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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Wai Chun Mining Industry Group Company Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019 together with the comparative figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	4	**269,294**	243,001
Cost of sales		**(252,238)**	(234,675)
Gross profit		**17,056**	8,326
Other revenue		**487**	545
Selling expenses		**(5,923)**	(3,180)
Administrative expenses		**(10,849)**	(12,288)
Impairment loss, net of reversal		**(1,080)**	3,486
Gain on disposal of subsidiaries		**67**	–
Finance costs		**(3,249)**	(2,435)
Loss before tax		**(3,491)**	(5,546)
Income tax expense	5	**(77)**	(58)
Loss for the period	6	**(3,568)**	(5,604)
(Loss) profit for the period attributable to:			
– Owners of the Company		**(5,547)**	(6,729)
– Non-controlling interests		**1,979**	1,125
		(3,568)	(5,604)
Loss per share	8	***HK cents***	*HK cents*
– Basic		**(0.03)**	(0.04)
– Diluted		**(0.03)**	(0.04)

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(3,568)**	(5,604)
Other comprehensive (expenses) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(83)**	10
Release of exchange differences upon disposal of subsidiaries	**(1)**	–
Total comprehensive (expenses) income, net of tax	**(84)**	10
Total comprehensive expenses for the period	**(3,652)**	(5,594)
Total comprehensive (expenses) income attributable to:		
– Owners of the Company	**(5,591)**	(6,724)
– Non-controlling interests	**1,939**	1,130
	(3,652)	(5,594)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**42,480**	42,728
Prepaid land lease payments	11	**–**	29,635
Right-of-use assets	10	**29,970**	–
		72,450	72,363
Current assets			
Inventories		**38,479**	28,490
Prepaid land lease payments	11	**–**	696
Trade and bills receivables	12	**20,114**	22,140
Deposits, prepayments and other receivables		**25,560**	18,509
Bank balances and cash		**5,613**	4,537
		89,766	74,372
Current liabilities			
Trade and bills payables	13	**80,944**	62,570
Accruals and other payables		**28,903**	27,010
Contract liabilities		**4,702**	6,241
Tax payables		**–**	46
Borrowings		**56,849**	62,565
		171,398	158,432
Net current liabilities		**(81,632)**	(84,060)
Total assets less current liabilities		**(9,182)**	(11,697)

	Note	**30 June 2019** *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Non-current liability			
Loans from the ultimate holding company		**39,753**	33,586
Net liabilities		**(48,935)**	(45,283)
Capital and reserves			
Share capital – ordinary shares	14	**41,477**	41,477
Share capital – convertible preference shares		**542**	542
Reserves		**(94,655)**	(89,064)
Capital deficiency attributable to owners of the Company		**(52,636)**	(47,045)
Non-controlling interests		**3,701**	1,762
Capital deficiency		**(48,935)**	(45,283)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL

The Company is 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**"). In the opinion of the Directors of the Company, the ultimate holding company of the Company is Oriental Success Ventures Limited ("**Oriental Success**"), which is a private limited company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Lam Ching Kui ("**Ultimate Controlling Party**"), who is the chairman of the Board of Directors and an executive director of the Company. The address of the registered office of the Company is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands and the principal place of business of the Company is 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.

The principal activities of the Group are the manufacture and sale of modified starch and other biochemical products and general trading including trading of electronic parts and components and electrical appliances.

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

The condensed consolidated financial statements were approved for issue by the Board of Directors on 30 August 2019.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies in the Group's audited financial statements for the year ended 31 December 2018, except for the accounting policy changes that are expected to be reflected in the audited financial statements for the year ending 31 December 2019. Details of any changes in accounting policies are set out in Note 3.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2018. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"). They shall be read in conjunction with the Group's audited financial statements for the year ended 31 December 2018.

For the six months ended 30 June 2019, the Group incurred a net loss attributable to owners of the Company of approximately HK$5,547,000, and as at that date, the Group had net current liabilities and net liabilities of approximately HK$81,632,000 and HK$48,935,000 respectively and also, the Group's capital deficiency attributable to owners of the Company was approximately HK$52,636,000. These conditions indicate the existence of material uncertainty which may cast significant doubt on 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 30 June 2019, the Company has drawn down loan of approximately HK$39,753,000 and undrawn loan facilities of approximately HK$91,247,000 granted by Oriental Success, its ultimate holding company, which is provided on a subordinated basis, i.e. Oriental Success will not demand the Company for repayment of such loans until all the other liabilities of the Group had been satisfied;

(ii) In addition to the loan facilities granted by Oriental Success as stated above, the Ultimate Controlling Party has also undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of approving the condensed consolidated financial statements. Also, Ultimate Controlling Party and his spouse agreed not to request the Group, whenever necessary, to settle the related parties balance recorded in other payable amounting to approximately HK$12,314,000 until all other third parties liabilities of the Group had been satisfied;

(iii) The Company has planned and is in negotiation with potential investors to raise sufficient funds through fund-raising arrangements; 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 from the date of this report, taking into account impact of the 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 date of this report, and accordingly, are satisfied that it is appropriate to prepare the condensed 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 condensed consolidated financial statements.

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

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

The condensed consolidated financial statements have been prepared on the historical basis except for financial instruments which are measured at fair value at the end of each reporting period.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Prepaid land lease payments in respect of the land use right in the PRC should be regrouped as right-of-use assets under HKFRS 16.

Summary of effects arising from initial application of HKFRS 16

The adjustments to the opening balances (affected items only) below resulted from the initial application of HKFRS 16 as at 1 January 2019. The prior-period amounts were not adjusted.

	Prepaid land lease payments *HK$'000*	Right-of-use assets *HK$'000*
Closing balance at 31 December 2018 – HKAS 17	30,331	N/A
Effect arising from initial application of HKFRS 16:		
Reclassification from prepaid land lease payments	(30,331)	30,331
Opening balance at 1 January 2019	–	30,331

As at 31 December 2018, the Group had operating lease commitment of HK$591,000 for which the lease term ends within 12 months of the date of initial application and the leases do not include a renewal option.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective date to be determined

4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

The Directors of the Company do not anticipate that the application of these new and amendments to HKFRSs will have any material impact on the condensed 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
General trading	–	Trading of electronic parts, components and electrical appliances

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

All of the revenue are recognised when the goods are transferred at a point in time. The performance obligation is satisfied upon delivery of goods.

Segment results 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 revenue and results

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

Six months ended 30 June 2019

	Modified starch and other biochemical products *HK$'000* (Unaudited)	General trading *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue from contracts with customers within the scope of HKFRS 15				
External sales	**248,406**	**20,888**	**–**	**269,294**
Inter – segment sales	**8**	**–**	**(8)**	**–**
Total	**248,414**	**20,888**	**(8)**	**269,294**
Segment results	**6,163**	**101**		**6,264**
Gain on disposal of subsidiaries				**67**
Central administration costs				**(6,573)**
Finance costs				**(3,249)**
Loss before tax				**(3,491)**
Income tax expense				**(77)**
Loss for the period				**(3,568)**

Six months ended 30 June 2018

	Modified starch and other biochemical products *HK$'000* (Unaudited)	General trading *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue from contracts with customers within the scope of HKFRS 15				
External sales	220,951	22,050	–	243,001
Inter – segment sales	2,669	–	(2,669)	–
Total	223,620	22,050	(2,669)	243,001
Segment results	3,417	108		3,525
Other revenue				545
Central administration costs				(7,181)
Finance costs				(2,435)
Loss before tax				(5,546)
Income tax expense				(58)
Loss for the period				(5,604)

Segment assets and liabilities

At 30 June 2019

	Modified starch and other biochemical products *HK$'000* (Unaudited)	General trading *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Assets			
Segment assets	**160,925**	**1,104**	**162,029**
Unallocated assets			**187**
Consolidated assets			**162,216**
Liabilities			
Segment liabilities	**(153,374)**	**(8,551)**	**(161,925)**
Unallocated liabilities			**(49,226)**
Consolidated liabilities			**(211,151)**
Geographical assets			
Hong Kong			**1,291**
PRC			**160,925**
			162,216

At 31 December 2018

	Modified starch and other biochemical products *HK$'000* (Audited)	General trading *HK$'000* (Audited)	Total *HK$'000* (Audited)
Assets			
Segment assets	145,539	547	146,086
Unallocated assets			649
Consolidated assets			146,735
Liabilities			
Segment liabilities	(141,944)	(7,929)	(149,873)
Unallocated liabilities			(42,145)
Consolidated liabilities			(192,018)
Geographical assets			
Hong Kong			1,196
PRC			145,539
			146,735

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

- assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual segments; and

- liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information

Six months ended 30 June 2019

	Modified starch and other biochemical products	**General trading**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Additions to property, plant and equipment	**2,342**	**–**	**–**	**2,342**
Depreciation of property, plant and equipment and right-of-use assets	**2,504**	**67**	**–**	**2,571**
Impairment loss on trade and bills receivables	**1,080**	**–**	**–**	**1,080**

Six months ended 30 June 2018

	Modified starch and other biochemical products	General trading	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Additions to property, plant and equipment	3,143	–	–	3,143
Depreciation and amortisation	2,705	67	–	2,772
Impairment loss on trade and bills receivables	470	–	–	470
Reversal of impairment on deposits, prepayments and other receivables	(355)	–	–	(355)
Reversal of write-down of inventories	(3,601)	–	–	(3,601)

Geographical information

For the six months ended 30 June 2019 and 2018, the Group's operations were principally located in Hong Kong (country of domicile) and the 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 for the six months ended 30 June		**Non-current assets**	
			30 June	31 December
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong	**20,888**	22,050	**329**	396
PRC	**248,406**	220,951	**72,121**	71,967
	269,294	243,001	**72,450**	72,363

Information on major customers

Revenues from customers from manufacturing and sale of modified starch and other biochemical products of the corresponding years contributing over 10% of the total turnover of the Group are as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A	**50,524**	64,612
Customer B	**47,377**	31,365

No other single customer contributes 10% or more to the Group's turnover.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Income tax expense comprises:		
Current income tax:		
PRC Enterprise Income Tax	**77**	58

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

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

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The provision for Macau Complementary Tax is calculated at 12% (six months ended 30 June 2018: 12%) of the estimated assessable profits for the period. Assessable profit of the first Macau Patacas ("MOP") 600,000 (equivalent to approximately HK$583,000) (six months ended 30 June 2018: MOP600,000 (equivalent to approximately HK$583,000) are exempted from Macau Complementary Tax.

At the end of current interim period, the Group has unused tax losses of approximately HK$158,363,000 (31 December 2018: approximately HK$159,370,000) available to offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams of the Group.

There was no unrecognised deferred tax liabilities, relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries in both periods, as the Directors consider that the timing for reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total unused loss of these PRC subsidiaries as at 30 June 2019 amounted to approximately HK$28,109,000 (31 December 2018: approximately HK$29,116,000).

6. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	**252,095**	234,637
Interest expenses	**3,249**	2,435
Impairment loss, net of reversal	**1,080**	(3,486)
Depreciation of property, plant and equipment and right-of-use assets	**2,571**	2,395
Amortisation of prepaid land lease payments	**–**	377
Operating lease payments	**1,834**	1,844
Net exchange gain	**–**	(5)
Staff costs (including Directors' emoluments and retirement benefit costs)	**3,994**	3,018

7. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

8. LOSS PER SHARE

Basic loss per share

The calculation of the basic loss per share for six months ended 30 June 2019 is based on the Group's loss attributable to owners of the Company of approximately HK$5,547,000 (six months ended 30 June 2018: approximately HK$6,729,000) and the number of 16,590,685,376 ordinary shares (six months ended 30 June 2018: 16,590,685,376 ordinary shares) in issue.

Diluted loss per share

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

The Company has dilutive potential ordinary shares attributable to share options and convertible preference shares. The calculation of diluted loss per share in the current period does not assume the exercise of the share options and the conversion of convertible preference shares since their exercise would result in a decrease in loss per share. Accordingly, the diluted loss per share is the same as the basic loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired items of property, plant and equipment at a total cost of approximately HK$2,342,000 (for the year ended 31 December 2018: approximately HK$6,563,000).

10. RIGHT-OF-USE ASSETS

	30 June 2019
	HK$'000
	(Unaudited)
Prepaid land lease payments (reclassification as at 1 January 2019)	**30,331**
Depreciation	**(353)**
Exchange differences	**(8)**
At end of the period	**29,970**

Right-of-use assets represent prepayments of land use rights premium to the PRC government authority. The Group's land use rights are located in the PRC for industrial purpose. The Group's land use rights are granted for a period of 50 years and are classified as long-term lease. The carrying amount of prepaid land lease payments is reclassified as right-of-use assets at the date of initial application of HKFRS 16.

11. PREPAID LAND LEASE PAYMENTS

	31 December 2018
	HK$'000
	(Audited)
Carrying amount:	
At beginning of the year	32,739
Exchange difference	(1,683)
Amortisation	(725)
At end of the year	30,331
Analysed for reporting purposes as:	
Current portion	696
Non-current portion	29,635
At end of the year	30,331

12. TRADE AND BILLS RECEIVABLES

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**22,957**	27,646
Bills receivables	**3,929**	186
	26,886	27,832
Less: Provision for impairment	**(6,772)**	(5,692)
Total	**20,114**	22,140

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 30 June 2019, 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:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0-30 days	**17,874**	14,515
31-60 days	**1,210**	4,870
61-90 days	**1,030**	310
91-180 days	**–**	2,445
Total	**20,114**	22,140

As at 30 June 2019, included in the trade and bills receivables were an aggregate amount of approximately HK$20,114,000 which are not past due and regarded as having low default risk by the management of the Company based on regular repayment history in the expected credit losses ("ECL") assessment.

The management of the Group have assessed the ECL of all trade and bills receivables as insignificant. Therefore, it did not result in a provision for impairment for the current period.

The movements in the provision for impairment of trade and bills receivables are as follows:

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Balance at beginning of the period/year	**5,692**	13,029
Provision for impairment	**1,080**	–
Reversal of impairment	**–**	(312)
Write-off as uncollectible	**–**	(7,025)
Balance at end of the period/year	**6,772**	5,692

No trade and bills receivables were past due but not impaired for the period/year.

13. TRADE AND BILLS PAYABLES

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Trade payables	**78,099**	62,570
Bills payables	**2,845**	–
	80,944	62,570

The average credit period on purchases of goods ranges from 30 to 180 days (31 December 2018: 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:

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
0-30 days	**31,381**	16,413
31-60 days	**33,617**	31,188
61-90 days	**2,964**	3,420
91-180 days	**9,161**	9,173
Over 180 days	**976**	2,376
Total	**78,099**	62,570

14. SHARE CAPITAL – ORDINARY SHARES

	Note	**Number of ordinary shares of HK$0.0025 each**	**Amount** *HK$'000*
Authorised:			
Balances as at 1 January 2018, 31 December 2018 and 30 June 2019		40,000,000,000	100,000
Issued and fully paid:			
Balance as at 1 January 2018, 31 December 2018 and 30 June 2019	(a)	16,590,685,376	41,477

Note:

(a) The shares issued rank pari passu with other shares in issue in all respect.

15. OPERATING LEASES COMMITMENTS

The Group as lessee

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Lease payments in respect of rented premises paid under operating leases during the period	**1,834**	1,844

At the end of the current interim 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:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**584**	591

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

16. PLEDGE OF ASSETS

Part of the Group's right-of-use assets in the PRC with carrying amounts of approximately HK$18,853,000 have been pledged to secure the bank loans to the Group. Part of the Group's prepaid land lease payments in the PRC with carrying amounts of approximately HK$19,078,000 as at 31 December 2018.

EXTRACTS FROM INDEPENDENT REVIEW REPORT

The following is an extract of the independent review report on the Group's condensed consolidated financial statements for the six months ended 30 June 2019.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Material Uncertainty Related to Going Concern

The accompanying condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared assuming that the Group will continue as a going concern. Without qualifying our review conclusion, we draw attention to Note 2 to the condensed consolidated financial statements which indicate that the Group incurred a net loss attributable to owners of the Company of approximately HK$5,547,000 for the six months ended 30 June 2019, and as at that date, the Group had net current liabilities and net liabilities of approximately HK$81,632,000 and HK$48,935,000 respectively and also, the Group's capital deficiency attributable to owners of the Company was approximately HK$52,636,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Management's arrangements to address the going concern issue are also described in Note 2 to the condensed consolidated financial statements. The condensed consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

FINANCIAL REVIEW

Financial Performance

For the six months ended 30 June 2019, the Group recorded a turnover of approximately HK$269,294,000 (six months ended 30 June 2018: approximately HK$243,001,000), representing an increase of 10.8% as compared with the corresponding period last year. The Group recorded a gross profit and gross profit margin of approximately HK$17,056,000 and 6.3% respectively for the six months ended 30 June 2019, representing increases of approximately HK$8,730,000 and of 104.9% respectively as compared with the gross profit of approximately HK$8,326,000 and gross profit margin of 3.4% in the first half of 2018. Such increases were mainly due to the increase in the market demand of the modified starch and other biochemical products during the period.

Administrative expenses decreased by 11.7% from approximately HK$12,288,000 in the first half of 2018 to approximately HK$10,849,000 for the corresponding period this year. Such decrease is mainly due to the tighter cost control measures employed by the management. Selling expenses recorded an increase of 86.3% from approximately HK$3,180,000 in the first half of 2018 to approximately HK$5,923,000 for the corresponding period this year. Such increase is in line with the increase in sales of modified starch and other biochemical products and increase of customers in other provinces during the period.

Loss attributable to owners of the Company amounted to approximately HK$5,547,000, representing an decrease of 17.6% as compared with the loss of approximately HK$6,729,000 for the corresponding period last year. The decrease in the loss was mainly attributable to the increase in gross profit and decrease administrative expenses mentioned above.

Financial Resources and Position

As at 30 June 2019, the Group had net current liabilities of approximately HK$81,632,000 (31 December 2018: approximately HK$84,060,000) and cash and cash equivalents of approximately HK$5,613,000 (31 December 2018: approximately HK$4,537,000).

As at 30 June 2019, the current ratio of the Group was approximately 0.52 times (31 December 2018: approximately 0.47 times). The net debts (net of cash and cash equivalents) to total assets ratio of the Group was approximately 56.1% (31 December 2018: approximately 62.4%). Total borrowings of the Group amounted to approximately HK$96,602,000, comprising secured bank loan of approximately HK$54,279,000, loans from ultimate holding company of approximately HK$39,753,000 and loans from an independent third party of approximately HK$2,570,000. All the borrowings are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing at prevailing market interest rates.

During the six months ended 30 June 2019, the Group financed its operations mainly by internally generated resources and borrowings which include bank borrowings, loan and undrawn loan facilities from ultimate holding company. The Group's cash and cash equivalents are mainly denominated in Hong Kong Dollars, Renminbi and United States Dollars. As the Group's businesses are conducted in Hong Kong and the PRC, the Group is not exposed to any material foreign exchange risk.

BUSINESS REVIEW AND OUTLOOK

During the period under review, the Group continued to engage in the manufacture and sale of modified starch and other biochemical products and general trading.

During the period under review, the business of manufacture and sales of modified starch and biochemical products recorded segment profits of approximately HK$6,163,000 (six months ended 30 June 2018: segment profits of approximately HK$3,417,000). Such increase was mainly due to the increase in the market demand of the modified starch and other biochemical products business. The business of general trading recorded segment profits of approximately HK$101,000 during the period (six months ended 30 June 2018: segment profit of approximately HK$108,000).

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

In order to ensure the Group's financial ability to operate as a going concern, the Directors of the Company have been implementing various measures including the provision of loan facilities by the ultimate holding company, conducting negotiation with potential investors to raise sufficient funds; and 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.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("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 during the six months ended 30 June 2019.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2019, the Company has complied with the relevant code provisions set out in the CG Code except for the deviation from code provision A.2.1, which is explained below.

Code provision A.2.1 provides that 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 are ensured by the operation of the Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") 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. The terms of reference of the Audit Committee is currently made available on the Stock Exchange's website and the Company's website.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and overseeing the Company's financial reporting system (including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget) and the internal control procedures.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chan Chun Wai, Tony (Chairman), Mr. Hau Pak Man and Mr. To Yan Ming, Edmond. Mr. Chan Chun Wai, Tony (Chairman) and Mr. Hau Pak Man have reviewed the unaudited interim financial results of the Group for the six months ended 30 June 2019.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.0660.hk). The interim report of the Company for the six months ended 30 June 2019 will be dispatched to shareholders of the Company and published on the 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, 30 August 2019

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Lam Ching Kui (Chairman and Chief Executive Officer), and three independent non-executive Directors, namely Mr. Chan Chun Wai, Tony, Mr. Hau Pak Man and Mr. To Yan Ming, Edmond.