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 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 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	4	**117,171**	178,104
Cost of sales		**(104,185)**	(146,844)
Gross profit		**12,986**	31,260
Other income	5	**982**	83
Other gains and losses		**(3,330)**	(3,009)
Selling and distribution expenses		**(22,673)**	(25,701)
Administrative expenses		**(40,410)**	(61,347)
Finance costs		**(8,559)**	(2,995)
Loss before taxation		**(61,004)**	(61,709)
Taxation	6	**–**	(111)
Loss for the year	7	**(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	9	*HK cents*	*HK cents*
– Basic		**(0.23)**	(0.27)
– Diluted		**(0.23)**	(0.27)

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'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		**485**	988
Current assets			
Inventories		**13,021**	23,967
Trade and other receivables, prepayments and deposits	*10*	**130,358**	84,407
Fixed deposits		**300**	300
Bank balances and cash		**28,553**	35,727
		172,232	144,401
Current liabilities			
Trade and other payables	*11*	**135,776**	100,244
Tax payable		**–**	109
Borrowings	*12*	**39,056**	1,563
Amounts due to the non-controlling interests of a subsidiary		**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		**64,709**	49,801
Net liabilities		**(98,225)**	(38,177)
Capital and reserves			
Share capital		**213,912**	213,912
Reserves		**(315,048)**	(266,813)
Capital deficiency attributable to owners of the Company		**(101,136)**	(52,901)
Non-controlling interests		**2,911**	14,724
Capital deficiency		**(98,225)**	(38,177)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 which is 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 of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") 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.

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.

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;

(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

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]

[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. 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

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)**

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.

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

Other information

For the year ended 31 March 2017

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

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

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.

** 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.

5. OTHER INCOME

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

6. TAXATION

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

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).

7. LOSS FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Allowance for bad and doubtful debts	**2,134**	2,149
Auditor's remuneration	**500**	500
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)		
– 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**	–

8. DIVIDEND

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

9. 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.

10. 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	2016
	HK$'000	*HK$'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.

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 is subsequently 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

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.

11. 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	2016
	HK$'000	*HK$'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**"), details please refer to the note 14(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.

12. BORROWINGS

	2017	2016
	HK$'000	*HK$'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 to HK$36,214,000 was demanded for repayment by a lender. Subsequent to 31 March 2017, the principal amount of the loan with related interest have been fully settled in accordance with arbitral award.

13. 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	2016
	HK$'000	*HK$'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	2016
	HK$'000	*HK$'000*
Contracted but not provided for in the financial statements in respect of intangible assets	**4,832**	–

14. LITIGATIONS AND CONTINGENT LIABILITIES

(i) RMB24,000,000 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 (approximately HK$27,285,000) 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 is 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. As 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.

(iii) Deposit refund of RMB5,817,000

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 (approximately HK$6,614,000) 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 were 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.

15. **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.

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 2017.

Opinion

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.

Material uncertainty related to going concern and litigations

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.

Also, we 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.

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 cash equivalents 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 period and up to the date of this announcement, the Group has been involved in certain legal proceedings of material importance. Details of the litigations and contingent liabilities are set out in Note 14 to the consolidated financial statements.

For the litigations referred in Note 14(i) & 14(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 14(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.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 15, the Group had no other material event after the reporting period.

OTHER INFORMATION

Employees

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.

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.

Corporate Governance

During the year ended 31 March 2017, 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 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.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 2017.

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 2017, in conjunction with the Group's external auditor, HLM CPA Limited.

Scope of work of HLM CPA Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement 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.

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
Wai Chun Group Holdings Limited
LAM Ching Kui
Chairman and Chief Executive Officer

Hong Kong, 30 June 2017

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