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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wai Chun Group Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to licenced securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**INCUB Corporate Finance Limited**

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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular. A letter from INCUB, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 15 to 29 of this circular.

The notice convening the special general meeting of the Company to be held at 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong on 23 August 2017 at 10:00 a.m. is set out on pages 35 to 37 of this circular. Whether or not you are able to attend the meeting in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting (or any adjournment thereof) should you so wish.

28 July 2017

\* for identification purpose only

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Letter from the Independent Board Committee</b> .....	13
<b>Letter from INCU</b> .....	15
<b>Appendix – General Information</b> .....	30
<b>Notice of SGM</b> .....	35

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless the context otherwise requires:-*

“Annual Cap”	the annual cap for the continuing connected transactions contemplated under the On-site Services Agreement and the Network Services Agreement for the financial year ended 31 March 2017;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Beijing HollyBridge”	Beijing HollyBridge System Integration Co., Limited;
“Board”	the board of directors of the Company;
“Company”	Wai Chun Group Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange (Stock Code: 1013);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	continuing connected transactions contemplated under the On-site Services Agreement and the Network Services Agreement;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Exhibition”	the exhibition of the artwork of a world famous artist held in Netherlands;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	the independent committee of the Board comprising the independent non-executive Directors, being Ko Ming Tung, Edward, Shaw Lut, Leonardo and To Yan Ming, Edmond, which has been established to advise the Independent Shareholders in respect of the terms of the On-site Services Agreement, the Network Services Agreement and the transactions contemplated thereunder;

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## DEFINITIONS

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“Independent Financial Adviser” or “INCU”	INCU Corporate Finance Limited, a licensed corporation permitted to carry on type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of advising and recommending the Independent Board Committee in respect of the On-site Services Agreement, the Network Services Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than Mr. Lam and his associates;
“Latest Practicable Date”	25 July 2017;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Lam”	Mr. Lam Ching Kui, the chairman, and chief executive officer, executive Director and substantial Shareholder of the Company;
“Network Services Agreement”	the services agreement dated 27 May 2016 entered into between Wai Chun Culture and Beijing HollyBridge for the procurement services of network equipment for the Exhibition;
“On-site Services Agreement”	the services agreement dated 27 May 2016 entered into between Wai Chun Culture and Beijing HollyBridge for the provision of on-site services in respect of the electronic equipment for the Exhibition;
“Ordinary Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company carrying voting rights at general meetings of the Company;
“PRC”	the People’s Republic of China, excluding for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be held at 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong on 23 August 2017 at 10:00 a.m. or adjournment thereof (as the case may be), to consider and approve and rectify the transaction contemplated under the On-site Services Agreement and the Network Services Agreement;
“Shareholders”	holders of the Ordinary Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Wai Chun Culture”	Wai Chun Culture Development (Shanghai) Company Limited;
“%”	per cent.

*This circular has been printed in English and Chinese. In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.*

*For the purposes of illustration only, the translation of RMB into HK\$ is based on the approximately exchange rate of RMB1.00 = HK\$1.12. Such translation should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate or at all.*

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## LETTER FROM THE BOARD

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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)**

*Executive Director:*

Mr. Lam Ching Kui

*(Chairman & Chief Executive Officer)*

*Registered Office:*

13/F., Admiralty Centre 2

18 Harcourt Road, Admiralty

Hong Kong

*Independent Non-Executive Directors:*

Mr. Ko Ming Tung, Edward

Mr. Shaw Lut, Leonardo

Mr. To Yan Ming, Edmond

28 July 2017

*To the Shareholders,*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

Reference is made to the announcement of the Company dated 3 April 2017 (the “**Announcement**”) in relation to, among other things, (i) the entering into of the On-site Services Agreement and the Network Services Agreement (the “**Agreements**”) between the Group and Wai Chun Culture which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules; (ii) the failure of the Company in making timely disclosure of the Continuing Connected Transactions which constituted a breach of Rule 14A.35 of the Listing Rules in relation to the entering into of the Agreements; and (iii) the failure of the Company in seeking for Independent Shareholders’ approval for the Continuing Connected Transactions which constituted a breach of Rule 14A.36 of the Listing Rules in relation to the entering into of the Agreements.

\* for identification purpose only

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further information on the Continuing Connected Transactions (including the Annual Cap); (ii) a letter from the independent financial adviser; (iii) the recommendation of the Independent Board Committee; and (iv) a notice of the SGM and other information in accordance with the requirements of the Listing Rules. As set out in the Announcement, the Continuing Connected Transactions have been completed, as such, the purpose of the SGM is to rectify the omission of Independent Shareholders' approval for the Continuing Connected Transactions. The Company is able to comply with the annual review and reporting requirements under Chapter 14A. The Company's independent non-executive directors had reviewed the continuing connected transactions on a yearly basis during the last Audit Committee's meeting held on 30 June 2017 and will confirm in the annual report that the transactions have been entered into in the ordinary and usual course of business of the Group and on a normal commercial terms. The Company has also engaged its auditors to report on the continuing connected transactions on a yearly basis. Details will be disclosed in the annual report of the Company for the year ended 31 March 2017.

### THE ON-SITE SERVICES AGREEMENT

On 27 May 2016, Beijing HollyBridge, one of the subsidiaries of the Company, entered into the On-site Services Agreement with 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 for the Exhibition (the "**Provision of On-Site Services**"). The contract value of the On-site Services Agreement is approximately RMB6.2 million (equivalent to approximately HK\$7.0 million).

The principal terms of the On-site Services Agreement are set out as follows:

#### **Date**

27 May 2016

#### **Parties**

- (1) Wai Chun Culture; and
- (2) Beijing HollyBridge

As at the Latest Practicable Date, Beijing HollyBridge is one of the subsidiaries of the Company. To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, the ultimate beneficial owner of Wai Chun Culture is Mr. Lam, who is the controlling shareholder and the director of the Company. Therefore, Wai Chun Culture is a connected person of the Company within the meaning of the Listing Rules.

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## LETTER FROM THE BOARD

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### **Term**

From 16 May 2016 to 15 May 2017

### **Subject**

Pursuant to the On-site Services Agreement, Beijing HollyBridge shall be responsible for the services to be performed in the Exhibition, including (i) the installation, testing and optimizing configuration of electronic equipment; (ii) the basic maintenance of electronic equipment; (iii) the adhoc maintenance, upgrade, revision, and documentation update of electronic equipment; and (iv) the demolition and packing of all electronic equipment after the end of the Exhibition.

### **Consideration and payment terms**

The total contract value of the On-site Services Agreement is approximately RMB6.2 million (equivalent to approximately HK\$7.0 million), including the expenses, labour cost, overtime allowance, meals and other staff benefit, traveling, management fee and taxes, which shall be payable by Wai Chun Culture to Beijing HollyBridge in full within 15 days after execution of the On-site Services Agreement.

As at the Latest Practicable Date, the total contract value of the On-site Services Agreement has been settled by Wai Chun Culture.

In view that the Provision of On-Site Services is a complement to the Exhibition which was completed in December 2016, the Directors consider that the Provision of On-Site Services has also been completed by December 2016 although the expiry date of the On-site Services Agreement is on 15 May 2017. Therefore, the annual cap for the year ended 31 March 2017 under the On-site Services Agreement is the sales amount recognized during the period from 16 May 2016 to 31 December 2016, which was approximately RMB6.2 million (equivalent to approximately HK\$7.0 million).

### **THE NETWORK SERVICES AGREEMENT**

On 27 May 2016, Beijing HollyBridge entered into the Network Services Agreement with Wai Chun Culture, pursuant to which Wai Chun Culture has agreed to engage Beijing HollyBridge as its contractor for the procurement services of network equipment for the Exhibition (the “**Procurement Services of Network Equipment**”). The contract value of the Network Services Agreement is approximately RMB7.9 million (equivalent to approximately HK\$8.8 million).



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## LETTER FROM THE BOARD

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The principal terms of the Network Services Agreement are set out as follows:

**Date**

27 May 2016

**Parties**

- (1) Wai Chun Culture; and
- (2) Beijing HollyBridge

As at the Latest Practicable Date, Beijing HollyBridge is one of the subsidiaries of the Company. To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, the ultimate beneficial owner of Wai Chun Culture is Mr. Lam, who is the controlling shareholder and the director of the Company. Therefore, Wai Chun Culture is a connected person of the Company within the meaning of the Listing Rules.

**Subject**

Pursuant to the Network Services Agreement, Beijing HollyBridge shall be responsible for the procurement of the network equipment according to the Network Services Agreement. The network equipment includes workstations, network hubs, cloud computing virtualization platform and other network equipment.

**Consideration and payment terms**

The total contract value of the Network Services Agreement is approximately RMB7.9 million (equivalent to approximately HK\$8.8 million) which shall be payable by Wai Chun Culture to Beijing HollyBridge in the following manners:

- i. 60% of the total contract value, representing approximately RMB4.7 million (equivalent to approximately HK\$5.3 million), payable within 30 days after delivery and verification of the network equipment; and
- ii. 40% of the total contract value, representing approximately RMB3.2 million (equivalent to approximately HK\$3.6 million), payable within 30 days after passing the inspection check of the network equipment.

As at the Latest Practicable Date, the total contract value of the Network Services Agreement has been settled by Wai Chun Culture.

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## LETTER FROM THE BOARD

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In view that the Procurement Services of Network Equipment is a complement to the Exhibition which was completed in December 2016, the Directors consider that the Procurement Services of Network Equipment has also been completed by December 2016. Therefore, the annual cap for the year ended 31 March 2017 under the Network Services Agreement is the sales amount recognized during the period from 16 May 2016 to 31 December 2016, which was approximately RMB7.9 million (equivalent to approximately HK\$8.8 million).

### ANNUAL CAP

As set out in the above sections headed “The On-site Services Agreement” and “The Network Services Agreement”, the Directors confirmed that the Provision of On-Site Services and the Procurement Services of Network Equipment have been completed and therefore the Annual Cap is equal to the actual amounts of the Continuing Connected Transactions charged by the Group to Wai Chun Culture for the year ended 31 March 2017.

The following table sets out the Annual Cap in respect of the Continuing Connected Transactions under the On-site Services Agreement and the Network Services Agreement for the financial year ended 31 March 2017.

	<b>Transaction amount for the year ended 31 March 2017 (RMB'000)</b>
<b>Continuing connected transactions</b>	
Pursuant to On-site Services Agreement	
– Provision of On-Site Services	6,200.0
Pursuant to Network Services Agreement	
– Procurement Services of Network Equipment	<u>7,876.5</u>
Total:	<u><u>14,076.5</u></u>
	(equivalent to approximately <u><u>HK\$15,766,000</u></u> )

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## LETTER FROM THE BOARD

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The Group determined the service fee of the On Site Services based on the cost-plus basis with reference to (i) the price quotation from subcontractor; and (ii) nature and extent of services to be provided including supporting facilities from the clients. The Group would review and approve the terms of a proposed transaction before entering into a formal agreement, after taking into account its capacity to oversee the projects.

In determining the Annual Cap, the Board has based on the contract value of the Agreements for the financial year ended 31 March 2017, which were determined by several assumptions and factors as set out below.

Regarding the transactions under the On-site Services Agreement, the Board has taken into account the price quotation from subcontractor and nature and extent of services to be provided including supporting facilities from the clients for screening the suitable sub-contracting service. The service fee was then determined based on cost-plus basis in which the cost is mainly attributable to the subcontracting costs. Before entering into the On-site Services Agreement, the Group had (i) estimated the quantity of the use of relevant material and equipment; (ii) estimated the necessary number of labour hour; and (iii) gathered the prevailing price information of those selected material and equipment as well as the rate of labour. The Group had based on above estimation of costs plus certain markup to finalise the total contract value of the On-site Services Agreement to Wai Chun Culture.

Regarding the transactions under the Network Services Agreement, the Board has taken into account (i) the wholesale price of the network equipment with reference to the Network Services Agreement; (ii) the retail price list of the Group in relation to the network equipment; and (iii) the price quotation of other similar services agreement provided by Beijing HollyBridge to independent third parties. Before entering into of the Network Services Agreement, the Group obtained the details of the network equipment including their specification and quantities. The determination of the total contract value of the Network Services Agreement has been based on above details of network equipment and their reference retail price and the service fee was then determined based on cost-plus basis in which the cost is mainly attributable to the cost of those network equipment.

### **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The Group is principally engaged in (i) network and system integration by the production of software and provision of solutions and related services; (ii) trading of communication products; (iii) investment holdings; and (iv) provision of telecommunications infrastructure solution services. The Directors believe that the entering into the Agreements enables the Group to broaden its income source and enhance its financial conditions, as well as promote the reputation and standing of the Group by participating in the Exhibition.

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## LETTER FROM THE BOARD

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The Continuing Connected Transactions were completed in December 2016 and the relevant income had been recognized in the consolidated financial statement of the Group for the year ended 31 March 2017 and the payment was subsequently settled. In addition, as the service fee was determined on a cost-plus basis, the Continuing Connected Transactions contributed a positive return to the Group. Further, although the contribution from the Continuing Connected Transactions may not be able to substantially improve the financial position of the Group, the Directors are of the view that the participation in the Continuing Connected Transactions can develop its necessary capabilities/expertise and accumulate the Group's experience in the provision of one-stop integrated solution in relation to hardware and system modification.

The Board considers that the Continuing Connected Transactions contemplated under the Agreements based on the agreed terms, were entered into in the ordinary course of business of the Group and on normal commercial terms, and the terms and conditions therein (including the Annual Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **IMPLICATIONS UNDER THE LISTING RULES AND THE BREACH OF THE LISTING RULES**

As at the Latest Practicable Date, Beijing HollyBridge is a 51% indirect non-wholly owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, and the ultimate beneficial owner of Wai Chun Culture is Mr. Lam, which is the controlling shareholder of Beijing HollyBridge. Wai Chun Culture is therefore a connected person of the Company, and the Continuing Connected Transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Annual Cap and some of the applicable percentage ratios of the Continuing Connected Transactions are more than HK\$10,000,000 and more than 5% but less than 25% respectively, the Continuing Connected Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Under Rule 14A.35 and 14A.36 of the Listing Rules, the Company is required to make timely disclosure and seek for Independent Shareholders' approval for the Continuing Connected Transactions. The breach of Rule 14A.35 and R14A.36 of the Listing Rules was due to internal control deficiencies of the Group as its relevant departments, including sales department and finance department, fail to recognize that the entering into of the Agreements gave rise to connected transaction implication and fail to ensure that the list of connected parties of the Company was updated.

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## LETTER FROM THE BOARD

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The Directors consider that the failure to comply with Rule 14A.35 and Rule 14A.36 of the Listing Rules in relation to the announcement of the Agreements and seeking for independent Shareholders' approval was inadvertent and it was an one-off incident. In light of the non-compliance, the Company has already taken immediate actions to tighten the internal control procedures including (i) circulation of a written procedures to define and quantify connected party transactions under the Listing Rules and a regularly update list of connected parties; (ii) provision of internal training to responsible staff to increase their understanding of connected transactions and emphasis the importance of timely reporting of connected transactions; (iii) designation of the senior management of the Group being responsible for detecting or preventing the non-disclosure of connected transactions; (iv) requiring the new customers and suppliers to self-declare and confirm if they are connected parties or not with the Company; (v) engagement of an external auditor to review and improve the Group's internal control; and (vi) assigning of authorisation levels and parties for reviewing the customers and suppliers background in entering new contracts. The Directors consider these procedures can prevent a recurrence of similar event in the future. Notwithstanding the non-compliance of the Rule 14A.35 and 14A.36 of the Listing Rules, the Company is able to comply with the annual review and reporting requirements under Chapter 14A. The Company's independent non-executive directors had reviewed the continuing connected transactions on a yearly basis during the last Audit Committee's meeting held on 30 June 2017 and will confirm in the annual report that the transactions have been entered into in the ordinary and usual course of business of the Group and on a normal commercial terms. The Company has also engaged its auditors to report on the continuing connected transactions on a yearly basis. Details will be disclosed in the annual report of the Company for the year ended 31 March 2017.

### SGM

The SGM will be held by the Company at 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong on 23 August 2017 at 10:00 a.m., to consider and if thought fit, to approve and rectify the transaction contemplated under the Continuing Connected Transactions. A form of proxy and the reply slip for use at the SGM are enclosed with this circular. Any Shareholder and his or her or its associates with a material interest in the resolutions will abstain from voting on the resolutions on the Agreements and the Annual Caps at the SGM. Mr. Lam holds approximately 70.12% interest in the Company, as such, Mr. Lam and its associates will be required to abstain from voting on the relevant resolutions at the SGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquires, no other Shareholders are required to abstain from voting on the relevant resolutions to be considered at the SGM as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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The notice of the SGM is set out on pages 35 to 37 of this circular. For those who intend to direct a proxy to attend the SGM, please complete the form of proxy and return the same in accordance with the instructions printed thereon. In order to be valid, the above documents must be delivered to the Company's branch share registrar in Hong Kong, Union Registrars Limited Suites 3301-04 33/F., Two Chinachem Exchange Square 338 King's Road North Point Hong Kong not less than 48 hours before the time appointed for the SGM or any resumed session. The holders of the Shares whose names appear on the register of members of the Company on 16 August 2017 at 4:00 p.m. are entitled to attend and vote in respect of all resolutions to be proposed at the SGM. You are urged to complete and return the form of proxy and reply slip whether or not you will attend the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM (or any subsequent meetings following the adjournments thereof) should you wish to do so.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising Mr. Ko Ming Tung, Edward, Mr. Shaw Lut, Leonardo and Mr. To Yan Ming, Edmond has been formed to advise the Independent Shareholders in respect of the Agreements. INCU has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements. The text of the letter from the Independent Board Committee is set out on pages 13 to 14 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is set out on pages 15 to 29 of this circular.

### RECOMMENDATION

The Directors consider that the Continuing Connected Transactions under the Agreements and the Annual Cap for the year ended 31 March 2017 are or were in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend you to vote in favour of the relevant resolutions in the terms as set out in the notice of the SGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out in pages 13 to 14 of this circular which contains its advice to the Independent Shareholders regarding the Continuing Connected Transactions under the Agreements and the Annual Cap for the year ended 31 March 2017, the letter from INCU set out in pages 15 to 29 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions under the Agreements and the Annual Cap for the year ended 31 March 2017 and the principal factors and reasons taken into consideration in arriving at its advice, and the additional information set out in the appendix to this circular.

By order of the Board  
**Wai Chun Group Holdings Limited**  
**Lam Ching Kui**  
*Chairman & Chief Executive Officer*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

28 July 2017

*To the Independent Shareholders*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to its shareholders and dated 28 July 2017 (“**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the On-site Services Agreement and the Network Services Agreement (the “**Agreements**”) and the Annual Cap for the year ended 31 March 2017 constitute continuing connected transactions for the Company and are subject to the approval of the Independent Shareholders. We have been appointed by the Board to consider the terms of the Agreements and the Annual Cap for the year ended 31 March 2017 and to advise the Independent Shareholders in connection with the Continuing Connected Transactions as contemplated under each of the Agreements. INCU Corporate Finance Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee. We wish to draw your attention to the letter from the Independent Financial Advisor as set out on page 15 to 29 of this Circular.

Having taken into account (i) the reasons as disclosed in the paragraph headed “Reasons for and benefits of the Continuing Connected Transactions” in the Letter from the Board; and (ii) the principal factors and reasons considered by the Independent Financial Advisor, and its conclusion and advice, we are of the view and concur with the opinion of the Independent Financial Advisor that the Agreements were entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Annual Cap are fair and reasonable.

\* for identification purpose only

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve and rectify the transaction contemplated under the On-site Services Agreement and the Network Services Agreement.

Yours faithfully

Independent Board Committee of

**Mr. Ko Ming Tung, Edward**

**Mr. Shaw Lut, Leonardo**

**Mr. To Yan Ming, Edmond**

*(Independent non-executive Directors)*



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## LETTER FROM INCU

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*The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Continuing Connected Transactions contemplated thereunder.*



INCUB Corporate Finance Limited  
Unit 1701, 17/F., Wings Building,  
110-116 Queen's Road Central,  
Central, Hong Kong

28 July 2017

*To: The Independent Board Committee and  
the Independent Shareholders of  
Wai Chun Group Holdings Limited*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to give opinion in relation to the Continuing Connected Transactions and the Annual Cap. Details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular of the Company dated 28 July 2017 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 3 April 2017 in relation to, among other things, (i) the entering into of the On-site Services Agreement and the Network Services Agreement (the "**Agreements**") between the Group and Wai Chun Culture which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules; (ii) the failure of the Company in making timely disclosure of the Continuing Connected Transactions which constituted a breach of Rule 14A.35 of the Listing Rules in relation to the entering into of the Agreements; and (iii) the failure of the Company in seeking for Independent Shareholders' approval for the Continuing Connected Transactions which constituted a breach of Rule 14A.36 of the Listing Rules in relation to the entering into of the Agreements. On 27 May 2016, Beijing HollyBridge, an indirect non-wholly-owned subsidiary of the Company, entered into the On-site Services Agreement and the Network Services Agreement with Wai Chun Culture, pursuant to which Wai Chun Culture agreed to engage Beijing HollyBridge, as its

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## LETTER FROM INCU

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contractor for the provision of on-site services in respect of the electronic equipment and procurement services of network equipment for the Exhibition. The aggregate consideration of the Continuing Connected Transactions receivable by the Group for the financial year ended 31 March 2017 was approximately RMB14.1 million (or approximately HK\$15.8 million).

As at the Latest Practicable Date, Beijing HollyBridge is a 51% indirect non-wholly owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, and the ultimate beneficial owner of Wai Chun Culture is Mr. Lam, which is the controlling shareholder of Beijing HollyBridge and the Company. Wai Chun Culture is therefore a connected person of the Company, and the transactions contemplated under the Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Annual Cap and some of the applicable percentage ratios of the Continuing Connected Transactions are more than HK\$10,000,000 and more than 5% but less than 25% respectively, the Continuing Connected Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company failed to make timely disclosure of the Continuing Connected Transactions and such failure constituted a breach of Rules 14A.35 of the Listing Rules.

Any Shareholder and his or her or its associates with a material interest in the resolutions will abstain from voting on the resolutions on the Agreements and the Annual Cap at the SGM. As at the Latest Practicable Date, Mr. Lam holds approximately 70.12% interest in the Company, as such, Mr. Lam and his associates will be required to abstain from voting on the relevant resolutions at the SGM. Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquires, no other Shareholders are required to abstain from voting on the relevant resolutions to be considered at the SGM as at the Latest Practicable Date.

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ko Ming Tung, Edward, Mr. Shaw Lut, Leonardo and Mr. To Yan Ming, Edmond has been established to advise and provide recommendation to the Independent Shareholders on the Continuing Connected Transactions and the Annual Cap and to advise the Independent Shareholders on how to vote.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Agreements were entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the terms are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole, and the Annual Cap are fair and reasonable.

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## LETTER FROM INCU

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We have not acted as an independent financial adviser and have not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Annual Cap. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Continuing Connected Transactions and the Annual Cap, and accordingly, are eligible to give independent advice and recommendations on the terms of Agreements and the Annual Cap. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Agreements and the Continuing Connected Transactions contemplated thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company and the management of the Group. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular; the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. However, we have not conducted any in-depth independent investigation into the businesses, affairs and financial positions of the Group, or its associates nor have we carried out any independent verification of the information supplied.

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## LETTER FROM INCU

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendation in respect of the Continuing Connected Transactions and the Annual Cap, we have taken into consideration of the following principal factors and reasons:

#### I. Background of the parties to the Agreements

##### *Background of the Group and Beijing HollyBridge*

The Company is an investment holding company. The Group is principally engaged in (i) network and system integration by the production of software and provision of solutions and related services; (ii) trading of communication products; (iii) investment holdings; and (iv) provision of telecommunications infrastructure solution services. Beijing HollyBridge, the major subsidiary of the Group, is principally engaged in providing one stop solution, including hardware and system modification for the customers.

##### *Background of Wai Chun Culture*

Wai Chun Culture is a wholly-owned subsidiary of Wai Chun Investment Fund and is principally engaged in arts and cultural investments. The ultimate beneficial owner of Wai Chun Culture is Mr. Lam, who is the controlling shareholder and the Director of the Company. Wai Chun Culture has been granted the sole licensee from a museum in Netherlands to organise an exhibition, namely “Meet Vincent Van Gogh Experience” in the PRC. Exhibition takes audiences on an interactive journey through the life and art of Vincent Van Gogh, rendered to simulate the world.

#### II. Benefits of and reasons for entering into the Agreements

As disclosed in the Letter from the Board, the Directors believe that the entering into the Agreements enables the Group to broaden its income source and enhance its financial conditions, as well as promote the reputation and standing of the Group by participating in the Exhibition.

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## LETTER FROM INCU

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As disclosed in the annual results announcement of the Company for the year ended 31 March 2017 dated 30 June 2017, through the operations of Beijing HollyBridge, the Group has provided one stop solutions, including hardware and system modification for the customers. The management continued to devote its effort to enhance the operational efficiency of Beijing HollyBridge. During the year ended 31 March 2017, revenue from the On-site Services Agreement and the Network Services Agreement were classified as incomes of services incomes segment and sales and integration services segment respectively. These two business segments continue to be the ordinary and principal businesses and the major source of the Group's revenue. The considerations under the On-site Services Agreement and Network Services Agreement were approximately HK\$7.0 million and approximately HK\$8.8 million respectively, which contributed approximately 16.80% of the services incomes segment and approximately 30.45% of the sales and integration services segment during the year.

As disclosed in the Letter from the Board, the Continuing Connected Transactions were completed in December 2016 and the relevant income had been recognised in the consolidated financial statement of the Group for the year ended 31 March 2017 and the payment was subsequently settled. In addition, as the service fee was determined on a cost-plus basis, the Continuing Connected Transactions contributed a positive return to the Group. Further, although the contribution from the Continuing Connected Transactions may not be able to substantially improve the financial position of the Group, the Directors are of the view that the participation in the Continuing Connected Transactions can develop its capabilities or expertise and accumulate the Group's experience in the provision of one-stop integrated solution in relation to hardware and system modification.

As advised by the management of the Group, since Beijing HollyBridge has not provided services similar to those under the On-site Services Agreement in the past, the Continuing Connected Transactions could enable the Group to gain the experience in provision of relevant services in exhibition or tradeshow and facilitate the provision of similar services in the future, as such, it could be an opportunity to expand the business of the Group and broaden the Group's income source.

In addition, the Exhibition was held over a period, the Group has established a trusted partnership with Wai Chun Culture which helps to build up a long-term business relationship. Moreover, the Group, as a service provider for the Exhibition, could be benefited from the media exposure and hence promote its reputation and standing of the Group as well as attracting potential clients.

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## LETTER FROM INCU

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In view of the above, we concur with the Directors' view that the entering into the Agreements enables the Group to (i) broaden its income source, (ii) enhance its financial conditions, and (iii) promote the reputation and standing of the Group by participating in the Exhibition.

The Board considers that the Continuing Connected Transactions contemplated under the Agreements based on the agreed terms which, were entered into in the ordinary course of business of the Group and on normal commercial terms, and the terms and conditions therein (including the Annual Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered that (i) the Continuing Connected Transactions, which represent sales and services provision of integration services of computer and communication systems, are in line with the Group's ordinary and principal business; (ii) entering into the Agreements are on normal commercial terms; and (iii) the Continuing Connected Transactions generated income and positive return to the Group while utilising its available capacity, we concur with the Directors' view that the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole.

### **III. Principal terms of the Continuing Connected Transactions**

#### ***On-site Services Agreement***

Pursuant to the On-site Services Agreement, Beijing HollyBridge shall provide the Exhibition, including (i) the installation, testing and optimising configuration of the electronic equipment; (ii) the basic maintenance of the electronic equipment; (iii) the adhoc maintenance, upgrade, revision, and documentation update of electronic equipment; and (iv) the demolition and packing of all electronic equipment after the end of the Exhibition.

The total fixed contract value of the On-site Services Agreement is RMB6.2 million (equivalent to approximately HK\$7.0 million), including the expenses, labour cost, overtime allowance, meals and other staff benefit, traveling, management fee and taxes.

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## LETTER FROM INCU

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As set out in the Letter from the Board, in view that the provision of on-site service in respect of the electronic equipment (“**Provision of On-Site Services**”) is a complement to the Exhibition which was completed in December 2016, the Directors confirm that the Provision of On-Site Services has also been completed by December 2016 although the expiry date of the On-site Services Agreement is 15 May 2017. Therefore, the annual cap for the year ended 31 March 2017 under the On-site Services Agreement is the sales amount recognized during the period from 16 May 2016 to 31 December 2016 which was RMB6.2 million (equivalent to approximately HK\$7.0 million).

### *Assessment on the pricing policy of the On-site Services Agreement*

Beijing HollyBridge provides its customers with one stop solutions, including hardware and system modification. Based on our discussion with the management, we understand that the nature of the services provided in the On-site Services Agreement (i.e. hardware and system modification) are similar with the services usually offered by Beijing HollyBridge to other clients. Hence, comparison of the service contracts entered into between Beijing HollyBridge and independent third parties are considered as a reasonable ground to assess the pricing terms of the On-site Services Agreement.

As advised by the management of the Group, in determining the pricing terms of service contracts, a cost-plus basis is generally adopted by Beijing HollyBridge based on the estimated cost of the project plus a mark-up. We are advised that the service fee is generally determined based on the cost-plus basis with reference to (i) the price quotation from subcontractor; and (ii) nature and extent of services to be provided including supporting facilities from the clients. The major factors considered when determining the profit margin of a contract comprises, among others, (i) extent of supportive ancillary facilities provided by clients; (ii) complexity of work; and (iii) length of service. The management of Beijing HollyBridge reviewed and approved the terms of a proposed transaction before entering into a formal agreement, after taking into account its capacity to oversee the projects.

As advised by the management of Beijing HollyBridge, it has established a merchandise policy in selecting subcontractors where Beijing HollyBridge will compare the quotations from various independent subcontractors by evaluating the cost, capacity, service quality, delivery time, payment terms and track record which is in accordance with the merchandise policy and procedures of Beijing HollyBridge and select the best one. The management of Beijing HollyBridge reviewed and approved the purchase before entering into procurement contract.

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## LETTER FROM INCU

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For our due diligence purpose, we have (i) obtained and reviewed the cost estimation worksheet which is the cost incurred in the On-site Services Agreement, including cost of outsourced service provider; (ii) obtained and reviewed a full list of contracts with other independent third parties in 2016; (iii) obtained and reviewed the historical transaction records of other service contracts entered into between Beijing HollyBridge and other independent third parties, including the cost estimation and the related gross profit margin for the purpose of making a general reference; (iv) obtained and reviewed the merchandise policy and procedures of Beijing HollyBridge; and (v) obtained and reviewed the quotations from subcontractors for On-site Services Agreement.

As advised by the management of the Group, due to the fact that (i) there were relatively less supporting facilities (i.e. experienced staff, relevant system and equipment) provided by Wai Chun Culture in the Exhibition; (ii) on-site services provided in the Exhibition is relatively complicated due to the ad-hoc maintenance requirement; and (iii) the duration of the Exhibition was planned to be about one year, a higher gross profit margin was charged under the On-site Services Agreement.

Based on our assessment, we note that (i) the service charge was determined in accordance with the pricing policy of Beijing HollyBridge; (ii) the gross profit margin of the On-site Services Agreement of approximately 25.58% is within the range of the gross profit margin (i.e. 8.17% to 27.26%) charged by Beijing HollyBridge to other independent third parties for other services during 2016; (iii) the gross profit margin of the On-site Services Agreement is closed to the high-end margin of other contracts entered into between Beijing HollyBridge and other independent third parties.

In addition, the management of the Group confirmed that the subcontractor is an independent third party and the subcontractor was selected in accordance with the merchandise policy of Beijing HollyBridge.

Having considered the above, we are of the view that the pricing terms of the On-site Services Agreement are on normal commercial terms, in the ordinary and usual courses of business of the Group and in accordance with the pricing policy of the Group.



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## LETTER FROM INCU

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### ***Network Services Agreement***

Pursuant to the Network Services Agreement, Beijing HollyBridge shall be responsible for the procurement services of the network equipment for the Exhibition (“**Procurement Services of Network Equipment**”) including workstations, network hubs, cloud computing virtualization platform and other network equipment.

The total fixed contract value of the Network Services Agreement is approximately RMB7.9 million (equivalent to approximately HK\$8.8 million).

As set out in the Letter from the Board, in view that the Procurement Services of Network Equipment is a complement to the Exhibition which was completed in December 2016, the Directors consider that the Procurement Services of Network Equipment has also been completed by December 2016. Therefore, the annual cap for the year ended 31 March 2017 under the Network Services Agreement is the sales amount recognised during the period from 16 May 2016 to 31 December 2016, which was approximately RMB7.9 million (equivalent to approximately HK\$8.8 million).

Pursuant to the Network Services Agreement, the contract value comprised (i) network equipment fee of approximately RMB5.0 million (equivalent to approximately HK\$5.6 million); and (ii) installation and maintenance fee of approximately RMB2.9 million (equivalent to approximately HK\$3.2 million).

### ***Assessment on the pricing policy of Network Services Agreement***

In respect of the installation and maintenance services, we are advised that such services are outsourced to an independent third party by Beijing HollyBridge. The determination basis and the pricing policy is the same as the pricing policy for general service contracts as discussed in the section headed “Assessment on the pricing policy of the On-site Services Agreement” above.

Per discussion with the Group’s management, we understand that Beijing HollyBridge has a standard price list for the Procurement services of Network Equipment which is applicable to all customers. Discount given to customers varies depending on (i) the purchase amount; and (ii) the customers’ creditworthiness. The management of the Beijing HollyBridge reviewed and approved the proposed price to make sure it is set in line with the Group’s pricing strategy and is entered into on normal commercial terms.

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## LETTER FROM INCU

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For our due diligence purpose, we have (i) obtained and reviewed the price list of network equipment procured by Beijing HollyBridge for Wai Chun Culture and other independent clients; (ii) compared the terms, in particular, the discount given to Wai Chun Culture and other independent third parties; (iii) obtained and reviewed the cost estimation worksheet which is the expected cost to be incurred in the Network Services Agreement, including cost of outsourced service provider; (iv) obtained and reviewed a full list of contracts with other independent third parties in 2016; and (v) obtained and reviewed the gross profit margin charged by the Beijing HollyBridge to other independent third parties under similar contracts.

As advised by the management of the Group, the determination factors of gross profit margin of the Network Services Agreement are the same as the factors discussed in the section headed “Assessment on the pricing policy of the On-site Services Agreement” above. Since (i) relatively less support provided by Wai Chun Culture in the Exhibition; (ii) the complexity of installation and maintenance work as a result of wide variety of network equipment procured; and (iii) the duration of the Exhibition was planned to be about a year, the Network Services Agreement can relatively earn higher gross profit margin than other service contracts.

During our assessment, we note that (i) offering discount to clients is a normal practice of Beijing HollyBridge and the discount offered to Wai Chun Culture is within the range of discounts offered to independent third parties in year 2016; (ii) the service charge was determined in accordance with the pricing policy of Beijing HollyBridge (i.e. cost plus basis); and (iii) the gross profit margin of the Network Services Agreement of approximately 21.88% is within the range of the gross profit margin (i.e. 8.17% to 27.26%) charged by Beijing HollyBridge to other independent third parties during 2016; (iv) the gross profit margin of the Network Services Agreement is closed to the high-end margin of other contracts entered into between Beijing HollyBridge and other independent third parties.

In addition, the management of the Group confirmed that the subcontractor is an independent third party and the subcontractor was selected in accordance with the merchandise policy of Beijing HollyBridge.

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## LETTER FROM INCU

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Having considered that (i) installation and maintenance fee charged is reasonable for the Exhibition which is expected to be held over a year; (ii) the gross profit margin of the Network Services Agreement is in line with the pricing policy of Beijing HollyBridge; (iii) the gross profit margin of the Network Services Agreement is within the range of the gross profit margin charged by Beijing HollyBridge to other independent third parties; and (iv) no inconsistencies are noted on adjustment factors considered in determining the discount on network equipment given to Wai Chun Culture and other independent clients, we are of the view that the pricing terms of the Network Services Agreement are on normal commercial terms, in the ordinary and usual courses of business of Beijing HollyBridge and in accordance with the pricing policy of Beijing HollyBridge.

#### IV. Annual Cap

As disclosed in the Letter from the Board, the Directors confirmed that the Provision of On-Site Services and the Procurement Services of Network Equipment have been completed and therefore the Annual Cap is equal to the actual amounts of the Continuing Connected Transactions charged by the Group to Wai Chun Culture for the year ended 31 March 2017.

Set out below are the Annual Cap in respect of the Continuing Connected Transactions under the On-site Services Agreement and the Network Services Agreement for the financial year ended 31 March 2017:

	<b>Transaction amount for the year ended 31 March 2017 (RMB'000)</b>
<b>Continuing connected transactions</b>	
Pursuant to On-site Services Agreement	
– Provision of On-Site Services	6,200.0
Pursuant to Network Services Agreement	
– Procurement Services of Network Equipment	<u>7,876.5</u>
Total: (Note)	<u><u>14,076.5</u></u>
	(equivalent to approximately HK\$15,766,000)

Note: As advised by Directors, as at Latest Practicable Date, the amount has been settled.

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## LETTER FROM INCU

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To assess the fairness and reasonableness of the Annual Cap, we have discussed with the Directors regarding the basis of determination of the Annual Cap as set out belows.

### ***On-site Services Agreement***

As advised by the Directors, the Annual Cap in respect of the On-site Services Agreement was determined with reference to the price quotation from subcontractor and nature and extent of services to be provided including supporting facilities from the clients for screening the suitable sub-contracting service. The service fee was then determined based on cost-plus basis in which the cost is mainly attributable to the subcontracting costs. Before entering into the On-site Services Agreement, the management of Beijing HollyBridge had (i) estimated the quantity of the use of relevant materials and equipment; (ii) estimated the necessary number of labour hours; and (iii) gathered the prevailing price information of those selected materials and equipment as well as the rate of labour. The management of Beijing HollyBridge had based on above estimation of costs plus certain markup to finalise the total contract value of the On-site Services Agreement to Wai Chun Culture.

### ***Network Services Agreement***

As disclosed in the Letter from the Board and advised by the Directors, the Annual Cap in respect of the Network Services Agreement was determined with reference to (i) the wholesale price of the network equipment with reference to the Network Services Agreement; (ii) the retail price list of the Group in relation to the network equipment; and (iii) the price quotation of other similar services agreement provided by Beijing HollyBridge to independent third parties. Before entering into of the Network Services Agreement, the management of Beijing HollyBridge obtained the details of the network equipment including their specification and quantities. The determination of the total contract value of the Network Services Agreement has been based on above details of network equipment and their reference retail price and the service fee was then determined based on cost-plus basis in which the cost is mainly attributable to the cost of those network equipment.

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## LETTER FROM INCU

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Having considered that (i) the Provision of On-Site Services and Procurement Services of Network Equipment have been completed and the Annual Cap is equal to actual transaction amount; (ii) the determination basis of the pricing terms of On-site Services Agreement and Network Services Agreement are fair and reasonable as discussed in the section headed “Assessment on the pricing policy of On-site Services Agreement” and “Assessment on the pricing policy of Network Services Agreement” above; and (iii) the transaction amount has been settled, we are of the view that the Annual Cap is fair and reasonable in so far as the Independent Shareholders are concerned.

### **V. Internal Control**

During our assessment, we note that Beijing HollyBridge has implemented the following internal control measures to ensure the service contracts are properly reviewed and approved:

- (i) the head of sales department is responsible for reviewing and approving the project budget (comprising proposed service charge and estimated cost) prepared by the responsible sales manager;
- (ii) the supervisor of commerce department is responsible for negotiating the terms of the procurement contracts in accordance with merchandise policy with subcontractors;
- (iii) the manager of commerce department is responsible for reviewing and approving the procurement contracts; and
- (iv) the project will be finally reviewed and approved by vice-chairman and chairman of Beijing HollyBridge.

As stated in the Letter from the Board, under Rule 14A.35 and 14A.36 of the Listing Rules, the Company is required to make timely disclosure and seek for Independent Shareholders’ approval for the Continuing Connected Transactions. The breach of Rule 14A.35 and Rule 14A.36 of the Listing Rules was due to internal control deficiencies of the Group as its relevant departments, including sales department and finance department, fail to recognise that the entering into of the Agreements gave rise to connected transaction implication and fail to ensure that the list of connected parties of the Company was updated.

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## LETTER FROM INCU

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The Directors consider that the failure to comply with Rule 14A.35 and Rule 14A.36 of the Listing Rules in relation to the announcement of the Agreements and seeking for independent Shareholders' approval was inadvertent and it was a one-off incident. In light of the non-compliance, the Company has already taken immediate actions to tighten the internal control procedures including (i) circulation of a written procedures to define and quantify connected party transactions under the Listing Rules and a regularly update list of connected parties; (ii) provision of internal training to responsible staff to increase their understanding of connected transactions and emphasis the importance of timely reporting of connected transactions; (iii) designation of the senior management of the Group being responsible for detecting or preventing the non-disclosure of connected transactions; (iv) requiring the new customers and suppliers to self-declare and confirm if they are connected parties or not with the Company; (v) engagement of an external auditor to review and improve the Group's internal control; and (vi) assigning of authorisation levels and parties for reviewing the customers and suppliers background in entering new contracts. The Directors consider these procedures can prevent the recurrence of similar event in the future. Notwithstanding the non-compliance of the Rule 14A.35 and 14A.36 of the Listing Rules, the Company is able to comply with other annual review and reporting requirements under Chapter 14A. The Company's independent non-executive directors had reviewed the continuing connected transactions on a yearly basis during the last Audit Committee's meeting held on 30 June 2017 and will confirm in the annual report that the transactions have been entered into in the ordinary and usual course of business of the Group and on a normal commercial term. The Company has also engaged its auditors to report on the continuing connected transactions on a yearly basis. Details will be disclosed in the annual report of the Company for the year ended 31 March 2017.

We consider that, after full implementation of the above measures and enhancement, the Company will have adequate internal control procedures to comply with requirements under Chapter 14A of the Listing Rules to avoid the re-occurrence of similar incident in the future.

### **RECOMMENDATION**

Shareholders should note that the Continuing Connected Transactions have been completed, and therefore, the purpose of the SGM is to rectify the omission of Independent Shareholders' approval for the Continuing Connected Transactions.

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## LETTER FROM INCU

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Having taken into account the principal factors and reasons as discussed above, in particular (i) the benefits of and reasons for entering into the Agreements; (ii) the pricing terms of the Agreements; and (iii) the basis of determination of the Annual Cap, we are of the view that the Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole, and the Annual Cap are fair and reasonable.

Accordingly, we would recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the upcoming SGM to approve and rectify the transactions contemplated under the On-site Services Agreement and the Network Services Agreement.

Yours faithfully,  
For and on behalf of  
**INCU Corporate Finance Limited**  
**Gina Leung**  
*Managing Director*

*Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (“**Model Code**”) to be notified to the Company and the Stock Exchange, were as follows:

#### *Interest in the Company*

Name	Nature of Interest	Number of Existing Shares	Percentage of shareholding
Mr. Lam	Interest of controlled Corporations	15,000,000,000 (Note)	70.12%

#### *Note:*

Mr. Lam 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 Limited which, in return, wholly-owned by Mr. Lam.



Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

#### **Interests of substantial Shareholders in the Company and other members of the Group**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Existing Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

#### ***Long positions in the Existing Shares***

Name	Nature of Interest	Number of Existing Shares	Approximate percentage of the Company's issued share capital
Ka Chun Holdings Limited	Beneficial owner	15,000,000,000	70.12%
Supreme Union Holdings Limited	Interests of controlled corporation	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 as disclosed above, the Directors are not aware of any person (other than a Director of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

#### **Interests in contract or arrangement**

Save as the continuing connected transactions of the tenancy agreement of HK\$3,188,000 per annum and the PRC tenancy agreement of HK\$4,200,000 per annum as disclosed in Company's announcement dated 24 March 2016, as at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

#### **Interests in assets**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which had been, since 31 March 2016, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

#### **Service contracts**

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

#### **Interests in other competing business**

As at the Latest Practicable Date, none of the controlling shareholder, Directors nor his associates were interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

### **3. LITIGATION**

As at the Latest Practicable Date, saved as to be disclosed in the Company's annual result announcement date 30 June 2017, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

**4. EXPERT AND CONSENT**

The qualification of the expert who has given opinion in this circular is as follows:

<b>Name</b>	<b>Qualification</b>
INCUCorporate Finance Limited	A licensed corporation permitted to carry on type 6 (advising on corporate finance) regulated activity under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert had no direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 March 2016 (the date to which the latest published audited combined financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to any member of the Group.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up.

**6. MATERIAL CONTRACTS**

Within the two years immediately preceding the date of this circular, the following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group which are or may be material:

- (i) the continuing connected transactions of the tenancy agreement of HK\$3,188,000 per annum and the PRC tenancy agreement of HK\$4,200,000 per annum as disclosed in Company's announcement dated 24 March 2016;
- (ii) the On-site Services Agreement; and
- (iii) the Network Services Agreement.

**7. GENERAL**

- (a) The secretary of the Company is Ms. Chu Kwan Yau Janice.
- (b) The principal place of business of the Company is 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.
- (c) The Hong Kong share registrar of the Company is Union Registrars Limited at Suites 3301-04 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company at 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong during normal business hours (Saturdays and public holidays excepted) up to and including the date which is 14 days from the date of this circular:

- (a) the On-site Services Agreement;
- (b) the Network Services Agreement;
- (c) service contracts of certain Directors as disclosed in this circular;
- (d) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 13 to 14 of this circular;
- (e) the letter issued by the Independent Financial Advisor, the text of which is set out on page 15 to 29 of this circular;
- (f) the written consent referred to in the section headed "Expert and Consent" in this appendix; and
- (g) this circular.

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## NOTICE OF SGM

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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)

## NOTICE OF SGM

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “SGM”) of Wai Chun Group Holdings Limited (the “Company”) will be held at 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong on Wednesday, 23 August 2017 at 10:00 a.m.. for the purpose of considering and, if thought fit, passing the following resolutions:

### ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the entering of the agreement between Beijing HollyBridge System Integration Co., Limited (“**Beijing HollyBridge**”) and Wai Chun Culture Development (Shanghai) Company Limited (“**Wai Chun Culture**”) in relation to the provision of on-site services to Wai Chun Culture for the year ended 31 March 2017 set out therein (the “**On-site Services Agreement**”) (a copy of the On-site Services Agreement has been produced to this meeting marked “A” and initialled by the chairman of the meeting for identification purpose), and the transactions contemplated thereunder and the annual cap thereunder the On-site Services Agreement, be and are hereby approved and rectified;
- (b) any Director(s) be and are hereby authorised for and on behalf of the Company to, amongst others, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and deeds, to do or authorise doing all such acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the On-site Services Agreement and transactions thereof.”

\* for identification purpose only

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## NOTICE OF SGM

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2. “**THAT:**

- (a) the entering of the agreement between Beijing HollyBridge and Wai Chun Culture in relation to the procurement of network equipment to Wai Chun Culture for the year ended 31 March 2017 set out therein (the “**Network Services Agreement**”) (a copy of the Network Services Agreement has been produced to this meeting marked “B” and initialled by the chairman of the meeting for identification purpose), and the transactions contemplated thereunder and the annual cap thereunder the Network Services Agreement, be and are hereby approved and rectified;
- (b) any Director(s) be and are hereby authorised for and on behalf of the Company to, amongst others, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and deeds, to do or authorise doing all such acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the Network Services Agreement and transactions thereof.”

By order of the Board  
**Wai Chun Group Holdings Limited**  
**Lam Ching Kui**  
*Chairman & Chief Executive Officer*

Hong Kong, 28 July 2017

*Registered office:*

13/F., Admiralty Centre 2  
18 Harcourt Road, Admiralty  
Hong Kong

*Notes:*

- 1. A member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares of the Company (the “**Shares**”) may appoint more than one proxy to represent him to attend and vote on his behalf at the SGM. A proxy need not be a member of the Company.
- 2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders are present at the SGM, personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

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## NOTICE OF SGM

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3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorized, and must be deposited with the Hong Kong branch share registrar and transfer office (the “**Branch Share Registrar**”) of the Company, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the SGM (or any adjournment thereof).
4. In order to qualify for attending and voting at the SGM (or any adjournment thereof), all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the branch share registrar at the above address by no later than 4:00 p.m. on Wednesday, 16 August 2017.
5. Delivery of an instrument appointing a proxy should not preclude a member of the Company from attending and voting in person at the SGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In case a Typhoon Signal No. 8 (or above) or a Black Rainstorm Warning Signal is hoisted but lowered before 7:00 a.m. on Wednesday, 23 August 2017, the SGM will be held as scheduled at 10:00 a.m. on the same day at the same venue; or a Typhoon Signal No. 8 (or above) or a Black Rainstorm Warning Signal is hoisted or remains hoisted at 7:00 a.m. or any time after on Wednesday, 23 August 2017, the SGM will be adjourned to 10:00 a.m. on Wednesday, 30 August 2017 at the same venue.

*As at the date of this notice, the Board consists of one executive Director, namely Mr. Lam Ching Kui (Chairman & Chief Executive Officer), and three independent non-executive Directors, namely Mr. Ko Ming Tung, Edward, Mr. Shaw Lut, Leonardo and Mr. To Yan Ming, Edmond.*