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**偉俊礦業集團有限公司\***

**Wai Chun Mining Industry Group Company Limited**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0660)**

**2015 ANNUAL RESULTS ANNOUNCEMENT**

The board (the “**Board**”) of directors (“**Directors**”) of Wai Chun Mining Industry Group Company Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2015 together with the comparative figures for 2014 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
<b>Turnover</b>	4	<b>376,808</b>	394,116
Cost of sales		<u>(374,985)</u>	<u>(389,065)</u>
Gross profit		<b>1,823</b>	5,051
Other revenue		<b>953</b>	2,588
Gain on disposal of a subsidiary		—	2,712
Selling expenses		<b>(3,424)</b>	(3,576)
Administrative expenses		<b>(16,902)</b>	(20,497)
Impairment loss on trade and bills receivables		<b>(3,298)</b>	(380)
Impairment loss on deposits, prepayments and other receivables		—	(300)
Finance costs	5	<u><b>(4,825)</b></u>	<u>(3,291)</u>
Loss before income tax		<b>(25,673)</b>	(17,693)
Income tax expense	6	<u>—</u>	<u>(11)</u>
Loss for the year	7	<u><b>(25,673)</b></u>	<u>(17,704)</u>

\* for identification purposes only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)***For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b><i>HK\$'000</i></b>	2014 <i>HK\$'000</i>
Loss for the year attributable to:			
— Owners of the Company		<b>(19,596)</b>	(15,884)
— Non-controlling interests		<b>(6,077)</b>	(1,820)
		<b>(25,673)</b>	(17,704)
<b>Loss per share</b>	<b>9</b>	<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
— Basic		<b>(0.12)</b>	(0.10)
— Diluted		<b>(0.12)</b>	(0.10)

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000
<b>Loss for the year</b>	<u>(25,673)</u>	<u>(17,704)</u>
<b>Other comprehensive (expense) income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Realisation of translation reserve upon disposal of a subsidiary	—	(712)
Exchange differences on translation of foreign operations	<u>(1,286)</u>	<u>626</u>
Other comprehensive expense, net of tax	<u>(1,286)</u>	<u>(86)</u>
<b>Total comprehensive expenses for the year</b>	<u><u>(26,959)</u></u>	<u><u>(17,790)</u></u>
<b>Total comprehensive expenses attributable to:</b>		
— Owners of the Company	(20,252)	(15,928)
— Non-controlling interests	<u>(6,707)</u>	<u>(1,862)</u>
	<u><u>(26,959)</u></u>	<u><u>(17,790)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>35,334</b>	38,037
Prepaid land lease payments		<b>33,229</b>	37,338
Prepayments for acquisition of property, plant and equipment		<b>—</b>	711
		<b>68,563</b>	76,086
<b>Current assets</b>			
Inventories		<b>36,036</b>	29,063
Prepaid land lease payments		<b>730</b>	803
Trade and bills receivables	<i>10</i>	<b>23,461</b>	25,142
Deposits, prepayments and other receivables		<b>7,838</b>	6,886
Financial assets at fair value through profit or loss		<b>1,669</b>	—
Bank balances and cash		<b>10,605</b>	1,955
		<b>80,339</b>	63,849
<b>Current liabilities</b>			
Trade and bills payables	<i>11</i>	<b>43,663</b>	28,750
Accruals and other payables		<b>27,230</b>	47,289
Amounts due to a non-controlling shareholder of a subsidiary		<b>16,328</b>	5,250
Borrowings	<i>12</i>	<b>53,846</b>	32,934
		<b>141,067</b>	114,223
<b>Net current liabilities</b>		<b>(60,728)</b>	(50,374)
<b>Total assets less current liabilities</b>		<b>7,835</b>	25,712

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 31 December 2015*

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current liability</b>		
Loans from the ultimate holding company	<u>26,849</u>	<u>17,767</u>
<b>Net (liabilities) assets</b>	<u><b>(19,014)</b></u>	<u><b>7,945</b></u>
<b>Capital and reserves</b>		
Share capital	40,677	39,887
Convertible preference shares	—	790
Reserves	<u>(67,341)</u>	<u>(47,089)</u>
Capital deficiency attributable to owners of the Company	<u>(26,664)</u>	<u>(6,412)</u>
Non-controlling interests	<u>7,650</u>	<u>14,357</u>
(Capital deficiency) total equity	<u><b>(19,014)</b></u>	<u><b>7,945</b></u>

## 1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands and the principal place of business of the Company is 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.

The functional currency of the Company is Renminbi (“RMB”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) for the convenience of the investors as its shares are listed on the Stock Exchange.

The principal activities of the Group during the year are (i) the trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes; (ii) the manufacture and sale of modified starch and other biochemical products; and (iii) general trading.

The ultimate holding company of the Group is Wai Chun Investment Fund (“Wai Chun Fund”), a private investment fund incorporated in the Cayman Islands with limited liability.

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015, the Group incurred a loss of approximately HK\$25,673,000 and had a net operating cash outflow of approximately HK\$6,849,000, and as at 31 December 2015, the Group recorded net current liabilities of approximately HK\$60,728,000 and the Group’s capital deficiency attributable to the owners of the Company was approximately HK\$26,664,000. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In order to ensure the Group’s ability to operate as a going concern, the Directors of the Company have been implementing various measures as follow:

- (i) As at 31 December 2015, the Company has undrawn loan facilities of approximately HK\$98,004,000 granted by its ultimate holding company, Wai Chun Fund, which will be provided on a subordinated basis, i.e. Wai Chun Fund will not demand the Company for repayment of such loans until all other liabilities of the Group had been satisfied;
- (ii) In addition to the loan facilities stated above, Wai Chun Fund 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 to 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 Company has planned and is in negotiation with potential investors to raise sufficient funds through fund raising arrangement; and
- (iv) The Directors will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

The Directors have carried out a detailed review of the cash flow forecast of the Group for the twelve months ending 31 December 2016 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 end of reporting period, 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 amounts, 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.

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

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

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

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 consolidated financial statements.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>1</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

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

<sup>3</sup> Effective date to be determined.

The Directors of the Company anticipate that the application of these new and revised standards and amendments will have no material impact on the consolidated financial statements of the Company.

#### **New Hong Kong Companies Ordinance (Cap. 622)**

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

#### **4. SEGMENT INFORMATION**

The chief operating decision maker (“CODM”) has been identified as the Group’s senior executive management. The CODM reviews the Group’s internal reporting for resource allocation and assessment of performance.

For management purposes, the Group’s reportable segments under HKFRS 8 are as follows:

Modified starch and other biochemical products	— Manufacture and sale of modified starch and other biochemical products
Footwear	— Trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes
General trading	— Trading of electronic parts and components and electrical appliances

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs that are regularly reviewed by the CODM of the Company.

Segment (loss) profit represents loss incurred or profit earned by each segment without allocation of other revenue, central administration costs (including Directors’ salaries) and finance costs.



## ***Business segments***

### *Segment revenues and results*

The following is an analysis of the Group's revenues and results by reportable and operating segment:

#### **For the year ended 31 December 2015**

	<b>Modified starch and other biochemical products <i>HK\$'000</i></b>	<b>Footwear <i>HK\$'000</i></b>	<b>General trading <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Segment revenue	<u>292,808</u>	<u>6,396</u>	<u>77,604</u>	<u>376,808</u>
Segment results	<u>(10,039)</u>	<u>(5,361)</u>	<u>343</u>	<u>(15,057)</u>
Other revenue				953
Central administration costs				(6,744)
Finance costs				<u>(4,825)</u>
Loss before income tax				(25,673)
Income tax expense				<u>—</u>
Loss for the year				<u>(25,673)</u>

For the year ended 31 December 2014

	Modified starch and other biochemical products <i>HK\$'000</i>	Footwear <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>314,091</u>	<u>18,563</u>	<u>61,462</u>	<u>394,116</u>
Segment results	<u>(5,734)</u>	<u>(5,027)</u>	<u>296</u>	(10,465)
Other revenue				2,588
Gain on disposal of a subsidiary				2,712
Central administration costs				(9,237)
Finance costs				<u>(3,291)</u>
Loss before income tax				(17,693)
Income tax expense				<u>(11)</u>
Loss for the year				<u>(17,704)</u>

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

*Segment assets and liabilities*

**At 31 December 2015**

	<b>Modified starch and other biochemical products HK\$'000</b>	<b>Footwear HK\$'000</b>	<b>General trading HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>Assets</b>				
Segment assets	144,022	3,111	599	147,732
Unallocated assets				<u>1,170</u>
<b>Consolidated assets</b>				<b><u><u>148,902</u></u></b>
<b>Liabilities</b>				
Segment liabilities	(128,411)	(3,307)	(1,391)	(133,109)
Unallocated liabilities				<u>(34,807)</u>
<b>Consolidated liabilities</b>				<b><u><u>(167,916)</u></u></b>
<b>Geographical assets</b>				
Hong Kong				4,281
Macau				599
PRC				<u>144,022</u>
				<b><u><u>148,902</u></u></b>

At 31 December 2014

	Modified starch and other biochemical products <i>HK\$'000</i>	Footwear <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	127,860	3,138	8,271	139,269
Unallocated assets				<u>666</u>
Consolidated assets				<u><u>139,935</u></u>
Liabilities				
Segment liabilities	(98,561)	(1,362)	(8,400)	(108,323)
Unallocated liabilities				<u>(23,667)</u>
Consolidated liabilities				<u><u>(131,990)</u></u>
Geographical assets				
Hong Kong				3,804
Macau				8,271
PRC				<u>127,860</u>
				<u><u>139,935</u></u>

For the purposes of monitoring segment performance and allocating resources between segments:

- assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- liabilities for which segments are jointly liable are allocated in proportion to segment assets.

*Other segment information*

For the year ended 31 December 2015

	Modified starch and other biochemical products <i>HK\$'000</i>	Footwear <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	2,725	17	—	—	2,742
Depreciation and amortisation	4,056	46	—	—	4,102
Impairment loss on trade and bill receivables	3,298	—	—	—	3,298
Write-down of inventories	3,741	—	—	28	3,769
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

For the year ended 31 December 2014

	Modified starch and other biochemical products <i>HK\$'000</i>	Footwear <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	6,640	—	—	—	6,640
Depreciation and amortisation	4,372	212	—	—	4,584
Prepayments for acquisition of property, plant and equipment	711	—	—	—	711
Impairment loss on trade receivables	380	—	—	—	380
Impairment loss on deposits, prepayments and other receivables	300	—	—	—	300
Write-down of inventories	888	—	—	—	888
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### *Geographical information*

For the years ended 31 December 2015 and 2014, the Group's operations were principally located in Hong Kong (country of domicile) and PRC with revenue and profits from its operations.

The following is an analysis of the Group's revenue from external customers and non-current assets by geographical locations:

	Revenue from external customers		Non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong	84,000	74,773	56	86
The Republic of Korea	—	1,182	—	—
PRC	292,808	318,161	68,507	76,000
	<u>376,808</u>	<u>394,116</u>	<u>68,563</u>	<u>76,086</u>

### *Information on major customers*

For the year ended 31 December 2015, included in revenue arising from sales of modified starch and other biochemical products of approximately HK\$292,808,000 are revenue of approximately HK\$82,023,000 and HK\$62,322,000 and included in revenue arising from general trading of approximately of HK\$77,604,000 are revenue of approximately of HK\$74,359,000 respectively arising from sales to the Group's three largest customers. No other single customer contributed 10% or more to the Group's sale.

For the year ended 31 December 2014, included in revenue arising from sales of modified starch and other biochemical products of approximately HK\$314,091,000 are revenue of approximately HK\$82,059,000 and HK\$79,129,000 and included in revenue arising from general trading of approximately of HK\$61,462,000 are revenue of approximately of HK\$56,210,000 respectively arising from sales to the Group's three largest customers. No other single customer contributed 10% or more to the Group's sale.

### *Information on major suppliers*

For the year ended 31 December 2015, included in purchases arising from purchases of modified starch and other biochemical products of approximately HK\$280,925,000 are purchases of approximately HK\$155,614,000 and included in purchases arising from general trading of approximately of HK\$77,220,000 are purchases of approximately HK\$32,416,000 and HK\$27,326,000 respectively arising from purchases from the Group's three largest suppliers. No other single supplier contributed 10% or more to the Group's purchases.

For the year ended 31 December 2014, included in purchases arising from purchases of modified starch and other biochemical products of approximately HK\$288,159,000 are purchases of approximately HK\$157,537,000, HK\$44,982,000 and HK\$35,994,000 respectively arising from purchases from Group's three largest suppliers. No other single supplier contributed 10% or more to the Group's purchases.

## 5. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on:		
— Bank loans, bank overdrafts and bills payables wholly repayable within five years	3,317	2,207
— Loans from the ultimate holding company	1,348	924
— Short-term loan from an independent third party	160	160
	<u>4,825</u>	<u>3,291</u>
Total	<u><u>4,825</u></u>	<u><u>3,291</u></u>

## 6. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The income tax expense comprises:		
Current income tax:		
— PRC Enterprise Income Tax	—	11
Under provision of income tax in prior years:		
— PRC Enterprise Income Tax	—	—
	<u>—</u>	<u>—</u>
Total income tax expense	<u><u>—</u></u>	<u><u>11</u></u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2014: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before income tax	<u><b>(25,673)</b></u>	<u>(17,693)</u>
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	<b>(4,236)</b>	(2,919)
Effect of different tax rates of subsidiaries operating in other jurisdiction	<b>(1,099)</b>	(316)
Tax effect of expenses not deductible for tax purpose	<b>1,788</b>	1,585
Tax effect of income not taxable for tax purpose	<b>(427)</b>	—
Tax effect of deductible temporary differences not recognised	<b>1</b>	30
Tax effect on tax reduction	<b>(24)</b>	(18)
Tax effect of tax losses not recognised	<b>3,997</b>	2,030
Utilisation of tax losses previously not recognised	<u>—</u>	<u>(381)</u>
Income tax expense for the year	<u><b>—</b></u>	<u>11</u>

## 7. LOSS FOR THE YEAR

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Auditor's remuneration	<b>500</b>	500
Cost of inventories	<b>374,968</b>	389,013
Interest expenses	<b>4,825</b>	3,291
Impairment loss on trade and bills receivables	<b>3,298</b>	380
Impairment loss on deposits, prepayments and other receivables	—	300
Write-back on trade payables	—	10
Write-down of inventories	<b>3,769</b>	888
Depreciation on property, plant and equipment	<b>3,340</b>	3,787
Loss on disposal of property, plant and equipment	<b>1</b>	—
Loss on exchange, net	<b>19</b>	314
Amortisation on prepaid land lease payments	<b>762</b>	797
Staff costs (including Directors' emoluments and retirement benefit costs)	<u><b>5,985</b></u>	<u>6,180</u>
And after crediting:		
Gain on disposal of prepaid land lease payment	<u><b>741</b></u>	<u>—</u>



## 8. DIVIDEND

No dividend was paid or proposed during 2015 and 2014, nor has any dividend been proposed since the end of the reporting period.

## 9. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to owners of the Company of HK\$19,596,000 (2014: HK\$15,884,000) and the weighted average number of 16,213,749,492 ordinary shares (2014: 16,166,462,480) in issue.

	2015 <i>No. of shares</i>	2014 <i>No. of shares</i>
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	15,956,416,883	15,761,534,691
Effect of conversion of convertible preference shares	<u>257,332,609</u>	<u>404,927,789</u>
Weighted average number of ordinary shares at 31 December	<u><b>16,213,749,492</b></u>	<u><b>16,166,462,480</b></u>

### (b) Diluted loss per shares

No adjustment was made in calculating diluted loss per share for both years as the conversion of convertible preference shares would result in decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share.

## 10. TRADE AND BILLS RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	30,778	29,327
Bills receivables	<u>179</u>	<u>13</u>
	30,957	29,340
Less: Provision for impairment	<u>(7,496)</u>	<u>(4,198)</u>
Total	<u><b>23,461</b></u>	<u><b>25,142</b></u>

The Group allows average credit period of 30 to 180 days to its customers. Receivables that were current relate to customers for whom there was no recent history of default. As at 31 December 2015, the Group has assessed the recoverability of the receivables past due and made a provision for impairment. The provision for impairment is made unless the Group has concluded that recovery is remote, in which case the unrecovered loss is written off against trade and bills receivables and the provision for impairment directly. The Group does not hold any collateral over these balances.

The aging analysis of trade and bills receivables based on the invoice date and net of provision for impairment, as at the reporting date is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–30 days	<b>11,149</b>	17,234
31–60 days	<b>3,305</b>	3,884
61–90 days	<b>2,218</b>	3,183
91–180 days	<b>4,331</b>	412
Over 180 days	<b>2,458</b>	429
	<hr/>	<hr/>
Total	<b>23,461</b>	25,142
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The movements in the provision for impairment of trade and bills receivables are as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At 1 January	<b>4,198</b>	3,818
Provision for impairment made in current year	<b>3,298</b>	380
	<hr/>	<hr/>
At 31 December	<b>7,496</b>	4,198
	<hr/> <hr/>	<hr/> <hr/>

The aging analysis of trade and bills receivables which are past due but not impaired, is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Overdue by:		
0–30 days	—	—
31–60 days	—	—
61–90 days	—	—
91–180 days	<b>2,243</b>	51
Over 180 days	<b>215</b>	378
	<hr/>	<hr/>
Total	<b>2,458</b>	429
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2015, trade receivables of approximately HK\$2,458,000 (2014: approximately HK\$429,000) were past due but not impaired, as the balances were related to customers with sound repayment history and no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 11. TRADE AND BILLS PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	36,210	28,750
Bills payables	7,453	—
	<u>43,663</u>	<u>28,750</u>
Total	<u><u>43,663</u></u>	<u><u>28,750</u></u>

The average credit period on purchases of goods ranges from 30 to 180 days (2014: 30 to 180 days). The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe. The following is an aging analysis of trade payables based on the invoice date:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–30 days	30,138	22,640
31–60 days	3,099	2,044
61–90 days	8,258	1,365
91–180 days	225	1,616
Over 180 days	1,943	1,085
	<u>43,663</u>	<u>28,750</u>
Total	<u><u>43,663</u></u>	<u><u>28,750</u></u>

## 12. BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank loans, secured ( <i>Note a</i> )	51,276	30,364
Loan from an independent third party, unsecured ( <i>Note b</i> )	2,570	2,570
	<u>53,846</u>	<u>32,934</u>
Total	<u><u>53,846</u></u>	<u><u>32,934</u></u>

*Notes:*

- (a) It was secured by a guarantee given by a non-controlling shareholder of a subsidiary and pledge of the prepaid land lease payments with carrying amounts of approximately HK\$21,345,000 (2014: approximately HK\$29,860,000). All bank loans are denominated in Renminbi with variable interest rate from 5.0% to 6.6% (2014: 7.2% to 8.4%) per annum.
- (b) The loan bears interest at 1% above Hong Kong Prime Rate per annum.

### 13. OPERATING LEASE COMMITMENTS

#### *The Group as lessee*

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Lease payments in respect of rented premises paid under operating leases during the year	<u>3,188</u>	<u>3,188</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one year	3,188	2,657
In the second to fifth year inclusive	<u>2,657</u>	<u>—</u>
Total	<u>5,845</u>	<u>2,657</u>

Operating lease payments represent rental payable by the Group for its office premises in Hong Kong. Leases and rentals are negotiated and fixed respectively for an average term of two years.

### 14. PLEDGE OF ASSETS

The Group's prepaid land lease payments with carrying amount of approximately HK\$21,345,000 (2014: approximately HK\$29,860,000) has been pledged to secure the bank loans and general banking facilities granted to the Group.

### 15. EVENTS AFTER REPORTING PERIOD

- (i) On 12 January 2016, the Company granted share options to an eligible employee and certain consultants of the Company (the "Grantees") to subscribe for 699,639,467 ordinary shares of HK\$0.0025 each at an exercise price of HK\$0.0686 per share. The options have a contractual option term of five years and will therefore expire as at 11 January 2021.
- (ii) On 22 January 2016, the Company and Chinese Success Limited entered into the subscription agreement, and the Company agreed to issue and allot 536,960,000 convertible preference shares at the issue price of HK\$0.05 per share for capitalising the loan and the relevant interest accrued amounting to HK\$26,848,000 owing to the ultimate holding company as at 31 December 2015. The loan and the relevant interest accrued amounting to HK\$26,848,000 owing by the Company to Chinese Success Limited, which was assigned to Chinese Success Limited by Wai Chun Investment Fund on 22 January 2016 pursuant to the Deed of Assignment. The circular for the subscription agreement was announced on 17 March 2016. The subscription agreement will be put forward at the extraordinary general meeting for approval on 8 April 2016.
- (iii) On 29 January 2016, the Company entered into the memorandum of understanding (MOU) with Vendor, Wai Chun Investment Fund, pursuant to which the Company intended to purchase the target company, Wai Chun Culture Investment Limited, for an aggregate consideration of HK\$650,000,000. The Target Company is a company incorporated in Hong Kong and is an investment holding company. The Target Company has entered into the Exclusive Exhibition Licence Agreement with a museum that is exhibiting the art work of a world famous artist. On 31 March 2016, the parties to the MOU have agreed to extend the exclusivity period to 30 September 2016.

## **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 December 2015.

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Emphasis of Matter**

The accompanying consolidated financial statements for the year ended 31 December 2015 have been prepared assuming that the Group will continue as a going concern. Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicate that the Group incurred a net loss of approximately HK\$25,673,000 for the year ended 31 December 2015 and had a net operating cash outflow of approximately HK\$6,849,000, and as at 31 December 2015, the Group recorded net current liabilities of approximately HK\$60,728,000 and the Group's capital deficiency attributable to owners of the Company was approximately HK\$26,664,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Management's arrangements to address the going concern issue are also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## **FINANCIAL REVIEW**

### **Financial Performance**

For the year ended 31 December 2015, the Group recorded a revenue of approximately HK\$376,808,000 from operations (2014: approximately HK\$394,116,000), representing a decrease of approximately 4.4% as compared to that of 2014. The Group recorded a gross profit and gross profit margin of approximately HK\$1,823,000 (2014: approximately HK\$5,051,000) and 0.5% (2014: 1.3%) respectively, representing decreases of approximately 63.9% and 61.5% respectively as compared to 2014.

Administrative expenses decreased by 17.5% from approximately HK\$20,497,000 in 2014 to approximately HK\$16,902,000 in current year. Selling expenses recorded a decrease of 4.3% from approximately HK\$3,576,000 in 2014 to approximately HK\$3,424,000 in current year.

Loss attributable to owners of the Company for the year amounted to approximately HK\$19,596,000 (2014: approximately HK\$15,884,000). The increase in the loss was mainly due to (i) the decrease in the profit margin of the modified starch and other biochemical products business primarily because of intense competition and a write-down of inventories amounting to HK\$3,769,000; (ii) an impairment on trade and bills receivables totaling HK\$3,298,000 in the modified starch and other biochemical products business and (iii) the lack of once-off gain on disposal of a subsidiary of approximately HK\$2,712,000 which was recorded in the same period last year.

### ***Footwear Business***

The footwear business recorded a revenue of approximately HK\$6,396,000 (2014: approximately HK\$18,563,000) and a segmental loss of approximately HK\$5,361,000 in 2015 (2014: approximately HK\$5,027,000) respectively, representing a decrease in the turnover of approximately HK\$12,167,000 and an increase in segmental loss of approximately HK\$334,000 respectively when compared to 2014.

### ***Modified Starch and other Biochemical Business***

The performance of the modified starch and other biochemical business have deteriorated when compared to that of 2014, which contributed approximately HK\$292,808,000 (2014: approximately HK\$314,091,000) and approximately HK\$10,039,000 (2014: approximately HK\$5,734,000) to the Group's turnover and segmental loss respectively, representing a decrease of approximately 6.8% in turnover and an increase of approximately 75.1% in segmental loss when compared to that of 2014.

### ***General trading Business***

The general trading business recorded a revenue of approximately HK\$77,604,000 (2014: approximately HK\$61,462,000) and a segmental profit of approximately HK\$343,000 in 2015 (2014: approximately HK\$296,000) respectively.

### **Financial Resources and Position**

As at 31 December 2015, the Group had net current liabilities of approximately HK\$60,728,000 (2014: approximately HK\$50,374,000) and cash and cash equivalents of approximately HK\$10,605,000 (2014: approximately HK\$1,955,000). The Group's cash and cash equivalents are mainly denominated in Hong Kong Dollars, Renminbi and United States Dollars. As at 31 December 2015, the current ratio of the Group was approximately 0.57 times (2014: approximately 0.56 times).

Total debts of the Group amounted to approximately HK\$97,023,000 (2014: approximately HK\$78,327,000), comprising borrowings of approximately HK\$53,846,000 (2014: approximately HK\$32,934,000), loans from the ultimate holding company of approximately HK\$26,849,000 (2014: approximately HK\$17,767,000) and amounts due to a non-controlling shareholder of a subsidiary of approximately HK\$16,328,000 (2014: approximately HK\$27,626,000). All the above-mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing at prevailing market interest rates. The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 58.0% (2014: approximately 54.6%), representing an increase of approximately 6.2% as compared to 2014.

The Group had future minimum lease payments under a non-cancelable operating lease in respect of rented premises amounting to approximately HK\$5,845,000 (2014: approximately HK\$2,657,000). On the basis of the undrawn loan facilities of approximately HK\$98,004,000, granted by its ultimate holding company, Wai Chun Investment Fund ("Wai Chun Fund"), 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.

On 29 December 2015, 316,000,000 ordinary shares of the Company were issued and allotted upon conversion of 316,000,000 convertible preference shares of the Company.

## **Foreign Currency Fluctuation**

For the year ended 31 December 2015, the Group conducted its business transactions principally in Renminbi and US dollars. The Group has not experienced any material difficulties or negative impact on its operations as a result of fluctuations in currency exchange rates. Accordingly, the Directors considered that the foreign exchange exposure is relatively limited and no hedging of exchange risk is required. As an internal policy, the Group continues to implement a prudent policy on financial management policy and does not participate in any high risk speculative activities. Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

## **Pledge of Assets and Contingent Liabilities**

As at 31 December 2015, the Group had not provided any financial guarantee and did not have any material contingent liabilities. As at 31 December 2015, the Group's prepaid land lease payments with carrying amount of approximately HK\$21,345,000 (2014: approximately HK\$29,860,000) were pledged to secure the bank borrowings. As at 31 December 2015, no bank deposits (2014: NIL) have been pledged to secure the bank loans and banking facilities granted to the Group.

## **Dividend**

The Board has resolved not to recommend the payment of final dividend for the year ended 31 December 2015.

## **BUSINESS REVIEW**

During the year under review, the Group continued to engage in the trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes, and the manufacture and sale of modified starch and other biochemical products and general trading.

During the year under review, the business of manufacture and sales of modified starch, and other biochemical products recorded segment loss of approximately HK\$10,039,000 (2014: approximately HK\$5,734,000). Such setback was mainly due to the decrease in the profit margin of the modified starch and other biochemical products business primarily because of intense competition and a write-down of inventories amounting to HK\$3,769,000. Furthermore, there is an impairment loss on trade and bills receivables totaling HK\$3,298,000 in the modified starch and other biochemical products business (2014: approximately HK\$380,000). The business of general trading recorded segment profits of approximately HK\$343,000 during the period (2014: approximately HK\$296,000), whereas the footwear business, which continued to be hampered by low consumer spending and keen competition, recorded segment loss of approximately HK\$5,361,000 (2014: approximately HK\$5,027,000).

## **OUTLOOK**

Looking forward, the Company has been actively identifying projects with growth potential for acquisition or investment and has been in discussions with various independent third parties for such acquisition or investment. However, the Company was unable to materialise any potential acquisition or investment due to various reasons. Meanwhile, the Company intends to enrich and improve its financial resources by conducting a fund raising exercise (such as placement of new shares) within the next six months with a view to raise at least HK\$50,000,000. The Company is in preliminary discussion with various agents and will comply with the requirements of the Listing Rules when and as the circumstance required.

Moreover, on 22 January 2016, the Company and Chinese Success Limited (the controlling shareholder of the Company which is in turn wholly owned by Wai Chun Fund, the “Subscriber”) entered into a subscription agreement whereby the Subscriber agreed to subscribe for, and the Company agreed to issue and allot, 536,960,000 convertible preference shares (“Convertible Preference Shares”) at the issue price of HK\$0.05 per convertible preference share for capitalising the loan from an ultimate holding company in the amount of HK\$26,848,000 (the “Shareholder’s Loan”) (“Loan Capitalisation”).

By entering into the subscription agreement, the Company can settle the Shareholder’s Loan without affecting the working capital of the Company. Upon issue of the Convertible Preference Shares, the Shareholder’s Loan will be derecognised as the liability of the Company and the Convertible Preference Shares will be recognised wholly as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base and enhance the net asset position of the Company. In addition, the Company can also save the interest expenses arising from the Shareholder’s Loan. The Loan Capitalisation is subject to the approval of the Company’s shareholders at the extraordinary general meeting to be held on 8 April 2016.

## **OTHER INFORMATION**

### **Employees**

As at 31 December 2015, the Group had a total of 139 employees, the majority of whom are situated in the PRC. In addition to offer competitive remuneration packages to employees, 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 life 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 his own remuneration.

### **Material Acquisition and Disposal of Subsidiaries**

There was no material acquisition and disposal of subsidiaries for the year ended 31 December 2015.



## **Purchase, Sale or Redemption of the Company's 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 December 2015.

## **Code on Corporate Governance Practices**

The Company has adopted the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules as its own code on corporate governance practices. The Company has taken various measures to cope with the latest development in the corporate governance regime.

The Company complied with the code provisions as set out in the Code throughout the year ended 31 December 2015 except that 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.

## **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. All directors have confirmed, following specific enquiries by the Company that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2015.

## **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 December 2015, in conjunction with the Group's external auditor, HLM CPA Limited.

## **Scope of Work of HLM CPA Limited**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditors, HLM CPA Limited (the "Auditor"), 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 the 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.

## **PUBLICATION OF ANNUAL RESULTS AND 2015 ANNUAL REPORT**

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.0660.hk](http://www.0660.hk)). The 2015 annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and will be available on websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Wai Chun Mining Industry Group Company Limited**  
**LAM Ching Kui**  
*Chairman and Chief Executive Officer*

Hong Kong, 31 March 2016

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

*Executive Director:*

LAM Ching Kui (*Chairman and Chief Executive Officer*)

*Independent Non-executive Directors:*

CHAN Chun Wai, Tony

HAU Pak Man

TO Yan Ming, Edmond