偉 俊 集 團 控 股 有 限 公 司*
WAI CHUN GROUP HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 1013)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The board (the "**Board**") of directors (the "**Director(s)**") of Wai Chun Group Holdings Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2016 together with the comparative figures for the corresponding period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2016

	Notes	2016 Unaudited HK$'000	2015 Unaudited HK$'000
Revenue	4	**30,094**	58,081
Cost of sales		**(22,507)**	(45,211)
Gross profit		**7,587**	12,870
Other income	5	**840**	48
Other gains or losses		**(1,448)**	(2,060)
Selling and distribution expenses		**(13,824)**	(15,762)
Administrative expenses		**(17,170)**	(18,546)
Finance costs	6	**(2,626)**	(958)
Loss before taxation		**(26,641)**	(24,408)
Taxation	7	**–**	–
Loss for the period	8	**(26,641)**	(24,408)
Loss attributable to:			
– Owners of the Company		**(19,370)**	(19,782)
– Non-controlling interests		**(7,271)**	(4,626)
		(26,641)	(24,408)
Loss per share	10	***HK cents***	*HK cents*
– Basic		**(0.09)**	(0.09)
– Diluted		**(0.09)**	(0.09)

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	2016	2015
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Loss for the period	**(26,641)**	(24,408)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**482**	693
Other comprehensive income for the period, net of tax	**482**	693
Total comprehensive expenses for the period	**(26,159)**	(23,715)
Total comprehensive expenses for the period attributable to:		
– Owners of the Company	**(18,686)**	(17,497)
– Non-controlling interests	**(7,473)**	(6,218)
	(26,159)	(23,715)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Notes	30 September 2016 Unaudited HK$'000	31 March 2016 Audited HK$'000
Non-current asset			
Property, plant and equipment		**668**	988
Current assets			
Inventories		**24,697**	23,967
Trade and other receivables, prepayments and deposits	*11*	**84,914**	84,407
Fixed deposits		**300**	300
Bank balances and cash		**32,976**	35,727
		142,887	144,401
Current liabilities			
Trade and other payables	*12*	**103,835**	100,244
Tax payable		**–**	109
Borrowings	*13*	**16,944**	1,563
Amounts due to the non-controlling interests of a subsidiary		**31,524**	31,849
		152,303	133,765
Net current (liabilities) assets		**(9,416)**	10,636
Total assets less current liabilities		**(8,748)**	11,624
Non-current liability			
Loans from ultimate holding company		**55,588**	49,801
Net liabilities		**(64,336)**	(38,177)
Capital and reserves			
Share capital		**213,912**	213,912
Reserves		**(285,499)**	(266,813)
Capital deficiency attributable to owners of the Company		**(71,587)**	(52,901)
Non-controlling interests		**7,251**	14,724
Capital deficiency		**(64,336)**	(38,177)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). At 30 September 2016, the directors consider that the immediate holding company of the Company to be Ka Chun Holdings Limited, which is incorporated in the British Virgin Islands and controlled by the ultimate holding company of the Company, Wai Chun Investment Fund, which is a private limited company incorporated in the Cayman Islands. Its ultimate controlling party is Mr. Lam Ching Kui ("**Mr. Lam**"), who is the chairman of the Board of directors and an executive director of the Company. On 2 November 2016, Wai Chun Investment Fund transferred its holding of 100% issued share capital of Ka Chun Holdings Limited to Supreme Union Holdings Limited, which is a private limited company incorporated in the British Virgin Islands and also controlled by Mr. Lam. After completion of the transfer, Supreme Union Holdings Limited becomes the ultimate holding company of the Company.

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 of Hong Kong Limited (the "**Listing Rules**").

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in view of its net current liabilities and net liabilities of approximately HK$9,416,000 and HK$64,336,000 respectively and also, the Group's capital deficiency attributable to owners of the Company was approximately HK$71,587,000 and the Group incurred a loss of approximately HK$26,641,000 for the six months ended 30 September 2016.

The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its obligations as they fall due for the foreseeable future, after taking into consideration of the followings:

(i) As at 30 September 2016, the Company has undrawn loan facilities of approximately HK$134,412,000 granted by its ultimate holding company, Wai Chun Investment Fund, which had committed not to demand the Company for repayment of any loans outstanding due to it until other liabilities of the Group had been satisfied. By way of an assignment of loan agreement dated 2 November 2016, the outstanding loan amount and loan facilities from Wai Chun Investment Fund were assigned to Supreme Union Holdings Limited under the same terms and conditions. Supreme Union Holdings Limited became the ultimate holding company of the Company with effect from 2 November 2016 as referred to in note 14 to the condensed consolidated financial statements;

(ii) In addition to the loan facilities stated above, Wai Chun Investment Fund has also undertaken to provide adequate funds to enable the Group to meet in full its financial obligations when they fall due in the foreseeable future up to 1 November 2016. On 2 November 2016, Supreme Union Holdings Limited and ultimate controlling party have also undertaken to provide sufficient financial supports to allow the Group to meet in full its future financial obligations when they fall due in the foreseeable future;

(iii) The directors will implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring the 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 reporting date taking into account the impact of above measures, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from reporting date, and accordingly, are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant to the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements

The application of the 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.

New and revised HKFRSs issued but not yet effective

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these interim financial statements:

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted
4 Effective date yet to be determined

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed.

The directors of the Company do not anticipate that the application of the other new or revised standards and amendments will have a material impact on the condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies in conformity with HKFRSs, that are regularly reviewed by the executive directors of the Company, being the Chief Operating Decision Maker (the "**CODM**") of the Group. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The CODM regularly review revenue and operating results derived from two operating divisions – sales and integration services, and services income. These divisions are the basis on which the Group reports its primary segment information. Principal activities are as follows:

Sales and integration services:	Income from sales and services provision of integration services of computer and communication systems
Services income:	Income from design, consultation and production of information system software and management training services

Business segments

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments.

Six months ended 30 September 2016 (unaudited)

	Sales and integration services *HK$'000*	Services income *HK$'000*	Total *HK$'000*
Revenue			
External sales	**9,515**	**20,579**	**30,094**
Segment results	**(5,776)**	**(8,941)**	**(14,717)**
Unallocated corporate income			**840**
Unallocated corporate expenses			**(10,138)**
Finance costs			**(2,626)**
Loss before taxation			**(26,641)**
Taxation			**–**
Loss for the period			**(26,641)**

Six months ended 30 September 2015 (unaudited)

	Sales and integration services *HK$'000*	Services income *HK$'000*	Total *HK$'000*
Revenue			
External sales	42,076	16,005	58,081
Segment results	(10,841)	2,237	(8,604)
Unallocated corporate income			48
Unallocated corporate expenses			(14,894)
Finance costs			(958)
Loss before taxation			(24,408)
Taxation			–
Loss for the period			(24,408)

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

Segment assets and liabilities

At 30 September 2016 (unaudited)

	Sales and integration services ***HK$'000***	**Services income** ***HK$'000***	**Total** ***HK$'000***
Segment assets	**43,968**	**95,086**	**139,054**
Unallocated assets			**4,501**
Consolidated assets			**143,555**
Segment liabilities	**41,978**	**90,781**	**132,759**
Unallocated liabilities			**75,132**
Consolidated liabilities			**207,891**

At 31 March 2016 (audited)

	Sales and integration services *HK$'000*	Services income *HK$'000*	Total *HK$'000*
Segment assets	84,089	43,307	127,396
Unallocated assets			17,993
Consolidated assets			145,389
Segment liabilities	81,186	41,813	122,999
Unallocated liabilities			60,567
Consolidated liabilities			183,566

Other information

Six months ended 30 September 2016 (unaudited)

	Sales and integration services ***HK$'000***	**Services income** ***HK$'000***	**Unallocated** ***HK$'000***	**Total** ***HK$'000***
Depreciation of property, plant and equipment	**48**	**103**	**155**	**306**
Allowance for bad and doubtful debts	**451**	**976**	**–**	**1,427**
Impairment loss of other receivables	**31**	**66**	**–**	**97**

Six months ended 30 September 2015 (unaudited)

	Sales and integration services *HK$'000*	Services income *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Additions to property, plant and equipment	4	2	50	56
Depreciation of property, plant and equipment	121	46	4,701	4,868
Allowance for bad and doubtful debts	485	184	–	669
Impairment loss of prepayment	66	25	–	91

Geographical segments

No geographical segment analysis on turnover is provided as substantially all of the Group's revenue and contribution to results were derived from the People's Republic of China (the "**PRC**").

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	30 September 2016	31 March 2016	**30 September 2016**	31 March 2016
	Unaudited	Audited	**Unaudited**	Audited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**4,328**	4,971	**–**	52
The PRC, excluding Hong Kong	**139,227**	140,418	**–**	12
	143,555	145,389	**–**	64

5. OTHER INCOME

	Six months ended 30 September	
	2016	2015
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Bank interest income	**65**	25
Sundry income	**775**	23
	840	48

6. FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interests paid/payable to:		
– ultimate holding company	**1,666**	72
– non-controlling interests of a subsidiary	**750**	873
– independent third parties	**153**	13
– a director of a subsidiary	**57**	–
	2,626	958

7. TAXATION

	Six months ended 30 September	
	2016	2015
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax	**–**	–
Current tax – Hong Kong Profits Tax	**–**	–
	–	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits in Hong Kong for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (six months ended 30 September 2015: 25%).

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

8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2016	2015
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging:		
Allowance for bad and doubtful debts	**1,427**	669
Depreciation of property, plant and equipment	**306**	4,868
Staff costs (including directors' emoluments)	**16,158**	15,967
Impairment loss of inventories	**–**	1,300
Impairment loss of other receivables	**97**	–
Impairment loss of prepayment	**–**	91
And after crediting:		
Bank interest income	**65**	25
Gain on disposal of property, plant and equipment	**100**	–

9. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

10. LOSS PER SHARE

Basic loss per share

The calculation of the basic loss per share for the six months ended 30 September 2016 is based on the Group's loss attributable to owners of the Company of approximately HK$19,370,000 (six months ended 30 September 2015: approximately HK$19,782,000) and 21,391,162,483 ordinary shares (six months ended 30 September 2015: 21,391,162,483 ordinary shares) in issue at the end of the reporting period.

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 which is share options. No adjustment was made in calculating diluted loss per share for the six months ended 30 September 2016 as the exercise of share options would result in decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share for the six months ended 30 September 2016.

The amount of diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares for the six months ended 30 September 2015.

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

According to the contracts entered into with trade customers, an average of the contracts revenue is normally collected within 90 days from the date of receipt of customers' acceptance/date of rendering services, except for certain contracts with longer implementation schedules where the credit period may extend beyond 90 days, or may be extended for major or specific customers.

	30 September 2016 Unaudited ***HK$'000***	31 March 2016 Audited *HK$'000*
Trade receivables	**98,072**	93,316
Less: Allowance for bad and doubtful debts	**(35,234)**	(33,807)
	62,838	59,509
Other receivables	**1,580**	1,211
Prepayments	**19,158**	22,432
Deposits	**1,338**	1,255
	22,076	24,898
Total	**84,914**	84,407

The following is an aging analysis of trade receivables net of allowance for bad and doubtful debts presented based on the date of receipt of customers' acceptance/date of rendering services:

	30 September 2016 Unaudited ***HK$'000***	31 March 2016 Audited *HK$'000*
Trade receivables		
0-90 days	**24,364**	55,956
91-180 days	**19**	3,553
Over 180 days	**38,455**	–
	62,838	59,509

Movements in the allowance for bad and doubtful debts:

	30 September 2016 Unaudited *HK$'000*	31 March 2016 Audited *HK$'000*
Balance at beginning of the period/year	**33,807**	31,658
Allowance recognised on receivables	**1,427**	2,149
Balance at end of the period/year	**35,234**	33,807

There is no trade receivables that are past due but not impaired for the period/year ended.

The directors consider that the carrying amount of trade and other receivables, prepayments and deposits approximates their fair value.

12. TRADE AND OTHER PAYABLES

The following is an aging analysis of trade payables, presented based on the date of goods delivered/the period of service rendered:

	30 September 2016 Unaudited *HK$'000*	31 March 2016 Audited *HK$'000*
Trade payables:		
0-90 days	**37,394**	39,080
91-180 days	**163**	10,488
Over 180 days	**31,138**	21,144
	68,695	70,712
Other payables:		
Receipt in advance	**13,203**	16,703
Accruals and others	**21,937**	12,829
	35,140	29,532
Total	**103,835**	100,244

The average credit period on purchases ranged from 60 to 180 days.

The directors consider the carrying amounts of trade and other payables approximate to their fair values.

13. BORROWINGS

	30 September 2016 Unaudited *HK$'000*	31 March 2016 Audited *HK$'000*
Loans from independent third parties	**15,084**	1,563
Loan from a director of a subsidiary	**1,860**	–
	16,944	1,563

The loan amounts are unsecured, repayable within one year and bearing interest at fixed interest rates.

14. EVENT AFTER THE REPORTING PERIOD

On 2 November 2016, Wai Chun Investment Fund transferred its holding of 100% issued share capital of Ka Chun Holdings Limited to Supreme Union Holdings Limited, which is a private limited company incorporated in the British Virgin Islands and also controlled by Mr. Lam. After completion of the transfer, Supreme Union Holdings Limited becomes the ultimate holding company of the Company. On the same date, Wai Chun Investment Fund and Supreme Union Holdings Limited entered into an assignment of loan agreement, the outstanding loan amount and loan facilities from Wai Chun Investment Fund were assigned to Supreme Union Holdings Limited under the same terms and conditions.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

SUMMARY OF THE REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is extracted from the report on review of condensed consolidated financial statements with modification:

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.

Without qualifying our review conclusion, we draw attention to Note 2 to the condensed consolidated financial statements which indicate that, Group's net current liabilities and net liabilities of approximately HK$9,416,000 and HK$64,336,000 respectively and also, the Group's capital deficiency attributable to owners of the Company were approximately HK$71,587,000 and the Group incurred a loss of approximately HK$26,641,000 for the six months ended 30 September 2016. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As explained in Note 2 to the condensed consolidated financial statements, these condensed consolidated financial statements have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results

The board of directors of Wai Chun Group Holdings Limited hereby presents the unaudited consolidated interim results of the Company and its subsidiaries for the six months ended 30 September 2016 together with the comparative figures for the corresponding period in 2015.

For the six months ended 30 September 2016, the Group recorded a turnover of approximately HK$30,094,000 (six months ended 30 September 2015 approximately HK$58,081,000), representing a decrease of 48.2% as compared with the corresponding period last year. The Group recorded a gross profit and gross profit margin of approximately HK$7,587,000 and 25.2% respectively for the six months ended 30 September 2016, representing decreases of approximately HK$5,283,000 but increase of 3.0% respectively as compared with the gross profit of approximately HK$12,870,000 and the gross margin of 22.2% for the corresponding period last year.

Selling expenses recorded a decrease of 12.3% from approximately HK$15,762,000 for the six months ended 30 September 2015 to approximately HK$13,824,000 for the corresponding period this year. Administrative expenses decreased by 7.4% from approximately HK$18,546,000 for six months ended 30 September 2015 to approximately HK$17,170,000 for the corresponding period this year.

Loss attributable to owners of the Company amounted to approximately HK$19,370,000, representing a decrease of approximately HK$412,000 as compared with the loss of approximately HK$19,782,000 for the corresponding period last year.

Business Review and Future Prospects

The Group is principally engaged in (i) network and system integration by the production of software and provision of solutions and related services; (ii) trading of communication products; (iii) investment holdings; and (iv) provision of telecommunications infrastructure solution services. Through the operations of Beijing HollyBridge System Integration Co., Limited ("**Beijing HollyBridge**"), the major subsidiary of the Group, the Group has provided one stop solution, including hardware and system modification for the customers. The management continued to devote its effort to enhance the operational efficiency of Beijing HollyBridge, and during the interim period, service contracts entered into with various customers such as banks, governmental agencies and public transportation companies amounted to approximately RMB16 million.

Due to keen competition in the market, the interim turnover was decreased. The management is trying its best to boost the sales in the second half of the year, and hope to achieve similar revenue to that of last year.

Looking forward, to turn the Group back to a profitable position, the Company (i) will enhance operational efficiency by removing duplication and bottlenecks through standardisation of work procedures and simplification of operation process; and (ii) will further tighten its budgetary control by vigorously implementing measures for cost and expense control, optimising cost analysis and appraisal mechanism, and constantly strengthening cost management. In addition, the Group is monitoring closely the latest trends and the development of the global economy and to take advantage of all business opportunities.

The Company has been actively identifying projects with growth potential for acquisition or investment and has been in discussions with various independent third parties for such acquisition or investment. However, the Company was unable to materialise any potential acquisition or investment due to various reasons.

Financial Resources and Liquidity

Total debts of the Group amounted to approximately HK$104,056,000 (31 March 2016: approximately HK$83,213,000), comprising loans from ultimate holding company of approximately HK$55,588,000 (31 March 2016: approximately HK$49,801,000), amounts due to the non-controlling interests of a subsidiary of approximately HK$31,524,000 (31 March 2016: approximately HK$31,849,000) and other borrowing of approximately HK$16,944,000 (31 March 2016: approximately HK$1,563,000). All the above-mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing. The Group had no assets pledged or any material contingent liabilities as at 30 September 2016. The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 49.5% (31 March 2016: approximately 32.5%), representing an increase of approximately 17.0% as compared to last financial year end date. The current ratio of the Group was approximately 0.9 (31 March 2016: approximately 1.1). Cash and cash equivalents of approximately HK$32,976,000 (31 March 2016: approximately HK$35,727,000) which are mostly denominated in Hong Kong Dollars and Renminbi. As the Group's businesses are conducted in the PRC, the Group does not expect to be exposed to any material foreign exchange risks.

INTERIM DIVIDEND

The board resolved not to declare an interim dividend for the six months ended 30 September 2016 (30 September 2015: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 September 2016.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2016.

CORPORATE GOVERNANCE

During the six months ended 30 September 2016, the Company complied with all the relevant code provisions as set out in the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules except for the deviation from code provisions A.2.1 and A.4.1.

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.

Code provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term and subject to re-election. The Company has not fixed the term of appointment of Mr. Ko Ming Tung, Edward as the independent non-executive Director, however, all independent non-executive Directors are subject to retirement by rotation at least once every three years and re-election at the annual general meeting of the Company pursuant to the Company's bye-laws. As such, the Board considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting those in the CG Code.

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. To Yan Ming, Edmond (chairman), Mr. Ko Ming Tung, Edward and Mr. Shaw Lut, Leonardo. The Audit Committee has reviewed the unaudited interim financial results of the Group for the six months ended 30 September 2016. The Group's external auditor, HLM CPA Limited, has carried out a review of the unaudited interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement of the Company for the six months ended 30 September 2016 is published on both the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.1013.hk). The interim report of the Company for the six months ended 30 September 2016 containing all the information as required in Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

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

Hong Kong, 29 November 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:
KO Ming Tung, Edward
SHAW Lut, Leonardo
TO Yan Ming, Edmond