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偉俊集團控股有限公司*

Wai Chun Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1013)

2014 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of Wai Chun Group Holdings Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Turnover	4	139,438	143,329
Cost of sales		<u>(118,370)</u>	<u>(121,704)</u>
Gross profit		21,068	21,625
Other income	5	781	8,389
Net realised (loss) gain on disposal of held-for-trading investments		(1,582)	38
Net unrealised (loss) gain on held-for-trading investments		(1,300)	3,365
Selling and distribution expenses		(26,723)	(15,630)
Administrative expenses		(42,315)	(27,921)
Finance costs		<u>(685)</u>	<u>(1,244)</u>
Loss before taxation		(50,756)	(11,378)
Taxation	6	<u>(133)</u>	<u>(437)</u>
Loss for the year	7	<u>(50,889)</u>	<u>(11,815)</u>
Loss attributable to:			
– Shareholders of the Company		(39,147)	(10,942)
– Non-controlling interests		<u>(11,742)</u>	<u>(873)</u>
		<u>(50,889)</u>	<u>(11,815)</u>
Loss per share	8	<i>HK cents</i>	<i>HK cents</i>
– Basic		<u>(0.25)</u>	<u>(0.20)</u>
– Diluted		<u>(0.25)</u>	<u>(0.20)</u>

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss for the year	<u>(50,889)</u>	<u>(11,815)</u>
Other comprehensive income (expense): <i>Items that have been reclassified or may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>338</u>	<u>(91)</u>
Other comprehensive income (expense) for the year	<u>338</u>	<u>(91)</u>
Total comprehensive expense for the year	<u><u>(50,551)</u></u>	<u><u>(11,906)</u></u>
Total comprehensive expenses attributable to:		
– Shareholders of the Company	<u>(38,906)</u>	<u>(11,121)</u>
– Non-controlling interests	<u>(11,645)</u>	<u>(785)</u>
	<u><u>(50,551)</u></u>	<u><u>(11,906)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Non-current asset			
Property, plant and equipment		<u>15,547</u>	<u>14,440</u>
Current assets			
Inventories		25,286	21,664
Trade and other receivables, prepayments and deposits	9	29,618	45,971
Held-for-trading investments		8,488	18,918
Tax recoverable		120	–
Fixed deposits		300	300
Bank balances and cash		<u>14,197</u>	<u>4,623</u>
		<u>78,009</u>	<u>91,476</u>
Current liabilities			
Trade and other payables	10	26,327	38,488
Tax payable		–	134
Amount due to the non-controlling interests of a subsidiary		<u>28,903</u>	<u>–</u>
		<u>55,230</u>	<u>38,622</u>
Net current assets		<u>22,779</u>	<u>52,854</u>
Total assets less current liabilities		<u>38,326</u>	<u>67,294</u>
Non-current liability			
Loan from the ultimate holding company		<u>–</u>	<u>28,417</u>
Net assets		<u>38,326</u>	<u>38,877</u>
Capital and reserves			
Share capital	11	213,912	53,912
Reserves		<u>(200,761)</u>	<u>(51,855)</u>
Equity attributable to shareholders of the Company		13,151	2,057
Non-controlling interests		<u>25,175</u>	<u>36,820</u>
Total equity		<u>38,326</u>	<u>38,877</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. BASIS OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. 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.

Basis of Consolidation

On 17 January 2013, the 49% non-controlling shareholder of a Company’s major subsidiary Beijing HollyBridge System Integration Company Limited (the “Beijing HollyBridge”) injected additional share capital into Beijing HollyBridge amounting to RMB30,380,000 (approximately HK\$37,880,000) being the amount attributable to the percentage of share capital held by it. The Group is required to inject the additional share capital of amount RMB31,620,000 (approximately HK\$39,735,000) on a pro rata basis into Beijing HollyBridge within two years without having to dilute its shareholding and profit sharing ratio in Beijing HollyBridge. The Directors have represented that they had agreed to inject the additional share capital within two years. The consolidated financial statements have been prepared on the basis that such capital injection will be made within two years and, accordingly, there are no changes of shareholding percentage and profit sharing ratio in Beijing HollyBridge. If the Group fails to inject the additional share capital in Beijing HollyBridge within the prescribed period, the Group’s interest in Beijing HollyBridge will be diluted and will constitute a deemed disposal of a subsidiary in the Group. The Group’s interest in Beijing HollyBridge shall be accounted for as investment in an associate upon and after completion of the deemed disposal. As a result, the consolidated financial statements will have to be restated accordingly.

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

New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements

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

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

Except as described below, the application of the new and revised 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 consolidated financial statements.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors are of the opinion that the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle ³
HKFRS 9	Financial instruments ⁴
HKFRS 14	Regulatory deferral accounts ⁵
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transitional disclosures ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ¹
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations ⁶
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ⁶
Amendments to HKAS 19	Defined benefit plans: employee contributions ³
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ¹
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets ¹
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting ¹
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

³ Effective for annual periods beginning on or after 1 July 2014

⁴ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

⁵ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

⁶ Effective for annual HKFRS periods beginning on or after 1 January 2016

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

4. TURNOVER AND SEGMENT INFORMATION

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies in conformity with HKFRSs, that are regularly reviewed by the executive directors of the Company, being the Chief Operating Decision Maker (the “CODM”) of the Group.

Business Segment

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

Sales and integration services:	Income from sales and services provision of integration services of computer and communication systems
Services income:	Income from design, consultation and production of information system software and management training services
Securities investments:	Listed securities in held-for-trading investments

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 2014

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
TURNOVER				
External sales	<u>99,815</u>	<u>39,623</u>	<u>–</u>	<u>139,438</u>
SEGMENT RESULTS	<u>(24,771)</u>	<u>681</u>	<u>(2,361)</u>	<u>(26,451)</u>
Unallocated corporate income				261
Unallocated corporate expenses				(23,881)
Finance costs				<u>(685)</u>
Loss before taxation				(50,756)
Taxation				<u>(133)</u>
Loss for the year				<u><u>(50,889)</u></u>

For the year ended 31 March 2013

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
TURNOVER				
External sales	<u>108,190</u>	<u>35,139</u>	<u>–</u>	<u>143,329</u>
SEGMENT RESULTS				
	<u>(9,111)</u>	<u>7,575</u>	<u>3,818</u>	2,282
Unallocated corporate income				7,648
Unallocated corporate expenses				(20,064)
Finance costs				<u>(1,244)</u>
Loss before taxation				(11,378)
Taxation				<u>(437)</u>
Loss for the year				<u><u>(11,815)</u></u>

Segment assets and liabilities

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

At 31 March 2014

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	37,546	14,904	8,488	60,938
Unallocated assets				<u>32,618</u>
Consolidated assets				<u><u>93,556</u></u>
Segment liabilities	37,849	15,025	–	52,874
Unallocated liabilities				<u>2,356</u>
Consolidated liabilities				<u><u>55,230</u></u>

At 31 March 2013

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

Other information

For the year ended 31 March 2014

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	501	199	–	1,200	1,900
Depreciation of property, plant and equipment	90	36	–	661	787
Allowance for bad and doubtful debts	<u>1,237</u>	<u>491</u>	<u>–</u>	<u>–</u>	<u>1,728</u>

For the year ended 31 March 2013

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

Geographical segments

No geographical segment analysis on turnover is provided as substantially all of the Group's revenue and contribution to results were derived from the People's Republic of China (the "PRC").

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

	Carrying amount of segment assets		Additions to property, plant and equipment	
	31.3.2014 <i>HK\$'000</i>	31.3.2013 <i>HK\$'000</i>	31.3.2014 <i>HK\$'000</i>	31.3.2013 <i>HK\$'000</i>
Hong Kong	40,249	45,487	1,200	1,316
The PRC, excluding Hong Kong	53,307	60,429	700	25
	<u>93,556</u>	<u>105,916</u>	<u>1,900</u>	<u>1,341</u>

Information on major customers

Included in turnover arising from sales and integration services and service income of HK\$139,438,000 (2013: HK\$143,329,000) are turnover of approximately HK\$99,832,000 (2013: HK\$115,021,000) which arose from sales to the Group's three (2013: three) major customers and each customers accounted for more than 10% of the Group's total turnover.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Customer A	68,640	75,534
Customer B	16,592	18,759
Customer C*	N/A	20,728
Customer D**	<u>14,600</u>	<u>N/A</u>

* Customer C contributed less than 10% of the Group's total turnover for the year ended 31 March 2014.

** Customer D contributed less than 10% of the Group's total turnover for the year ended 31 March 2013.

5. OTHER INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Bank interest income	23	23
Compensation income (<i>Note</i>)	–	7,454
Dividend income from held-for-trading investments	520	415
Gain on disposal of property, plant and equipment	–	1
Over-provision of allowance for bad and doubtful debts	–	326
Sundry income	238	170
	<u>781</u>	<u>8,389</u>

Note:

During the year 2013, the Company has received the compensation income related to uncollectable receivables and vehicle lost case in previous years.

6. TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax:		
Hong Kong	–	–
PRC Enterprise Income Tax	133	176
	<u>133</u>	<u>176</u>
Under-provision in prior year:		
Hong Kong	–	–
PRC Enterprise Income Tax	–	261
	<u>–</u>	<u>261</u>
Total income tax recognised in profit and loss	<u>133</u>	<u>437</u>

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.

7. LOSS FOR THE YEAR

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Auditor's remuneration	500	500
Allowance for bad and doubtful debts	1,728	–
Depreciation on property, plant and equipment	787	723
Loss on disposal of property, plant and equipment	1	–
Staff costs (including directors' emoluments)		
– salaries and allowance	24,910	19,116
– retirements benefits scheme contributions	1,956	1,734
	<u>26,866</u>	<u>20,850</u>
And after crediting:		
Bank interest income	23	23
Gain on disposal of property, plant and equipment	–	1
Over-provision of allowance for bad and doubtful debts	–	326
	<u>–</u>	<u>326</u>

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share for the year ended 31 March 2014 was based on the Group's loss attributable to shareholders of the Company of approximately HK\$39,147,000 (2013: approximately HK\$10,942,000) and the weighted average number of ordinary shares of 15,714,450,154 (2013: 5,391,162,483) in issue at the end of the reporting period, calculated as follows:

	2014 <i>'000</i>	2013 <i>'000</i>
Issued ordinary shares at 1 April	5,391,163	5,391,163
Effect of share options exercised	3,167,671	–
Effect of conversion of convertible preference shares	7,155,616	–
	<u>15,714,450</u>	<u>5,391,163</u>
Weighted average number of ordinary shares	<u>15,714,450</u>	<u>5,391,163</u>

(b) Diluted loss per share

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

For the year ended 31 March 2014, convertible preference shares were converted fully and share options were exercised or lapsed. The amount of diluted loss per share is the same as basic loss per share as there is no dilutive potential ordinary share for the year ended 31 March 2014.

For the year ended 31 March 2013, the Company has two categories of dilutive potential ordinary shares: convertible preference shares and share options. The calculation of diluted loss per share for the year ended 31 March 2013 does not assume the conversion of the convertible preference shares and the exercise of the share options since their exercise would result in decrease in loss per share.

9. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

According to the contracts entered into with trade customers, an average of the contracts revenue is normally collected within 90 days from the date of receipt of customers' acceptance, whereas the remaining trade receivables represent retentions held by customers which are normally due one year after completion of the project.

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	54,099	47,955
<i>Less: Allowance for bad and doubtful debts</i>	<u>(28,735)</u>	<u>(27,007)</u>
	25,364	20,948
Other receivables, prepayments and deposits	<u>4,254</u>	<u>25,023</u>
Total trade and other receivables, prepayments and deposits	<u>29,618</u>	<u>45,971</u>

Other receivables and deposits mainly consist of approximately HK\$116,000 for the deposit for leasehold improvements, approximately HK\$1,036,000 for the rental and utility deposit of offices in Hong Kong and the PRC, approximately HK\$479,000 for the tender guarantee of integration services contracts, approximately HK\$643,000 for the cash advances to staff for business purpose in the PRC office and approximately HK\$936,000 for the prepayment of purchase from suppliers.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0-30 days	24,704	20,719
31-90 days	–	229
Over 90 days	<u>660</u>	<u>–</u>
	<u>25,364</u>	<u>20,948</u>

Movements in the allowance for bad and doubtful debts:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Balance at beginning of the year	27,007	27,333
Allowance recognised on receivables	1,728	–
Over-provision of previous years	<u>–</u>	<u>(326)</u>
Balance at end of the year	<u>28,735</u>	<u>27,007</u>

There is no trade receivables that are past due but not impaired for both years ended of 2014 and 2013.

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

10. TRADE AND OTHER PAYABLES

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables		
0-90 days	15,822	20,920
91-180 days	135	3,588
Over 180 days	<u>7,127</u>	<u>6,897</u>
	23,084	31,405
Other payables	<u>3,243</u>	<u>7,083</u>
Total	<u>26,327</u>	<u>38,488</u>

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

11. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 1 April 2012, 31 March 2013 and 31 March 2014	<u>89,000,000</u>	<u>890,000</u>
Convertible preference shares of HK\$0.01 each at 1 April 2012, 31 March 2013 and 31 March 2014	<u>11,000,000</u>	<u>110,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 1 April 2012 and 31 March 2013	5,391,163	53,912
Exercise of share options (<i>Note a</i>)	5,000,000	50,000
Conversion of convertible preference shares (<i>Note b</i>)	<u>11,000,000</u>	<u>110,000</u>
Ordinary shares of HK\$0.01 each at 31 March 2014	<u>21,391,163</u>	<u>213,912</u>
Convertible preference shares of HK\$0.01 each at 1 April 2012 and 31 March 2013	11,000,000	110,000
Conversion of convertible preference shares (<i>Note b</i>)	<u>(11,000,000)</u>	<u>(110,000)</u>
Convertible preference shares of HK\$0.01 each at 31 March 2014	<u>–</u>	<u>–</u>

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

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

12. CAPITAL COMMITMENTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Contracted but not provided in the financial statements in respect of property, plant and equipment	<u>4,312</u>	<u>4,210</u>
Additional share capital in a subsidiary due and payable within a period of 9 months (2013: 21 months) (<i>Note</i>)	<u>39,735</u>	<u>39,525</u>

Note:

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

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2014.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's state of affairs as at 31 March 2014, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

On 17 January 2013, the 49% non-controlling shareholder of a Company's major subsidiary Beijing HollyBridge System Integration Company Limited (the "Beijing HollyBridge") injected additional share capital into Beijing HollyBridge amounting to RMB30,380,000 (approximately HK\$37,880,000) being the amount attributable to the percentage of share capital held by it. The Group is required to inject the additional share capital of amount RMB31,620,000 (approximately HK\$39,735,000) on a pro rata basis into Beijing HollyBridge within two years without having to dilute its shareholding and profit sharing ratio in Beijing HollyBridge. The Directors have represented that they had agreed to inject the additional share capital within two years. The consolidated financial statements have been prepared on the basis that such capital injection will be made within two years and, accordingly, there are no changes of shareholding percentage and profit sharing ratio in Beijing HollyBridge. If the Group fails to inject the additional share capital in Beijing HollyBridge within the prescribed period, the Group's interest in Beijing HollyBridge will be diluted and will constitute a deemed disposal of a subsidiary in the Group. The Group's interest in Beijing HollyBridge shall be accounted for as investment in an associate upon and after completion of the deemed disposal. As a result, the consolidated financial statements will have to be restated accordingly.

FINANCIAL REVIEW

Financial Performance

For the year ended 31 March 2014, the Group recorded a turnover of HK139,438,000 (2013: HK\$143,329,000) representing a decrease of 2.7% when compared to 2013. The decrease in turnover is attributable to a decrease in the sales and integration services contracts during the year. In line with the decrease in turnover, gross profit decreased to HK\$21,068,000 (2013: HK\$21,625,000) representing a decrease of 2.6% compared to 2013. The gross profit margin remains nearly unchanged at 15.1%. Selling and distribution expenses and administrative expenses increased by 71.0% and 51.6% respectively when compared to 2013, which is mainly due to the expansion of business in the People's Republic of China by increasing staff members of sales and marketing teams and by continuously enhancing its sales and marketing office.

Listed securities investments recorded a loss of HK\$2,882,000 (2013: gain of HK\$3,403,000) during the year, of which mainly mark-to-market adjustment recorded a loss of HK\$1,300,000 (2013: gain of HK\$3,365,000) and disposal of listed securities investments recorded a loss of HK\$1,582,000 (2013: gain of HK\$38,000) to the results of the Group. Other income decreased from HK\$8,389,000 to HK\$781,000 which is mainly attributable to a HK\$7,454,000 compensation income received in 2013 related to guarantee amount paid and vehicle lost case in previous years while no similar gain was recorded during the year ended 31 March 2014.

The Group recorded a loss attributable to shareholders of the Company of HK\$39,147,000 (2013: HK\$10,942,000) for the year.

Financial Resources and Position

As at 31 March 2014, the Group did not have any external borrowings. Cash and cash equivalents amounted to HK\$14,197,000 (2013: HK\$4,623,000) as at 31 March 2014 which are mostly denominated in Hong Kong Dollars and Renminbi. As the Group's businesses are conducted in the PRC, the Group does not expect to be exposed to any material foreign exchange risks.

The Group had no assets pledged or any material contingent liabilities as at 31 March 2014. At the end of the year, the current ratio of the Group is 1.41 (2013: 2.37).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

BUSINESS REVIEW

The Group is principally engaged in (i) network and system integration by the production of software and provision of solutions and related services; (ii) trading of communication products; (iii) provision of financial services; (iv) investment holdings; (v) securities investments and (vi) provision of telecommunications infrastructure solution services. Through the operations of Beijing HollyBridge System Integration Co., Limited ("Beijing HollyBridge"), the major subsidiary of the Group, the Group has provided one stop solution, including hardware and system modification for the customers. The management continued to devote its effort to enhance the operational efficiency of Beijing HollyBridge, and during the year ended 31 March 2014, service contracts entered into with various customers such as banks, governmental agencies and public transportation companies amounted to approximately RMB128 million.

Looking forward, the Management will devote its effort by enhancing operational efficiency, reducing overheads and increasing manpower in sales and marketing teams to turn the Group back to a profitable position. In addition, the Group is monitoring closely the latest trends and the development of the global economy and to take advantage of all business opportunities.

OTHER INFORMATION

Employees

As at 31 March 2014, the Group had a total of 137 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.

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 2014.

Corporate Governance

During the year ended 31 March 2014, the Company complied with the code provisions as set out in the Code on Corporate Governance Practices in Appendix 14 (the "CG Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except code provision A.2.1, A.3.2 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 comprised of experienced and high caliber individuals with sufficient number thereof being independent non-executive directors.

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

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

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. All directors have confirmed, following specific enquiries by the Company that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2014.

Audit Committee

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

A meeting of the Audit Committee was held to review the Group's audited consolidated financial statements for the year ended 31 March 2014, in conjunction with the Group's external auditor, HLM CPA Limited.

Scope of work of HLM CPA Limited

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the Group's auditors, HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on the preliminary announcement.

Annual General Meeting

For details of the annual general meeting, please refer to the Notice of Annual General Meeting which is expected to be published on or around 31 July 2014.

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.

By Order of the Board
LAM Ching Kui
Chairman and Chief Executive Officer

Hong Kong, 26 June 2014

As at the date of this announcement, the Board comprises:

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