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 2018

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 2018 together with the comparative figures for the corresponding period in 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		Six months ended 30 June	
	Notes	**2018**	2017
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*4*	**243,001**	226,923
Cost of sales		**(234,675)**	(220,763)
Gross profit		**8,326**	6,160
Other revenue		**4,501**	1,924
Selling expenses		**(3,180)**	(3,366)
Administrative expenses		**(12,288)**	(8,624)
Impairment loss on trade and bills receivables	*11*	**(470)**	–
Finance costs		**(2,435)**	(2,053)
Loss before tax		**(5,546)**	(5,959)
Income tax expense	*5*	**(58)**	(17)
Loss for the period	*6*	**(5,604)**	(5,976)

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(CONTINUED)*

For the six months ended 30 June 2018

	Note	Six months ended 30 June	
		2018	2017
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to:			
– Owners of the Company		**(6,729)**	(6,259)
– Non-controlling interests		**1,125**	283
		(5,604)	(5,976)
Loss per share	*8*	**HK cents**	HK cents
– Basic		**(0.04)**	(0.04)
– Diluted		**(0.04)**	(0.04)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(5,604)**	(5,976)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**10**	258
Other comprehensive income, net of tax	**10**	258
Total comprehensive expense for the period	**(5,594)**	(5,718)
Total comprehensive income (expenses) attributable to:		
– Owners of the Company	**(6,724)**	(6,128)
– Non-controlling interests	**1,130**	410
	(5,594)	(5,718)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	**30 June 2018** *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment	*9*	**42,391**	42,695
Prepaid land lease payments	*10*	**31,228**	32,004
		73,619	74,699
Current assets			
Inventories		**34,574**	25,969
Prepaid land lease payments	*10*	**725**	735
Trade and bills receivables	*11*	**16,984**	22,518
Deposits, prepayments and other receivables		**12,634**	14,096
Financial assets at fair value through profit or loss		**1,541**	3,567
Bank balances and cash		**13,409**	5,822
		79,867	72,707
Current liabilities			
Trade payables	*12*	**62,383**	61,633
Accruals and other payables		**28,893**	22,846
Contract liabilities		**4,628**	–
Tax payables		**17**	61
Amounts due to a non-controlling shareholder of a subsidiary		**–**	9,903
Borrowings		**65,055**	59,928
		160,976	154,371
Net current liabilities		**(81,109)**	(81,664)
Total assets less current liabilities		**(7,490)**	(6,965)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
At 30 June 2018

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current liability		
Loans from ultimate holding company	**30,123**	25,054
Net liabilities	**(37,613)**	(32,019)
Capital and reserves		
Share capital – ordinary shares	**41,477**	41,477
Share capital – convertible preference shares	**542**	542
Reserves	**(82,049)**	(75,325)
Capital deficiency attributable to owners of the Company	**(40,030)**	(33,306)
Non-controlling interests	**2,417**	1,287
Capital deficiency	**(37,613)**	(32,019)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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 Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands and the principal place of business of the Company is 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.

The principal activities of the Group are the manufacture and sale of modified starch and other biochemical products and general trading including, the trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes, and 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 24 August 2018.

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**").

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 2017, except for the accounting policy changes that are expected to be reflected in the audited financial statements for the year ending 31 December 2018. 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 2017. 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 2017.

For the six months ended 30 June 2018, the Group incurred a net loss attributable to owners of the Company of approximately HK$6,729,000, and as at that date, the Group had net current liabilities and net liabilities of approximately HK$81,109,000 and HK$37,613,000 respectively and also, the Group's capital deficiency attributable to owners of the Company was approximately HK$40,030,000. 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 2018, the Company has undrawn loan facilities of approximately HK$100,877,000 granted by Oriental Success, its ultimate holding company, which will be provided on a subordinated basis, i.e. Oriental Success will not demand the Company for repayment of such loans outstanding 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;

(iii) The Company has planned and is in negotiation with potential investors to raise sufficient funds; and

(iv) The Directors will continue to implement measures aiming at improving the working capital and cash flows of the Group.

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 the impact of above measures, the Directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the 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 been in discussions with various parties for such acquisitions or investments.

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments of Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

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 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Properties

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.

Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirement for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Classification and measurement of financial instruments

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, fixed bank deposit and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The ECL on trade receivables are assessed for customers with significant balances individually and/or collectively using a provision matrix with appropriate groupings.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

Effect arising from initial application of HKFRS 9

As at 1 January 2018, the Group's financial assets consist of trade and other receivables, and bank balances and cash that are recognised at amortised cost. The Group applies the HKFRS 9 simplified approach to measuring ECL using a lifetime expected loss allowance for all trade receivables. For other financial assets at amortised cost mainly comprise of other receivables, fixed bank deposit and bank balances, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition. The Group assessed that the application of HKFRS 9 will not have a material impact on the trade receivables as at 1 January 2018 as the probability of default is immaterial. Specifically, fixed bank deposit and bank balances and cash are also subject to the impairment requirements of HKFRS 9 and due to their nature, the expected loss allowance is immaterial.

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

Revenue from contracts with customers primarily consist of the following sources:

- Manufacture and sale of modified starch and other biochemical products

- General trading of electronic parts and electrical appliances, athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes

Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- 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, the Group 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.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Effect arising from initial application of HKFRS 15

"Receipts in advance from customers" in relation to deposits or payments received in advance for manufacture and sale of modified starch and other biochemical products, which was previously included in "Other payables and accruals" has been reclassified as "Contract liabilities".

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Accruals and other payables	22,846	(8,159)	14,687
Contract liabilities	–	8,159	8,159

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Accruals and other payables	28,893	4,628	33,521
Contract liabilities	4,628	(4,628)	–

At the date of initial application, the Group has assessed that the application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
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 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2021
[3] Effective date to be determined.

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 and electrical appliances, athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes.

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

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 segments:

Six months ended 30 June 2018

	Modified starch and other biochemical products *HK$'000* (Unaudited)	General trading *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue	**220,951**	**22,050**	**243,001**
Segment results	**3,417**	**108**	**3,525**
Other revenue			**901**
Central administration costs			**(7,537)**
Finance costs			**(2,435)**
Loss before tax			**(5,546)**
Income tax expense			**(58)**
Loss for the period			**(5,604)**

Six months ended 30 June 2017

	Modified starch and other biochemical products *HK$'000* (Unaudited)	General trading *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue	203,279	23,644	226,923
Segment results	90	(2,820)	(2,730)
Other revenue			1,924
Central administration costs			(3,100)
Finance costs			(2,053)
Loss before tax			(5,959)
Income tax expense			(17)
Loss for the period			(5,976)

Segment assets and liabilities

At 30 June 2018

	Modified starch and other biochemical products ***HK$'000*** **(Unaudited)**	**General trading** ***HK$'000*** **(Unaudited)**	**Total** ***HK$'000*** **(Unaudited)**
Assets			
Segment assets	**150,477**	**–**	**150,477**
Unallocated assets			**3,009**
Consolidated assets			**153,486**
Liabilities			
Segment liabilities	**(145,545)**	**(944)**	**(146,489)**
Unallocated liabilities			**(44,610)**
Consolidated liabilities			**(191,099)**
Geographical assets			
Hong Kong			**3,009**
PRC			**150,477**
			153,486

At 31 December 2017

	Modified starch and other biochemical products *HK$'000* (Audited)	General trading *HK$'000* (Audited)	Total *HK$'000* (Audited)
Assets			
Segment assets	145,827	1,229	147,056
Unallocated assets			350
Consolidated assets			147,406
Liabilities			
Segment liabilities	(143,201)	(2,931)	(146,132)
Unallocated liabilities			(33,293)
Consolidated liabilities			(179,425)
Geographical assets			
Hong Kong			1,573
Macau			6
PRC			145,827
			147,406

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 2018

	Modified starch and other biochemical products *HK$'000* **(Unaudited)**	**General trading** *HK$'000* **(Unaudited)**	**Unallocated** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(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)**

Six months ended 30 June 2017

	Modified starch and other biochemical products *HK$'000* (Unaudited)	General trading *HK$'000* (Unaudited)	Unallocated *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Additions to property, plant and equipment	5,002	4	–	5,006
Depreciation and amortisation	2,036	68	–	2,104
Reversal of write-down of inventories	(517)	–	–	(517)

Geographical information

For the six months ended 30 June 2018 and 2017, the Group's operations were principally located in Hong Kong (country of domicile) and PRC with revenue and profits from its operations.

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

	Revenue from external customers for the six months ended 30 June		Non-current assets	
	2018	2017	**30 June 2018**	31 December 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong	**22,050**	23,644	**464**	531
PRC	**220,951**	203,279	**73,155**	74,168
	243,001	226,923	**73,619**	74,699

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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A	**64,612**	44,711
Customer B	**N/A[1]**	43,724
Customer C	**31,365**	N/A[1]
Customer D	**N/A[1]**	23,644

[1] The corresponding revenue did not contribute over 10% of the total turnover of the Group.

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

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Income tax expense comprises:		
Current income tax:		
PRC Enterprise Income Tax	**58**	17

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.

Macau complementary tax is levied at a fixed rate of 12% on the taxable income above MOP600,000 for both periods (equivalent to approximately HK$583,000).

At the end of current interim period, the Group has unused tax losses of approximately HK$166,079,000 (31 December 2017: approximately HK$164,224,000) 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.

At the end of current interim period, there was no (31 December 2017: Nil) unrecognised deferred tax liabilities, relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries, 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 2018 amounted to approximately HK$19,731,000 (31 December 2017: approximately HK$23,547,000).

6. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Cost of inventories recognised as an expense	**234,637**	220,015
Interest expenses	**2,435**	2,053
Impairment loss on trade and bills receivables	**470**	–
Depreciation on property, plant and equipment	**2,395**	1,759
Amortisation of prepaid land lease payments	**377**	345
Staff costs (including Directors' emoluments and retirement benefit costs)	**5,436**	4,869
And after crediting:		
Net exchange gain	**5**	2
Reversal of impairment of deposits, prepayment and other receivables	**355**	–
Reversal of write-down of inventories	**3,601**	517

7. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

8. LOSS PER SHARE

Basic loss per share

The calculation of the basic loss per share for six months ended 30 June 2018 is based on the Group's loss attributable to owners of the Company of approximately HK$6,729,000 (six months ended 30 June 2017: approximately HK$6,259,000) and the number of 16,590,685,376 ordinary shares (six months ended 30 June 2017: 16,270,685,376 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 2018, the Group acquired items of property, plant and equipment at a total cost of approximately HK$3,143,000 (for the year ended 31 December 2017: approximately HK$8,274,000).

10. PREPAID LAND LEASE PAYMENTS

	30 June 2018 ***HK$'000*** **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Carrying amount:		
At beginning of the period/year	**32,739**	31,128
Exchange difference	**(409)**	2,316
Amortisation	**(377)**	(705)
At end of the period/year	**31,953**	32,739
Analysed for reporting purposes as:		
Current portion	**725**	735
Non-current portion	**31,228**	32,004
At end of the period/year	**31,953**	32,739

Prepaid land lease payments 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.

11. TRADE AND BILLS RECEIVABLES

	30 June 2018 ***HK$'000*** **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Trade receivables	**30,329**	35,547
Bills receivables	**154**	–
	30,483	35,547
Less: Provision for impairment	**(13,499)**	(13,029)
Total	**16,984**	22,518

The Group allows average credit period of 30 to 180 days to its customers.

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 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
0-30 days	**13,099**	10,322
31-60 days	**1,659**	6,471
61-90 days	**1,434**	2,032
91-180 days	**792**	3,693
Total	**16,984**	22,518

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

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Balance at beginning of the period/year	**13,029**	9,438
Provision for impairment	**470**	3,591
Balance at end of the period/year	**13,499**	13,029

12. TRADE PAYABLES

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Trade payables	**62,383**	61,633

The average credit period on purchases of goods ranges from 30 to 180 days (31 December 2017: 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 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0-30 days	**22,619**	18,367
31-60 days	**1,208**	2,746
61-90 days	**36,772**	39,084
91-180 days	**715**	360
Over 180 days	**1,069**	1,076
Total	**62,383**	61,633

13. OPERATING LEASES COMMITMENTS

The Group as lessee

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Lease payments in respect of rented premises paid under operating leases during the period	**1,844**	1,594

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 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**588**	584

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 two years.

14. PLEDGE OF ASSETS

The Group's prepaid land lease payments in the PRC with carrying amounts of approximately HK$20,095,000 (31 December 2017: approximately HK$20,587,000) have been pledged to secure the bank loans and general banking facilities granted to the Group.

15. EVENT AFTER REPORTING PERIOD

On 16 July 2018, the Company granted a total of 895,829,070 share options under the Share Option Scheme to consultants and an employee of the Group. The exercise period of the options is 5 years from the date of grant of the options, i.e. from 16 July 2018 to 15 July 2023. The options will entitle the grantees to subscribe for a total of 895,829,070 new shares of HK$0.0025 each at an exercise price of HK$0.072 per share.

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 2018.

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.

EMPHASIS OF MATTER

The accompanying condensed consolidated financial statements for the six months ended 30 June 2018 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$6,729,000 for the six months ended 30 June 2018, and as at that date, the Group had net current liabilities and net liabilities of approximately HK$81,109,000 and HK$37,613,000 respectively and also, the Group's capital deficiency attributable to owners of the Company was approximately HK$40,030,000. 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 2018, the Group recorded a turnover of approximately HK$243,001,000 (six months ended 30 June 2017: approximately HK$226,923,000), representing an increase of 7.1% as compared with the corresponding period last year. The Group recorded a gross profit and gross profit margin of approximately HK$8,326,000 and 3.4% respectively for the six months ended 30 June 2018, representing increases of approximately HK$2,166,000 and of 35.1% respectively as compared with the gross profit of approximately HK$6,160,000 and gross profit margin of 2.7% in the first half of 2017. 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 increased by 42.4% from approximately HK$8,624,000 in the first half of 2017 to approximately HK$12,288,000 for the corresponding period this year. Such increase is mainly due to an increase in legal fee of approximately HK$842,000 and a surcharge for overdue land tax payment of approximately HK$950,000. Selling expenses recorded a decrease of 5.5% from approximately HK$3,366,000 in the first half of 2017 to approximately HK$3,180,000 for the corresponding period this year.

Loss attributable to owners of the Company amounted to approximately HK$6,729,000, representing an increase of 7.5% as compared with the loss of approximately HK$6,259,000 for the corresponding period last year. The increase in the loss was mainly attributable to the increase administrative expenses mentioned above.

Financial Resources and Position

As at 30 June 2018, the Group had net current liabilities of approximately HK$81,109,000 (31 December 2017: approximately HK$81,664,000) and cash and cash equivalents of approximately HK$13,409,000 (31 December 2017: approximately HK$5,822,000).

As at 30 June 2018, the current ratio of the Group was approximately 0.49 times (31 December 2017: approximately 0.47 times). The net debts (net of cash and cash equivalents) to total assets ratio of the Group was approximately 53.3% (31 December 2017: 60.4%). Total borrowings of the Group amounted to approximately HK$95,178,000, comprising secured bank loan of approximately HK$65,055,000, and loans from ultimate holding company of approximately HK$30,123,000. 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 2018, 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$3,417,000 (six months ended 30 June 2017: segment profits of approximately HK$90,000). 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$108,000 during the period (six months ended 30 June 2017: segment loss of approximately HK$2,820,000).

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 2018 (30 June 2017: 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 2018.

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 2018.

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 2018, 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. The Audit Committee has reviewed the unaudited interim financial results of the Group for the six months ended 30 June 2018.

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 2018 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, 24 August 2018

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.