)
Loss for the year	*13*	**(61,004)**	(61,820)
Loss attributable to:			
– Owners of the Company		**(48,853)**	(56,747)
– Non-controlling interests		**(12,151)**	(5,073)
		(61,004)	(61,820)
Loss per share	*17*	**HK cents**	HK cents
– Basic		**(0.23)**	(0.27)
– Diluted		**(0.23)**	(0.27)

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 2017

	2017 *HK$'000*	2016 *HK$'000*
Loss for the year	**(61,004)**	(61,820)
Other comprehensive income:		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**956**	333
Other comprehensive income for the year	**956**	333
Total comprehensive expense for the year	**(60,048)**	(61,487)
Total comprehensive expense attributable to:		
– Owners of the Company	**(48,235)**	(56,123)
– Non-controlling interests	**(11,813)**	(5,364)
	(60,048)	(61,487)

Consolidated Statement of Financial Position

At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current asset			
Property, plant and equipment	18	**485**	988
Current assets			
Inventories	19	**13,021**	23,967
Trade and other receivables, prepayments and deposits	20	**130,358**	84,407
Fixed deposits	21	**300**	300
Bank balances and cash	22	**28,553**	35,727
		172,232	144,401
Current liabilities			
Trade and other payables	23	**135,776**	100,244
Tax payable		**–**	109
Borrowings	24	**39,056**	1,563
Amounts due to the non-controlling interests of a subsidiary	25	**31,401**	31,849
		206,233	133,765
Net current (liabilities) assets		**(34,001)**	10,636
Total assets less current liabilities		**(33,516)**	11,624
Non-current liability			
Loans from ultimate holding company	26	**64,709**	49,801
Net liabilities		**(98,225)**	(38,177)
Capital and reserves			
Share capital	27	**213,912**	213,912
Reserves		**(315,048)**	(266,813)
Capital deficiency attributable to owners of the Company		**(101,136)**	(52,901)
Non-controlling interests	28	**2,911**	14,724
Capital deficiency		**(98,225)**	(38,177)

The consolidated financial statements on pages 41 to 107 were approved and authorised for issue by the Board of Directors on 30 June 2017 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 2017

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 31 March 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 and 1 April 2016	213,912	5,000	19,680	(5,301)	(286,192)	(52,901)	14,724	(38,177)
Loss for the year	–	–	–	–	(48,853)	(48,853)	(12,151)	(61,004)
Other comprehensive income for the year	–	–	–	618	–	618	338	956
Total comprehensive expense for the year	–	–	–	618	(48,853)	(48,235)	(11,813)	(60,048)
At 31 March 2017	213,912	5,000	19,680	(4,683)	(335,045)	(101,136)	2,911	(98,225)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Operating activities			
Loss before taxation		**(61,004)**	(61,709)
Adjustments for:			
Interest expenses	*11*	**8,559**	2,995
Depreciation on property, plant and equipment	*18*	**492**	9,711
Interest income	*9*	**(107)**	(83)
Gain on disposal of property, plant and equipment	*10*	**(100)**	–
Allowance for bad and doubtful debts	*10*	**2,134**	2,149
Impairment loss of other receivables	*10*	**961**	860
Share-based payment expenses		**–**	19,680
Operating cash flows before movements in working capital		**(49,065)**	(26,397)
Decrease in inventories		**9,996**	8,909
Decrease in financial assets at fair value through profit or loss		**–**	1,876
Increase in trade and other receivables, prepayments and deposits		**(54,010)**	(51,612)
Increase in trade and other payables		**37,231**	50,958
Cash used in operations		**(55,848)**	(16,266)
Tax paid		**(104)**	(158)
Net cash used in operating activities		**(55,952)**	(16,424)
Investing activities			
Purchase of property, plant and equipment	*18*	**(11)**	(64)
Proceeds from disposal of property, plant and equipment		**100**	–
Increase in restricted bank deposits		**(18,719)**	–
Interest received		**107**	83
Net cash (used in) generated from investing activities		**(18,523)**	19

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Financing activities			
Loans from ultimate holding company		**11,361**	47,807
Borrowings		**38,109**	1,563
Net cash generated from financing activities		**49,470**	49,370
Net (decrease) increase in cash and cash equivalents		**(25,005)**	32,965
Effects of foreign exchange rate changes		**(888)**	(567)
Cash and cash equivalents at the beginning of the year		**36,027**	3,629
Cash and cash equivalents at the end of the year		**10,134**	36,027
Analysis of the balances of cash and cash equivalents:			
Fixed deposits	*21*	**300**	300
Bank balances and cash	*22*	**28,553**	35,727
Less: Restricted bank deposit	*22*	**(18,719)**	–
		10,134	36,027

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 of the Company, the ultimate holding company of the Company is Supreme Union Holdings Limited ("Supreme Union"), which is a private limited company incorporated in the British Virgin 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, the previous ultimate holding company of the Company, transferred its holding of 100% issued share capital of Ka Chun Holdings Limited, the immediate holding company of the Company, to Supreme Union. After completion of the transfer, Supreme Union becomes the ultimate holding company of the Company. The address of registered office and principal place of the Company are disclosed in the corporate information section of the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

The 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 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$98,225,000 and capital deficiency attributable to owners of the Company amounted to approximately HK$101,136,000 as at 31 March 2017, and the Group incurred a loss of approximately HK$61,004,000 for the year ended 31 March 2017.

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 2017, the Company has undrawn loan facilities of approximately HK$125,291,000 granted by its ultimate holding company, Supreme Union, which is provided on a subordinated basis, i.e. Supreme Union will not demand the Company for repayment of such loans until all 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 granted by the previous ultimate holding company, Wai Chun Investment Fund, were assigned to Supreme Union under the same terms and conditions;

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(ii) In addition to the loan facilities granted by Supreme Union as stated above, the ultimate controlling party has also undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of approving the consolidated financial statement;

(iii) The directors will strengthen and implement measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating costs;

(iv) The directors will consider to improve the financial position of the Group and to enlarge the capital base of the Company by conducting fund raising exercises such as share placement or loan capitalisation when necessary.

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.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amount, to provide for future liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

The Group intends to pursue strategic acquisitions that can enable the Company to capture new business opportunities in the People's Republic of China (the "PRC") market and to strengthen the revenue and profit fundamentals. The Company has been actively identifying projects with growth potential for acquisitions or investments and has engaged in discussions with various parties for such acquisitions or investments.

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

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in current year.

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 Statement

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.

NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 16	Leases[3]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]

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

NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (continued)

[1] Effective for annual periods beginning on or after 1 January 2017.
[2] Effective for annual periods beginning on or after 1 January 2018.
[3] Effective for annual periods beginning on or after 1 January 2019.
[4] Effective for annual periods beginning on or after a date to be determined.
[5] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

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 the Group performs a detailed review.

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 consolidated financial statements.

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 ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

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 polices 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 losses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control or up to 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.

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 is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

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 basis of actual services provided as a proportion of the total service to be provided.

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 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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's 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 expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

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 payments to others providing similar services are measured at the fair value of the equity instruments at the grant date.

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 options 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

SHARE-BASED PAYMENT TRANSACTIONS (continued)

When share options are exercised, the amount previously recognised in share options 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 options 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 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

TAXATION (continued)

Deferred tax (continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

When 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

PROVISIONS (continued)

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: "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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, deposits and other receivables) 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.

Impairment of financial assets

Financial assets, 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance amount. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, borrowings due within one year, amount 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.

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 collateralized 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Group or to the parent of the Group.

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.

5. CRITICAL ACCOUNTING JUDGMENTS 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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.

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.

6. CAPITAL RISK MANAGEMENT (continued)

The net debt to total assets ratio at 31 March 2017 and 2016 was as follows:

	2017 HK$'000	2016 HK$'000
Debts *(note)*	135,166	83,213
Less: Cash and bank balances	(28,853)	(36,027)
Total net debt	106,313	47,186
Total assets	172,717	145,389
Net debt to total assets ratio	61.55%	32.46%

Note: Debts comprise loans from ultimate holding company of approximately HK$64,709,000 (2016: HK$49,801,000), borrowings of approximately HK$39,056,000 (2016: HK$1,563,000) and amount due to the non-controlling interest of a subsidiary of approximately HK$31,401,000 (2016: approximately HK$31,849,000).

7. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables (including cash and bank balances)	144,045	98,550
Financial liabilities		
Trade payables	99,618	70,712
Other payables	29,961	19,305
Borrowings	39,056	1,563
Amounts due to non-controlling interest of a subsidiary	31,401	31,849
Loans from ultimate holding company	64,709	49,801
Total	264,745	173,230

7. FINANCIAL INSTRUMENTS (continued)

(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, borrowings, 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 2017, 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 PRC.

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 41% (2016: 30%) and 95% (2016: 91%) 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 2017 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. For new customers are subject to credit evaluation while the Group continues to monitor the recoverability of the trade receivables. The risk of credit default is considered to be low and accordingly, the provision for doubtful debts as at 31 March 2017 amounting to approximately HK$2,134,000 (2016: approximately HK$2,149,000) is considered adequate to cover any significant potential credit risk.

7. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

Other receivables consist of a number of counterparties including the advance to staff and the tender guarantee to suppliers for integration services contracts. 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 the major trade receivables are located in the PRC as at 31 March 2017 and 2016.

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

The Group is exposed to cash flow interest rate risk in relation primarily to 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 2017.

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.

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 2017, the sensitivity analyses below have been determined based on the exposure to interest rates for 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 2017 would increase/decrease by approximately HK$273,000 (2016: approximately HK$288,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

For the year ended 31 March 2017, 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 2017.

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 2017 was approximately HK$101,136,000. 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.

7. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

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.

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$'000*	Carrying amount 2017 *HK$'000*
2017							
Non-derivative financial liabilities							
Trade payables	–	36,987	20,504	42,127	–	99,618	99,618
Other payables	–	29,961	–	–	–	29,961	29,961
Borrowings	17.56%	39,056	–	–	–	39,056	39,056
Amounts due to the non-controlling interests of a subsidiary	4.75%	31,401	–	–	–	31,401	31,401
Loans from ultimate holding company	6.25%	–	–	–	64,709	64,709	64,709
		137,405	20,504	42,127	64,709	264,745	264,745

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	1-3 months	3 months to 1 year	More than 1 year	Total undiscounted cash flows	Carrying amount 2016
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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
Borrowings	24%	1,563	–	–	–	1,563	1,563
Amounts due to a 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

The directors of the Company believe that based on the continuous financing supported and undrawn facilities granted by its ultimate holding company, Supreme Union, which is provided on a subordinated basis and 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. In addition to the loan facilities granted by Supreme Union, the ultimate controlling party has also undertaken to provide adequate funds to the Group. 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.

To improve the financial position of the Group, the director of the Company will consider to enlarge the capital base of the Company by conducting fund raising exercises such as share placement or loan capitalisation when necessary.

7. FINANCIAL INSTRUMENTS (continued)

(C) FAIR VALUE MEASUREMENTS

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. 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.

BUSINESS SEGMENT

The CODM regularly reviews revenue and operating results derived from three operating divisions – sales and integration services, services income and trading of mobile and electronic components. 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
Trading of mobile and electronic components:	Revenue from trading of mobiles and electronic components

8. REVENUE 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 2017

	Sale and integration services HK$'000	Services income HK$'000	Trading of mobile and electronic components HK$'000	Total HK$'000
REVENUE				
External sales	28,880	41,657	46,634	117,171
SEGMENT RESULTS	(9,529)	(11,138)	(27)	(20,694)
Unallocated corporate income				982
Unallocated corporate expenses				(32,733)
Finance costs				(8,559)
Loss before taxation				(61,004)
Taxation				–
Loss for the year				(61,004)

8. REVENUE AND SEGMENT INFORMATION (continued)

SEGMENT REVENUES AND RESULTS (continued)

For the year ended 31 March 2016

	Sale and integration services *HK$'000*	Services income *HK$'000*	Trading of mobile and electronic components *HK$'000*	Total *HK$'000*
REVENUE				
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)

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

8. REVENUE 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 2017

	Sale and integration services HK$'000	Services income HK$'000	Trading of mobile and electronic components HK$'000	Total HK$'000
Segment assets	59,217	85,414	22,270	166,901
Unallocated assets				5,816
Consolidated assets				172,717
Segment liabilities	69,138	99,724	21,023	189,885
Unallocated liabilities				81,057
Consolidated liabilities				270,942

At 31 March 2016

	Sale and integration services HK$'000	Services income HK$'000	Trading of mobile and electronic components 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

8. REVENUE AND SEGMENT INFORMATION (continued)

OTHER INFORMATION

For the year ended 31 March 2017

	Sales and integration services HK$'000	Services income HK$'000	Trading of mobile and electronic components HK$'000	Unallocated HK$'000	Total HK$'000
Additions to property, plant and equipment	4	7	–	–	11
Depreciation of property, plant and equipment	109	156	–	227	492
Allowance for bad and doubtful debts	873	1,261	–	–	2,134
Impairment loss of other receivables	393	568	–	–	961

For the year ended 31 March 2016

	Sales and integration services HK$'000	Services income HK$'000	Trading of mobile and electronic components 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

8. REVENUE AND SEGMENT INFORMATION (continued)

GEOGRAPHICAL SEGMENTS

In presenting geographical information, revenue is based on the geographical location of the external customers.

2017	**Hong Kong**	**The PRC**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue	46,634	70,537	117,171

2016	Hong Kong	The PRC	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue	–	178,104	178,104

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**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**27,882**	4,971	**–**	52
The PRC, excluding Hong Kong	**144,835**	140,418	**11**	12
	172,717	145,389	**11**	64

8. REVENUE AND SEGMENT INFORMATION (continued)

INFORMATION ON MAJOR CUSTOMERS

Included in revenue arising from sales and integration services, services income and trading of mobile and electronic components of approximately HK$117,171,000 (2016: HK$178,104,000) are revenue of approximately HK$96,915,000 (2016: HK$117,109,000) which arose from sales to the Group's three (2016: three) major customers and each customer accounted for more than 10% of the Group's total revenue.

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

	2017 Revenue *HK$'000*	**2017 *Percentage of revenue***	2016 Revenue *HK$'000*	2016 *Percentage of revenue*
Customer A*	**46,635**	**40%**	N/A	N/A
Customer B	**36,068**	**31%**	56,667	32%
Customer C*	**14,212**	**12%**	N/A	N/A
Customer D**	**N/A**	**N/A**	32,328	18%
Customer E**	**N/A**	**N/A**	28,114	16%

* Customer A and C are new customers for the year ended 31 March 2017. Sales to Customer C is the related party transaction as disclosed in note 32(a) to the consolidated financial statements.

** Customer D and E contributed less than 10% of the Group's total revenue for the year ended 31 March 2017.

No other single customers contributed 10% or more to the Group's revenue for both 2017 and 2016.

9. OTHER INCOME

	2017 *HK$'000*	2016 *HK$'000*
Bank interest income	**107**	83
Consultancy income	**100**	–
Sundry income	**775**	–
	982	83

10. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Allowance for bad and doubtful debts	**(2,134)**	(2,149)
Gain on disposal of property, plant and equipment	**100**	–
Impairment loss of other receivables	**(961)**	(860)
Net foreign exchange gain	**(335)**	–
	(3,330)	(3,009)

11. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interests paid/payable to:		
– ultimate holding company	**3,547**	1,200
– the non-controlling interests of a subsidiary	**1,312**	1,572
– independent third parties	**3,591**	223
– a director of a subsidiary	**109**	–
	8,559	2,995

12. TAXATION

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**–**	111
	–	111

12. TAXATION (continued)

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. No provision for PRC Enterprise Income Tax had been made as the Group did not generate any assessable profits in the PRC in current year (2016: HK$111,000).

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

	2017 *HK$'000*	2016 *HK$'000*
Loss before taxation	**(61,004)**	(61,709)
Tax at the applicable income tax rate of 16.5% (2016: 16.5%)	**(10,066)**	(10,182)
Tax effect of expenses not deductible for tax purpose	**7,602**	6,280
Tax effect of income not taxable for tax purpose	**(1,225)**	(1,025)
Tax effect of deductible temporary differences not recognised	**11**	1,373
Tax effect of tax losses not recognised	**3,678**	3,627
Effect of different tax rates of subsidiaries operating in other jurisdiction	**–**	38
Taxation for the year	**–**	111

At 31 March 2017, the Group has unused tax losses of approximately HK$64,293,000 (2016: approximately HK$64,266,000) 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.

13. LOSS FOR THE YEAR

	2017 *HK$'000*	2016 *HK$'000*
Loss for the year has been arrived at after charging:		
Allowance for bad and doubtful debts	**2,134**	2,149
Auditor's remuneration		
– Audit services	**500**	500
– Non-audit services	**128**	128
Cost of inventories recognised as an expense	**101,237**	142,082
Depreciation of property, plant and equipment	**492**	9,711
Impairment loss of other receivables	**961**	860
Rent and rates	**10,416**	10,569
Share-based payment expenses	**–**	19,680
Staff costs (including directors' emoluments – Note 14)		
– salaries and allowance	**25,771**	32,848
– retirement benefits scheme contributions	**1,841**	3,179
	27,612	36,027
And after crediting:		
Bank interest income	**107**	83
Gain on disposal of property, plant and equipment	**100**	–

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:

	2017 ***HK$'000***	2016 *HK$'000*
Fees	**480**	480
Other emoluments:		
Basic salaries, other allowance and benefits in kind	**1,800**	2,600
Retirement benefit costs		
– Defined contribution retirement plans	**12**	18
	1,812	2,618
Total emoluments	**2,292**	3,098

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 2017

		Other emoluments			
	Directors' fees *HK$'000*	Basic salaries, other allowance and benefits in kind *HK$'000*	Discretionary bonus *HK$'000*	Defined contribution retirement plans *HK$'000*	2017 Total emoluments *HK$'000*
Executive Director					
Lam Ching Kui					
(Chief Executive Officer)	–	1,600	200	12	1,812
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	1,600	200	12	2,292

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 2016

		Other emoluments			
	Directors' fees	Basic salaries, other allowance and benefits in kind	Discretionary bonus	Defined contribution retirement plans	2016 Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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

No director waived any emoluments in the years ended 31 March 2017 and 2016. No incentive payment for joining the Group was paid or payable to any directors during the years ended 31 March 2017 and 2016.

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 2017 and 2016.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company during the years ended 31 March 2017 and 2016.

(B) DIRECTORS' RETIREMENT BENEFITS

None of the directors received or will receive any retirement benefits during the year (2016:Nil).

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)

(C) DIRECTORS' TERMINATION BENEFITS

None of the directors received or will receive any termination benefits during the year (2016:Nil).

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

During the year ended 31 March 2017, the Company did not pay consideration to any third parties for making available directors' services (2016: 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 2017, 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 (2016: Nil).

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

Except for note 32 to the consolidated financial statements, no other 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 years or at any time during the years of 2017 and 2016.

15. FIVE HIGHEST PAID EMPLOYEES

During the year, of the five individuals with the highest emoluments in the Group, one (2016: one) was the director of the Company whose emoluments are included in the disclosures above. The remuneration of the remaining four (2016: four) individuals were as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Basic salaries, other allowance and benefits in kind	**1,560**	1,762
Retirement benefit costs		
– Defined contribution retirement plans	**48**	54
	1,608	1,816

15. FIVE HIGHEST PAID EMPLOYEES (continued)

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

	Number of individual	
	2017	2016
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 2017 and 2016.

16. DIVIDEND

No dividend was paid or proposed during 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

17. LOSS PER SHARE

(A) BASIC LOSS PER SHARE

The calculation of the basic loss per share for the year ended 31 March 2017 was based on the Group's loss attributable to owners of the Company of approximately HK$48,853,000 (2016: approximately HK$56,747,000) and the number of ordinary shares of 21,391,162,483 (2016: 21,391,162,483) in issue at the end of the reporting year.

(B) DILUTED LOSS PER SHARE

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding due to the effect of all dilutive potential ordinary shares and the Group's loss attributable to 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 year ended 31 March 2017 and 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 year ended 31 March 2017 and 2016.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 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
Additions	–	11	–	11
Disposal	–	–	(621)	(621)
Effect of foreign currency exchange differences	–	(76)	–	(76)
At 31 March 2017	**13,575**	**2,523**	**1,720**	**17,818**
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 April 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
Charge for the year	59	433	–	492
Disposals	–	–	(621)	(621)
Effect of foreign currency exchange differences	–	(54)	–	(54)
At 31 March 2017	**13,575**	**2,038**	**1,720**	**17,333**
NET CARRYING AMOUNTS				
At 31 March 2017	**–**	**485**	**–**	**485**
At 31 March 2016	59	929	–	988

19. INVENTORIES

	2017 HK$'000	2016 HK$'000
Work in progress	**8,996**	19,423
Other consumables	**4,025**	4,544
	13,021	23,967

No inventories of the Group were carried at net realisable value (2016: 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 of sales and integration service/service income, on average 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. The credit terms granted to trade customers in respect of sales of mobiles and electronic components are due within 90 days from the date of billing.

	2017 HK$'000	2016 HK$'000
Trade receivables	**148,722**	93,316
Less: Allowance for bad and doubtful debts	**(35,941)**	(33,807)
	112,781	59,509
Other receivables	**1,530**	1,211
Prepayments	**15,166**	22,432
Deposits	**881**	1,255
	17,577	24,898
Total	**130,358**	84,407

Other receivables, prepayments and deposits mainly consist of approximately HK$881,000 for the rental and utility deposit of offices in Hong Kong and the PRC, approximately HK$452,000 for the tender guarantee of integration services contracts and approximately HK$14,949,000 for the prepayments of inventories to suppliers.

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 of services/ date of invoices:

	2017	2016
	HK$'000	*HK$'000*
Trade receivables		
0-90 days	**58,770**	55,956
91-180 days	**3,533**	3,553
Over 180 days	**50,478**	–
	112,781	59,509

Subsequent to 31 March 2017, the trade receivables of approximately HK$77,526,000 has been settled.

Movements in the allowance for bad and doubtful debts:

	2017	2016
	HK$'000	*HK$'000*
Balance at beginning of the year	**33,807**	31,658
Allowance recognised on receivables	**2,134**	2,149
Balance at end of the year	**35,941**	33,807

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

As at 31 March 2017, trade receivables of HK$34,655,000 (2016: Nil) were past due but not impaired. These relate to a number of independent debtors for whom there is no recent history of default and a substantial portion of the carrying amount is subsequently settled. The Group does not hold any collateral as security over these debtors. The aging analysis of the trade receivables which are past due but not impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
0-90 days	**27,493**	–
91-180 days	**7,162**	–
Over 180 days	**–**	–
Total	**34,655**	–

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

21. FIXED DEPOSITS

Fixed deposits with banks of HK$300,000 carry interest at market rates of 0.001% (2016: 0.001%) per annum.

22. BANK BALANCES AND CASH

	2017	2016
	HK$'000	*HK$'000*
Fixed deposit *(note 21)*	**300**	300
Cash at banks and on hand *(note)*	**28,553**	35,727
Less: Restricted bank deposit	**(18,719)**	–
Cash and cash equivalents in the consolidated statement of cash flow	**10,134**	36,027

Note:

Among the bank balances of the Group, approximately HK$18,719,000 (RMB16,465,000) was restrained from dealing due to the civil actions taken by the PRC claimants. For details, please refer to note 36 (II) to the consolidated financial statements.

In the view of the directors of the Company, aforesaid restricted bank balances are not available for general use by the Group may have an adverse impact on the cash flow position of the Group as at 31 March 2017, however, the ultimate holding company and the ultimate controlling party has undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern as disclosed in note 2 to the consolidated financial statements.

Bank balances carry interest at market rates which range from 0.001% to 0.35% (2016: 0.001% to 0.35%) per annum.

23. 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/date of invoices:

	2017 *HK$'000*	2016 *HK$'000*
Trade payables *(note i)*		
0-90 days	**36,987**	39,080
91-180 days	**20,504**	10,488
Over 180 days	**42,127**	21,144
	99,618	70,712
Other payables *(note ii)*		
Receipts in advance	**3,381**	16,703
Accruals and others	**32,777**	12,829
	36,158	29,532
Total	**135,776**	100,244

Notes:

(i) At 31 March 2017, trade payables of RMB28,538,000 (approximately HK$32,444,000) involved lawsuit filed against a major subsidiary of the Company, Beijing HollyBridge System Integration Company Limited ("Beijing HollyBridge"). Please refer to the note 36(II) to the consolidated financial statements.

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

(ii) The other payables, mainly consist of approximately HK$3,381,000 for the deposits payment from customers, approximately HK$14,176,000 for the accrued rental expenses of offices in Hong Kong and the PRC, HK$5,930,000 for the accrued salaries in Hong Kong, HK$3,658,000 for interest payables of borrowings, HK$2,747,000 for accrued legal and professional expenses.

The directors of the Company consider that the trade and other payables approximates to their values.

24. BORROWINGS

	2017 HK$'000	2016 HK$'000
Loans from independent third parties *(note)*	**37,237**	1,563
Loan from a director of a subsidiary	**1,819**	–
	39,056	1,563

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

Note:

Included in loans from independent third parties, a loan of RMB31,854,000 (approximately equivalent to HK$36,214,000) was demanded for repayment by a lender. Subsequent to 31 March 2017, the principal amount of the above loan with related interest have been fully settled in accordance with the arbitral award.

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

The amount due to the non-controlling interests of a subsidiary is unsecured, repayable on demand and bearing interest at prevailing interest rate from 1 April 2014. No interest was charged prior to 1 April 2014. The principal loan amount of RMB24,000,000 was involved in the lawsuit filed against a subsidiary of the Company, Beijing HollyBridge, as disclosed in note 36 (I) to the consolidated financial statements.

26. LOANS FROM THE ULTIMATE HOLDING COMPANY

The loans were sub-ordinated in nature which were unsecured, interest bearing at 6.25% for both years and not repayable within one year. 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 under the same terms and conditions. The ultimate holding company, Supreme Union, has confirmed that it will not demand the Company for repayment of such loans until all the other liabilities of the Group had been satisfied.

27. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 1 April 2015, 31 March 2016 and 31 March 2017	**89,000,000**	890,000
Convertible preference shares of HK$0.01 each at 1 April 2015, 31 March 2016 and 31 March 2017	**11,000,000**	110,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 April 2015, 31 March 2016 and 31 March 2017	**21,391,163**	213,912

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.

28. NON-CONTROLLING INTERESTS

	2017 ***HK$'000***	2016 *HK$'000*
Balance at beginning of the year	**14,724**	20,088
Share of loss for the year	**(12,151)**	(5,073)
Exchange realignment	**338**	(291)
Balance at end of the year	**2,911**	14,724

29. 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 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 Share Option Scheme will be a price not less than 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.

As at 31 March 2017 and 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 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 Share Option Scheme was 1,069,558,120, representing approximately 5% of the issued shares of the Company.

29. SHARE OPTIONS (continued)

EQUITY-SETTLED SHARE OPTION SCHEME (continued)

Movements of the Company's share options held by consultants and employees during the year ended 31 March 2017 are set out below:

	Number of share options						
Category of participants	At 1 April 2016	Granted	Exercised	At 31 March 2017	Date of grant	Exercise period	Exercise price HK$
Consultants	855,646,496	–	–	855,646,496	15 Jan 2016	15 January 2016 to 14 January 2021	0.037
Employee	213,911,624	–	–	213,911,624	15 Jan 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

29. 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.

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$1,841,000 (2016: approximately HK$3,179,000) 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

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:

	2017 HK$'000	2016 HK$'000
Within one year	1,686	2,123
In the second to fifth year inclusive	–	–
	1,686	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.

(II) CAPITAL COMMITMENTS

	2017 HK$'000	2016 HK$'000
Contracted but not provided for in the financial statements in respect of intangible assets	4,832	–

32. RELATED PARTIES TRANSACTIONS AND BALANCES

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:

	2017	2016
	HK$'000	*HK$'000*
Rental expenses paid/payable to:		
Ms. Chan Oi Mo *(note i)*	**4,200**	3,600
Wai Chun Holdings Group Limited *(note ii)*	**3,188**	3,188
Interest expense paid/payable to:		
Wai Chun Investment Fund *(note iii)*	**–**	1,200
Supreme Union *(note iii)*	**3,547**	–
Non-controlling interest of a subsidiary	**1,312**	1,572
A director of subsidiary	**109**	–
Sales to:		
Wai Chun Culture Development (Shanghai) Limited* *(note iv)*	**14,212**	–

32. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

(B) OUTSTANDING BALANCES WITH RELATED PARTIES

	2017 HK$'000	2016 HK$'000
Amounts due to the non-controlling interest of a subsidiary *(note 25)*	**31,401**	31,849
Trade receivables from Wai Chun Culture Development (Shanghai) Limited* *(note iv)*	**15,416**	–
Loans from ultimate holding company *(note 26)*	**64,709**	49,801
Loan from a director of subsidiary *(note 24)*	**1,819**	–

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) The interest expense is arising from loans from the ultimate holding company as described in note 26 to the consolidated financial statements. As disclosed in note 1 to the consolidated financial statement, Supreme Union is the ultimate holding company of the Company from 2 November 2016. By way of an assignment of loan agreement dated 2 November 2016, the outstanding loan amount and loan facilities granted by previous ultimate holding company, Wai Chun Investment Fund were assigned to Supreme Union under the same terms and conditions.

(iv) Wai Chun Culture Development (Shanghai) Limited* has common ultimate controlling party of the Company, Mr. Lam. The trade receivables were fully settled after the financial reporting period.

* The English name is directly translated from the Chinese name shown in the PRC business license.

32. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

(C) KEY MANAGEMENT PERSONNEL COMPENSATION

Remuneration for key management personnel is as follows:

	2017	2016
	HK$'000	*HK$'000*
Directors' fee	**480**	480
Basic salaries, other allowance and benefit in kind	**2,250**	3,250
Retirement benefits scheme contributions	**24**	36
	2,754	3,766

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.

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

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**253**	354
Interests in subsidiaries		**–**	–
		253	354
Current assets			
Inventories		**4,025**	4,544
Other receivables, prepayments and deposits		**330**	117
Cash at bank		**5**	5
		4,360	4,666
Current liabilities			
Other payables and accruals		**(8,678)**	4,459
Net current (liabilities) assets		**(4,318)**	207
Total assets less current liabilities		**(4,065)**	561
Non-current liability			
Loans from ultimate holding company	*26*	**64,709**	49,801
Net liabilities		**(68,774)**	(49,240)
Capital and reserves			
Share capital	*27*	**213,912**	213,912
Reserves	*34*	**(282,686)**	(263,152)
Capital deficiency		**(68,774)**	(49,240)

The financial statements was approved and authorised for issue by the Board of Directors on 30 June 2017 and are signed on its behalf by:

Lam Ching Kui	**Ko Ming Tung, Edward**
Director	*Director*

34. RESERVES

The Company

	Share premium HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2015	5,000	–	(203,905)	(198,905)
Total comprehensive expenses for the year	–	19,680	(83,927)	(64,247)
At 31 March 2016	5,000	19,680	(287,832)	(263,152)
Total comprehensive expenses for the year	–	–	(19,534)	(19,534)
At 31 March 2017	**5,000**	**19,680**	**(307,366)**	**(282,686)**

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 issued/ registered capital	Proportion of ownership interest held by the Company Directly 2017	Directly 2016	Indirectly 2017	Indirectly 2016	Principal activities
Beijing HollyBridge System Integration Company Limited *(note 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
Pacific Alpha Limited	BVI	USD1	100%	–	–	–	Dormant
Plus Communication Limited (previous known as Plus Financial Distribution Holdings Limited)	Hong Kong	HK$2	100%	100%	–	–	Trading of mobile and electronic components
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 (i): The English name is directly translated from the Chinese name shown in the PRC business license.

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 non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		31.3.2017	31.3.2016	**31.3.2017**	31.3.2016	**31.3.2017**	31.3.2016
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Beijing Holly Bridge System Integration Company Limited	PRC	**49%**	49%	**12,151**	5,073	**2,911**	14,724

Summarised financial information in respect of each of the Group's subsidiary 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

	2017	2016
	HK$'000	*HK$'000*
Current assets	**144,438**	159,020
Non-current assets	**192**	469
Current liabilities	**(176,693)**	(167,444)
Non-current liabilities	**–**	–
Capital deficiency to owners of the Company	**(16,352)**	(4,057)
Non-controlling interests	**(15,711)**	(3,898)

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)

	2017 HK$'000	2016 HK$'000
Revenue	71,418	178,181
Expenses	(96,217)	(188,535)
Loss for the year	(24,799)	(10,354)
Loss attributable to owners of the Company	(12,648)	(5,281)
Loss attributable to the non-controlling interests	(12,151)	(5,073)
Loss for the year	(24,799)	(10,354)
Other comprehensive income attributable to owners of the Company	353	1,394
Other comprehensive income (expense) attributable to the non-controlling interests	338	(291)
Other comprehensive income for the year	691	1,103
Total comprehensive expense attributable to owners of the Company	(12,295)	(3,887)
Total comprehensive expense attributable to the non-controlling interests	(11,813)	(5,364)
Total comprehensive expense for the year	(24,108)	(9,251)
Net cash outflow from operating activities	(46,485)	(5,048)
Net cash outflow from investing activities	(18,623)	(920)
Net cash inflow from financing activities	38,109	39,978
Net cash (outflow) inflow	(26,999)	34,010

36. LITIGATION AND CONTINGENT LIABILITIES

(I) RMB24,000,000 (APPROXIMATELY HK$27,285,000) AMOUNT DUE TO NON-CONTROLLING INTEREST OF BEIJING HOLLYBRIDGE

The non-controlling shareholder of Beijing HollyBridge (the "Non-controlling Shareholder") had advanced RMB24,000,000 to Beijing HollyBridge during the period from June 2013 to February 2015. The amount due has been recognised as liability in the consolidated financial statements at the relevant time. The amount due is unsecured, repayable on demand and bearing interest at prevailing interest rate since 1 April 2014.

According to the civil claim filed with the Haidian District People's Court of Beijing by the Non-controlling Shareholder (as plaintiff), it was claimed that Beijing HollyBridge failed to repay the amount due when it was demanded by the Non-controlling Shareholder.

On 17 April 2017, Haidian District People's Court of Beijing issued a ruling of the above civil claim that the Company should repay the principal amount of borrowings of RMB24,000,000 to Non-controlling Shareholder. Beijing HollyBridge has applied for an appeal to Beijing First Intermediate People's Court on 15 May 2017.

The proceedings are ongoing up to the date of issuance of these consolidated financial statements and the outcome is subject to uncertainties. The directors of the Company consider that no provision is required at this stage of the proceedings as the principal and interest during the period have already been recorded as liability in the consolidated financial statements. There might be additional interest and related legal costs incurred, but the amount is expected to be immaterial.

(II) LITIGATIONS/MEDIATIONS WITH SUPPLIERS

As at 31 March 2017, trade payables in the amount of RMB28,538,000 (approximately HK$32,444,000) of Beijing HollyBridge were claimed by certain suppliers for overdue settlement together with penalty charge/legal fee of RMB1,514,000 (approximately HK$1,721,000). The main reason for the delay in payment was due to personnel changes in Beijing HollyBridge and the new management needs some time to clarify the validity of the trade payables before settlement.

A substantial portion of the outstanding amount has been subsequently settled after the year end date. As a result, outstanding balance of the overdue trade payables and penalty charge/legal fee are RMB8,463,000 (approximately HK$9,622,000) and RMB1,307,000 (approximately HK$1,487,000) respectively as at the date of this report. At 31 March 2017, bank balances of Beijing HollyBridge amounted to RMB16,465,000 (approximately HK$18,719,000) was frozen by the court pursuant to the aforesaid suppliers' claims.

The directors are of the view that the litigations/mediations have no significant impact on the Group's financial position and its operating result for the year ended 31 March 2017 as all the above payable amounts have already been recorded in the consolidated financial statements as at 31 March 2017.

36. LITIGATION AND CONTINGENT LIABILITIES (continued)

(III) DEPOSIT REFUND OF RMB5,817,000 (APPROXIMATELY HK$6,614,000)

During the year, an arbitral claim against a subsidiary of the Company, Holy (Hong Kong) Universal Limited (the “Holy (Hong Kong)”) was filed for refund of a management deposit of RMB5,817,000 by the Non-controlling Shareholder. The deposit originated from a management agreement made between Holy (Hong Kong), Non-controlling Shareholder and other parties. On the same day when the management agreement was signed, the rights and obligations of the deposit was transferred to an independent third party (the “Assignee”) according to legal rights assignment (the “Assignment Agreement”) entered into between Holy (Hong Kong) and Assignee. According to the Assignment Agreement, the Assignee would take custody of the deposit and is liable for the repayment of deposit on demand on completion of obligations under the management agreement. As the Assignee has not made the payment yet and as a result of Holy (Hong Kong)’s 51% of the equity interests in Beijing HollyBridge has been frozen. The Group is sorting out legal actions to be taken. In the opinion of the directors of the Company, in case when the Assignee defaults to repay, Holy (Hong Kong) may be obligated to make the deposit refund.

Having sought legal advices, the directors believe that above contingent liabilities are unlikely to materialise and no provision for liabilities in this respect has been made in the consolidated financial statements.

37. EVENTS AFTER THE REPORTING PERIOD

On 9 June 2017, the Company, Trend Access Limited (a direct wholly owned subsidiary of the Company) (as purchaser) and Hodgson Technologies Limited (the “Vendor”), entered into an equity transfer agreement pursuant to which Trend Access Limited has conditionally agreed to acquire and the Vendor has conditionally agreed to sell an aggregate of 51% of equity interest in the target company (Yueyang Kaida Kewang Motor Vehicle Parts Manufacturing Limited), for the consideration of RMB7,500,000 (equivalent to approximately HK$8,400,000), and shall be paid by the Company to the Vendor by way of the issue and allotment of 84 million consideration shares at the issue price of approximately HK$0.10 per consideration shares to the Vendor. More details of the proposed acquisition can be found in the announcement of the Company dated 9 June 2017.

38. COMPARATIVE FIGURES

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

Five Years Financial Summary

For the year ended 31 March 2017

RESULTS

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**117,171**	178,104	152,469	139,438	143,329
Loss before taxation	**(61,004)**	(61,709)	(34,340)	(50,756)	(11,378)
Taxation	**–**	(111)	(283)	(133)	(437)
Loss for the year	**(61,004)**	(61,820)	(34,623)	(50,889)	(11,815)
Non-controlling interests	**12,151**	5,073	5,510	11,742	873
Loss for the year attributable to owners of the Company	**(48,853)**	(56,747)	(29,113)	(39,147)	(10,942)

ASSETS AND LIABILITIES

	As at 31 March				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**172,717**	145,389	83,280	93,556	105,916
Total liabilities	**(270,942)**	(183,566)	(79,650)	(55,230)	(67,039)
	(98,225)	(38,177)	3,630	38,326	38,877
Non-controlling interests	**(2,911)**	(14,724)	(20,088)	(25,175)	(36,820)
(Capital deficiency) equity attributable to owners of the Company	**(101,136)**	(52,901)	(16,458)	13,151	2,057