偉俊礦業集團有限公司 *
Wail Chun Mining Industry Group Company Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 0660)

2012 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Wai Chun Mining Industry Group Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2012.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

	Notes	**2012** **Unaudited** ***HK$'000***	2011 Unaudited *HK$'000*
Turnover	*2*	**149,214**	145,365
Cost of sales		**(141,306)**	(129,796)
Gross profit		**7,908**	15,569
Other revenues		**147**	655
Selling expenses		**(4,825)**	(8,462)
Administrative expenses		**(13,074)**	(11,005)
Finance costs		**(3,033)**	(2,314)
Loss before income tax		**(12,877)**	(5,557)
Income tax	*3*	**1,387**	(393)
Loss for the period	*4*	**(11,490)**	(5,950)
(Loss) profit attributable to:			
— Shareholders of the Company		**(9,938)**	(6,537)
— Non-controlling interests		**(1,552)**	587
		(11,490)	(5,950)
Loss per share	*6*	***HK cents***	*HK cents*
— Basic		**(0.06)**	(0.04)
— Diluted		**(0.06)**	(0.04)

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Loss for the period	**(11,490)**	(5,950)
Other comprehensive (expense) income:		
Exchange differences on translation	**(362)**	758
Total comprehensive expense for the period	**(11,852)**	(5,192)
Total comprehensive (expense) income attributable to:		
– Shareholders of the Company	**(10,062)**	(6,202)
– Non-controlling interests	**(1,790)**	1,010
	(11,852)	(5,192)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	30.6.2012 Unaudited HK$'000	31.12.2011 Audited HK$'000
Non-current assets			
Property, plant and equipment		**29,502**	21,743
Prepaid leasehold land payments		**7,859**	7,986
		37,361	29,729
Current assets			
Inventories		**78,695**	41,122
Prepaid leasehold land payments		**160**	164
Trade and bills receivables	*7*	**21,248**	29,191
Deposits, prepayments and other receivables		**68,787**	107,047
Bank balances and cash		**50,938**	45,151
		219,828	222,675
Current liabilities			
Trade payables	*8*	**15,904**	19,243
Accruals and other payables		**49,463**	25,977
Tax payable		**4,747**	9,942
Borrowings – due within one year		**113,620**	118,141
Obligations under finance lease		**43**	58
		183,777	173,361
Net current assets		**36,051**	49,314
Total assets less current liabilities		**73,412**	79,043
Non-current liabilities			
Amounts due to ultimate holding company		**20,774**	14,534
Obligations under finance lease		**—**	19
		20,774	14,553
Total assets less liabilities		**52,638**	64,490
Capital and reserves			
Share capital		**38,637**	38,637
Reserves		**(24,173)**	(14,111)
Equity attributable to:			
– Shareholders of the Company		**14,464**	24,526
– Non-controlling interests		**38,174**	39,964
Total equity		**52,638**	64,490

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The condensed consolidated financial statements have been prepared under the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six month period ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for the current interim period.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The application of above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 — 2011 Cycle[2]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidation Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

[1] Effective for annual periods beginning on or after 1 July 2012.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2014.
[4] Effective for annual periods beginning on or after 1 January 2015.

The directors of the Company anticipate that the application of new or revised standards, amendments and interpretations will have no material impact on results and financial position of the Group.

2. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. In addition, for 'footwear' and 'modified starch and other biochemical products' operations, the information reported to the Board is further analysed based on the different classes of customers. There was no revenue generated from footwear business during the first six months. Transactions on "Trading of footwear" were subsequently made in July 2012.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

Footwear	Trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes
Modified starch and other biochemical products	Manufacture and sale of modified starch and other biochemical products

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 executive directors of the Company being the CODM of the Group.

Segment results represents profit earned or loss incurred by each segment without allocation of other revenues, central administration costs including directors' salaries and finance costs. This is the basis of measurement reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Business segments

The CODM regularly review revenues and operating results derived from trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes on an aggregated basis, and manufacture and sale of modified starch and other biochemical products and consider them as two reportable segments.

2. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Segment revenues and results

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

	Six months ended 30 June					
	2012			2011		
	Modified starch and other biochemical products	**Footwear**	**Consolidated**	Modified starch and other biochemical products	Footwear	Consolidated
	Unaudited	**Unaudited**	**Unaudited**	Unaudited	Unaudited	Unaudited
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenues	**149,214**	**—**	**149,214**	129,468	15,897	145,365
Segment results	**(1,318)**	**(3,838)**	**(5,156)**	3,154	(453)	2,701
Other revenues			**147**			655
Unallocated expenses			**(4,835)**			(6,599)
Finance costs			**(3,033)**			(2,314)
			(12,877)			(5,557)
Income tax			**1,387**			(393)
Loss for the period			**(11,490)**			(5,950)

Revenues reported above represents revenues generated from external customers. There was no inter-segment sale during the period (six months ended 30 June 2011: HK$Nil).

2. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Segment assets and liabilities

	30.6.2012			31.12.2011		
	Modified starch and other biochemical products Unaudited *HK$'000*	**Footwear Unaudited *HK$'000***	**Consolidated Unaudited *HK$'000***	Modified starch and other biochemical products Audited *HK$'000*	Footwear Audited *HK$'000*	Consolidated Audited *HK$'000*
Assets						
Segment assets	**242,997**	**2,875**	**245,872**	234,725	4,399	239,124
Unallocated assets			**11,317**			13,280
Consolidated assets			**257,189**			252,404
Liabilities						
Segment liabilities	**178,956**	**227**	**179,183**	168,088	214	168,302
Unallocated liabilities			**25,368**			19,612
Consolidated liabilities			**204,551**			187,914
Geographical assets						
Hong Kong			**14,222**			17,712
PRC			**242,967**			234,692
			257,189			252,404

2. SEGMENT INFORMATION *(Continued)*

Other information

	30.6.2012			
	Modified starch and other biochemical products	**Footwear**	**Unallocated**	**Consolidated**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Additions to non-current assets	**9,238**	**23**	**—**	**9,261**
Depreciation and amortisation	**1,333**	**121**	**22**	**1,476**
Prepayments	**52,296**	**—**	**—**	**52,296**

	31.12.2011			
	Modified starch and other biochemical products	Footwear	Unallocated	Consolidated
	Audited	Audited	Audited	Audited
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Additions to non-current assets	6,707	789	—	7,496
Depreciation and amortisation	1,581	41	43	1,665
Prepayments	89,052	14	—	89,066

Geographical information

For the period ended 30 June 2012 and 2011, the Group's operations were principally located in Hong Kong (country of domicile), The People's Republic of China (the "PRC") and The Republic of Korea (the "Korea") with revenues and profits from its operations.

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

	Revenues from external customers for the six months ended 30 June		**Non-current assets**	
	2012	2011	**30.6.2012**	31.12.2011
	Unaudited	Unaudited	**Unaudited**	Audited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**—**	15,897	**679**	799
Korea	**35,455**	81,192	**—**	—
PRC	**110,800**	35,372	**36,682**	28,930
Others	**2,959**	12,904	**—**	—
	149,214	145,365	**37,361**	29,729

3. INCOME TAX

	For the six months ended 30 June	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Income tax (credit) expense attributable to the Company and its subsidiaries:		
Current tax:		
Hong Kong	**—**	—
PRC	**—**	226
	—	226
(Over) under provision in prior periods:		
Hong Kong	**—**	—
PRC	**(1,387)**	167
	(1,387)	167
	(1,387)	393

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries in Hong Kong have no assessable profits for both periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (six months ended 30 June 2011: 25%).

No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

4. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging:		
Interest expenses	**3,033**	2,314
Depreciation on property, plant and equipment	**1,390**	752
Amortisation of prepaid leasehold land payments	**86**	83
Staff costs (including directors' emoluments and retirement benefit costs)	**4,494**	4,260
And after crediting:		
Interest income	**139**	280

5. INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

6. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2012 was based on the Group's loss attributable to shareholders of the Company of approximately HK$9,938,000 (six months ended 30 June 2011: approximately HK$6,537,000) and the weighted average number of ordinary shares of 15,454,685,376 (six months ended 30 June 2011: 15,454,685,376) during the period.

The amounts of diluted loss per share are the same as basic loss per share as there were no potential dilutive shares during the six months ended 30 June 2012 and 2011.

7. TRADE AND BILLS RECEIVABLES

The Group allows credit period ranging from 30 to 180 days (31 December 2011: 30 to 180 days) to its trade customers. The aging analysis of trade and bills receivables is as follows:

	30.6.2012	31.12.2011
	Unaudited	Audited
	HK$'000	*HK$'000*
0-30 days	**7,085**	17,922
31-60 days	**5,868**	111
61-90 days	**7,056**	7,041
91-180 days	**1,215**	3,740
Past due	**24**	377
	21,248	29,191

Included in the Group's trade and bills receivables as at 30 June 2012 were debtors with an aggregate carrying amount of approximately HK$24,000 (31 December 2011: approximately HK$377,000) which were past due at the end of the reporting period.

8. TRADE PAYABLES

The average credit period on purchases of goods ranges from 30 to 180 days (31 December 2011: 30 to 180 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The aging analysis of trade payables is as follows:

	30.6.2012	31.12.2011
	Unaudited	Audited
	HK$'000	*HK$'000*
0-30 days	**1,301**	7,131
31-60 days	**6,760**	6,758
61-90 days	**4,758**	621
91-180 days	**1,145**	2,046
Past due	**1,940**	2,687
	15,904	19,243

FINANCIAL REVIEW

Financial Performance

For the six months ended 30 June 2012, the Group recorded a turnover of approximately HK$149,214,000 (six months ended 30 June 2011: approximately HK$145,365,000), representing an increase of 2.6% as compared to the same period last year. The Group recorded a gross profit and gross profit margin of approximately HK$7,908,000 and 5.3% respectively, representing decrease in gross profit of approximately HK$7,661,000 and gross profit margin of 49% respectively as compared to first half of 2011. Administrative expenses increased by 18.8% from approximately HK$11,005,000 in first half of 2011 to approximately HK$13,074,000 in the same period this year while selling expenses recorded a decrease of 43% from approximately HK$8,462,000 in first half of 2011 to approximately HK$4,825,000 in the same period this year.

Loss attributable to shareholders of the Company amounted to approximately HK$9,938,000 as compared to the loss of approximately HK$6,537,000 in the same corresponding period last year. The reason for the loss was mainly due to increase in cost of sales of modified starch and other biochemical business in the PRC.

Financial Resources and Position

During the six months ended 30 June 2012, the Group financed its operations mainly by internally generated resources and borrowings. As at 30 June 2012, the Group had net current assets of approximately HK$36,051,000 (31 December 2011: approximately HK$49,314,000) and cash and cash equivalents of approximately HK$50,938,000 (31 December 2011: approximately HK$45,151,000). 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, therefore the Group is not exposed to any material foreign exchange risk. As at 30 June 2012, the current ratio of the Group was approximately 1.2 (31 December 2011: approximately 1.3).

As at 30 June 2012, total borrowings of the Group amounted to approximately HK$134,437,000, representing an increase of 1.27% as compared to approximately HK$132,752,000 on 31 December 2011. All borrowings of the Group are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing at prevailing market interest rates. The gearing ratio of the Group, which was calculated on the basis of net debt to total assets, decreased from 34.7% as at 31 December 2011 to 32.5% as at 30 June 2012.

Bank deposits of approximately HK$42,867,000 (31 December 2011: approximately HK$34,762,000) have been pledged to secure banking facilities granted to the Group.

The Group did not have any material contingent liabilities as at 30 June 2012.

The directors believe that the Group has sufficient financial resources for its operations. The directors will remain cautious in the Group's liquidity management.

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2012.

BUSINESS REVIEW

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

Although the sale of modified starch and other biochemical products business recorded a slight increase in turnover during the period under review, its gross profit margin dropped from 10.7% to 5.3% during the first half of this year as a result of increase in cost of sales and keen competition on the price of products.

When compared to the corresponding period last year, the selling expenses decreased by 43% to approximately HK$4,825,000 (six months ended 30 June 2011: approximately HK$8,462,000) mainly due to decrease in cost of distribution as a result of a drop in export sales of modified starch and other biochemical products.

The footwear business had not yet generated revenues in the period under review due to unstable macro economy. Sales transactions were subsequently made in July 2012.

Memorandum of Understanding

On 27 June 2012, the Company entered into a non legally binding Heads of Agreement ("HOA") with Mr. Chen Cheng Shing, being the legal and beneficial owner and/or authorised person of eight holding companies which are currently engaged in research, development, sale and marketing of nutritional supplements and cosmetic products in the PRC, Taiwan, Singapore and Indonesia as well as research and development of noval drug. Please refer to the announcement dated 27 June 2012 issued by the Company for details of the HOA.

OUTLOOK

The Group will continue to keep focus on its existing business by strengthening the business relationship with existing customers, improving profit margin and looking for opportunity to expand its customer base. At the same time, the Group will continue to seek new investment opportunities so as to maximise its profitability and return to the shareholders of the Company in the long run.

OTHER INFORMATION

Employees

As at 30 June 2012, the Group had a total of 163 employees, the majority of whom are situated in the PRC. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced 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.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2012.

Corporate Governance

During the six months ended 30 June 2012, the Company had complied with the code provisions as set out in the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the deviation from code provision A.1.8.

Pursuant to the code provision A.1.8, the Company should arrange appropriate insurance cover in respect of any legal action against its Directors and Officers. Up to the date of this announcement, the Company has not arranged to purchase any Directors and Officers' Liability Insurance, which covers in respect of legal action against the Directors. While the Company is committed to achieving high standards of corporate governance and to complying with the code provisions, the Company decided to delay the compliance with such code provision as the Board is currently considering quotations from different underwriters and will select the Directors and Officer's Liability insurance with the most cost-efficient.

Model Code for Securities Transactions by Directors

The Company has adopted 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 compiled with the required standards set out in the Model Code throughout the six months ended 30 June 2012.

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.

An Audit Committee meeting was held on 29 August 2012 to review the unaudited interim financial report for six months ended 30 June 2012. HLM & Co., the Group's external auditors, have carried out a review of the unaudited interim financial report for the six months ended 30 June 2012 in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

Nomination Committee

The Nomination Committee was set up in March 2012 in accordance with the requirements of the Listing Rules for the purpose of making recommendations to the Board on the appointment of directors and the management of the Board succession.

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 period. I would also like to express my appreciation to the continuous support of our shareholders and investors.

By Order of the Board
LAM Ching Kui
Chairman

Hong Kong, 29 August 2012

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

Executive Directors:
LAM Ching Kui *(Chairman)*
LU Jun Wu *(Chief Executive Officer)*

Independent Non-executive Directors:
CHAN Chun Wai, Tony
SHAW Lut, Leonardo
WONG Wai Man, Raymond