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## **Wan Kei Group Holdings Limited**

**宏基集團控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 1718)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

#### **FINANCIAL HIGHLIGHT**

For the six months ended 30 September 2015:

- The Group recorded revenue of approximately HK\$219,006,000 (six months ended 30 September 2014: approximately HK\$233,041,000).
- Profit attributable to equity shareholders of the Company amounted to approximately HK\$25,494,000 (six months ended 30 September 2014: approximately HK\$39,095,000).
- The Board does not recommend the payment of an interim dividend.

As at 30 September 2015:

- The Group held cash and bank balances of approximately HK\$116,119,000 (31 March 2015: approximately HK\$74,956,000).
- Net current assets amounted to approximately HK\$222,080,000 (31 March 2015: approximately HK\$111,115,000). Current ratio (defined as total current assets divided by total current liabilities) was 4.27 times (31 March 2015: 1.96 times).
- Net assets amounted to approximately HK\$262,197,000 (31 March 2015: approximately HK\$147,095,000).
- The Group had borrowings of approximately HK\$7,629,000 (31 March 2015: approximately HK\$12,398,000).

The board (the “Board”) of directors (the “Directors”) of Wan Kei Group Holdings Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2015 (the “Reporting Period”) together with comparative figures for the corresponding period in 2014. These information should be read in conjunction with the prospectus (the “Prospectus”) of the Company dated 28 July 2015.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 September 2015*

		<b>For the six months ended 30 September</b>	
		<b>2015</b>	<b>2014</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Turnover</b>	4	<b>219,006</b>	233,041
<b>Direct costs</b>		<b>(162,750)</b>	(171,662)
<b>Gross profit</b>		<b>56,256</b>	61,379
Other revenue		<b>391</b>	1,298
Other net income		<b>706</b>	43
General and administrative expenses		<b>(24,415)</b>	(14,726)
<b>Profit from operations</b>		<b>32,938</b>	47,994
Finance costs	5	<b>(193)</b>	(349)
<b>Profit before taxation</b>	6	<b>32,745</b>	47,645
Income tax	7	<b>(7,260)</b>	(8,475)
<b>Profit and total comprehensive income for the period</b>		<b>25,485</b>	39,170
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>25,494</b>	39,095
Non-controlling interests		<b>(9)</b>	75
<b>Profit and total comprehensive income for the period</b>		<b>25,485</b>	39,170
<b>Earnings per share</b>			
–Basic (HK cents per share)	9	<b>3.50</b>	5.59
–Diluted (HK cents per share)	9	<b>3.50</b>	5.59

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	<i>Notes</i>	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
<b>Non-current assets</b>			
Fixed assets		45,344	44,339
Prepayment		900	50
Club memberships		400	400
Deferred tax assets		–	149
		<u>46,644</u>	<u>44,938</u>
<b>Current assets</b>			
Gross amounts due from customers for contract work		99,547	55,191
Trade and other receivables	10	73,604	90,145
Tax recoverable		645	7,090
Cash and cash equivalents		116,119	74,956
		<u>289,915</u>	<u>227,382</u>
<b>Current liabilities</b>			
Gross amounts due to customers for contract work		13,713	15,306
Trade and other payables	11	42,352	27,518
Dividend payable		–	60,000
Obligations under finance leases		7,261	9,197
Tax payable		4,509	4,246
		<u>67,835</u>	<u>116,267</u>
<b>Net current assets</b>		<u>222,080</u>	<u>111,115</u>
<b>Total assets less current liabilities</b>		<u>268,724</u>	<u>156,053</u>
<b>Non-current liabilities</b>			
Obligations under finance leases		368	3,201
Provision for long service payment		861	861
Deferred tax liabilities		5,298	4,896
		<u>6,527</u>	<u>8,958</u>
<b>Net assets</b>		<u>262,197</u>	<u>147,095</u>
<b>Capital and reserves</b>			
Share capital	12	8,000	10,350
Reserves		254,197	136,130
<b>Total equity attributable to equity shareholders of the Company</b>		<u>262,197</u>	<u>146,480</u>
Non-controlling interests		–	615
<b>Total equity</b>		<u>262,197</u>	<u>147,095</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND GROUP REORGANISATION

### (a) General information

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company's registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Group is principally engaged in providing: (i) foundation works; and (ii) ground investigation field works, in Hong Kong.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 August 2015.

### (b) Group reorganisation

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Company underwent a group reorganisation (the "Reorganisation").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Company Law of the Cayman Islands on 7 October 2014. Through the Reorganisation, as more fully explained in the paragraph headed "Corporate reorganisation" in Appendix IV – "Statutory and General Information" to the prospectus (the "Prospectus") in connection with the global offering of the Company's shares dated 28 July 2015, the Company became the holding company of the companies now comprising the Group on 11 August 2015.

## 2. BASIS OF PRESENTATION

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

## 3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies applied to prepare this unaudited condensed interim financial information for the six months ended 30 September 2015 are consistent with those adopted for the preparation of the financial information for the years ended 31 March 2013, 2014 and 2015 as set out in the Accountant's Report included in Appendix I to the Prospectus.

The Group has adopted the following amendments to standards for accounting periods beginning on or after 1 April 2015:

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvement Project	Annual Improvements 2010 – 2012 Cycle
Annual Improvement Project	Annual Improvements 2011 – 2013 Cycle

The Group has assessed the impact of the adoption of these amendments to standards and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies.

#### 4. TURNOVER AND SEGMENT REPORTING

##### (a) Turnover

The principal activities of the Group are foundation construction and ground investigation.

Turnover represents revenue from construction contracts and from ground investigation services. The amount of each significant category of revenue recognised in turnover during the respective periods is as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue from construction contracts	<b>196,445</b>	214,206
Revenue from ground investigation services	<b>22,561</b>	18,835
	<hr/> <b>219,006</b> <hr/>	<hr/> 233,041 <hr/>

##### (b) Segment reporting

The Group manages its business by business lines. In a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Foundation construction: this segment provides foundation construction work to customers in Hong Kong.
- Ground investigation services: this segment provides ground investigation services to customers in Hong Kong.

Segment information is presented only in respect of the Group's business segment. No geographical analysis is shown as less than 10% of the Group's revenue, profit from operations and assets were derived from activities outside Hong Kong.

(i) *Segment results*

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. The measure used for reporting segment profit is net profit before taxation.

*The segment results for the six months ended 30 September 2015 and 2014 are as follows:*

	Foundation construction		Ground investigation services		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2015	2014	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	196,445	214,206	22,561	18,835	219,006	233,041
Reportable segment revenue	196,445	214,206	22,561	18,835	219,006	233,041
Reportable segment profit	31,586	45,834	1,159	1,811	32,745	47,645
Interest expense	188	327	5	22	193	349
Depreciation and amortisation for the year	10,015	10,280	321	318	10,336	10,598

(ii) *Reconciliations of reportable segment profit or loss*

	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Profit</b>		
Reportable segment profit	32,745	47,645
Elimination of inter-segment profits	—	—
Consolidated profit before taxation	32,745	47,645

## 5. FINANCE COSTS

Six months ended  
30 September

2015 2014

HK\$'000 HK\$'000

(Unaudited) (Unaudited)

Finance charges on obligation under finance leases

193 349

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

Six months ended  
30 September

2015 2014

HK\$'000 HK\$'000

(Unaudited) (Unaudited)

### (a) Staff costs (including directors' remuneration)

Contribution to defined contribution retirement plans

1,035 1,042

Salaries, wages and other benefits

29,578 28,599

30,613 29,641

Add: Amount included in gross amounts due  
from/(to) customers for contract work

1,521 4,763

32,134 34,404

### (b) Other items

Depreciation

9,624 10,375

Add: Amount included in gross amounts due  
from/(to) customers for contract work

712 223

10,336 10,598

Operating lease charges

– hire of machinery

10,058 14,225

– hire of properties

918 894

Auditors' remuneration

400 123

## 7. INCOME TAX

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax-Hong Kong Profits Tax	<b>6,709</b>	7,814
Deferred taxation	<b>551</b>	661
	<hr/>	<hr/>
	<b>7,260</b>	8,475
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit arising in or derived from Hong Kong for the period.

## 8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

## 9. EARNINGS PER SHARE

### Basic

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the respective periods. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation on 9 May 2015, details of which are set out in Note 12 below.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to equity shareholders of the Company (HK\$'000)	<b>25,494</b>	39,095
Weighted average number of ordinary shares For the purpose of calculating basic earnings per share (in thousand)	<b>727,867</b>	699,990
Basic earnings per share (HK cents)	<b>3.50</b>	5.59
	<hr/> <hr/>	<hr/> <hr/>

### Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the period.



## 10. TRADE AND OTHER RECEIVABLES

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Trade debtors	13,628	24,331
Deposits, prepayments and other receivables	9,548	13,167
Retention receivables (note (i))	50,428	52,647
	<u>73,604</u>	<u>90,145</u>

Note:

- (i) Except for the amounts of approximately HK\$21,757,000 and HK\$22,425,000 as at 30 September 2015 and 31 March 2015 respectively, which are expected to be recovered after one year, all of the remaining balances are expected to be recovered within one year.

### (a) Ageing analysis

At 30 September 2015 and 31 March 2015, the ageing analysis of the trade debtors (which are included in trade and other receivables), based on the date of progress certificate issued by customers and net of allowance for doubtful debts, is as follows:

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Within 1 month	10,690	22,116
1 to 2 months	2,262	507
2 to 3 months	450	–
Over 3 months	226	1,708
	<u>13,628</u>	<u>24,331</u>

Trade debtors are normally due within 30 to 50 days from the payment application date or 0 to 60 days from the certificate date.

### (b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

At 30 September 2015 and 31 March 2015, none of trade debtors was individually determined to be impaired.

(c) **Trade debtors that are not impaired**

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	At 30 September 2015 <i>HK\$'000</i> (Unaudited)	At 31 March 2015 <i>HK\$'000</i> (Audited)
Neither past due nor impaired	7,906	14,072
Less than 1 month past due	3,234	8,551
1 to 3 months past due	2,340	–
Over 3 months past due	148	1,708
	<u>13,628</u>	<u>24,331</u>

Receivables which were neither past due nor impaired related to a range of customers for whom there was no recent history of default.

Receivables which were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

**11. TRADE AND OTHER PAYABLES**

	At 30 September 2015 <i>HK\$'000</i> (Unaudited)	At 31 March 2015 <i>HK\$'000</i> (Audited)
Trade payables	34,534	21,546
Retention payables (note (i))	3,658	1,952
Other payables and accruals	4,160	4,020
	<u>42,352</u>	<u>27,518</u>

*Note:*

- (i) Except for the amounts of approximately HK\$2,485,000 and HK\$390,000 as at 30 September 2015 and 31 March 2015 respectively, all of the remaining balances are expected to be settled within one year.

(ii) An ageing analysis of trade payables based on the invoice date is as follows:

	At 30 September 2015 <i>HK\$'000</i> (Unaudited)	At 31 March 2015 <i>HK\$'000</i> (Audited)
Within 1 month	17,410	11,388
1 to 2 months	10,683	3,869
2 to 3 months	901	1,008
Over 3 months	5,540	5,281
	<u>34,534</u>	<u>21,546</u>

## 12. SHARE CAPITAL

	Number of Ordinary Shares	Nominal amount <i>HK\$</i>
Authorised:		
Ordinary shares of HK\$0.01 each as at 31 March 2015	<u>38,000,000</u>	<u>380,000</u>
Ordinary shares of HK\$0.01 each as at 30 September 2015	<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each as at 31 March 2015	<u>10,000</u>	<u>100</u>
Ordinary shares of HK\$0.01 each as at 30 September 2015	<u>800,000,000</u>	<u>8,000,000</u>

The Company was incorporated in the Cayman Islands on 7 October 2014, with an authorised share capital of HK\$380,000 divided into 38,000,000 of a par value of HK\$0.01 each. At the time of its incorporation, the Company issued 1 ordinary share to the subscriber, which was subsequently transferred to Suntecli Company Limited (“Suntecli”) on 7 October 2014.

On 5 November 2014, 5,681, 2,364, 1,939 and 15 nil-paid shares were allotted and issued to Suntecli, Samwood Global Limited (“Samwood”), Mr. Leung Man Lun Stephen (“Mr. Leung”) and Ms. Yeung Siu Lai Shirley (“Ms. Yeung”) respectively.

On 9 May 2015, pursuant to the written resolution of shareholders of the Company, the authorised share capital was increased to HK\$20,000,000 divided into 2,000,000,000 ordinary shares of a par value of HK\$0.01 each.

On 9 May 2015, pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Hong Kong Wan Wai Company Limited from Suntecli, Samwood, Mr. Leung and Ms. Yeung, the 5,682, 2,364, 1,939 and 15 nil paid shares then held by Suntecli, Samwood, Mr. Leung and Ms. Yeung respectively were

credited as fully paid at par, and 397,734,318, 165,477,636, 135,728,061 and 1,049,985 shares, all credited as fully paid at par, were allotted and issued to Suntecli, Samwood, Mr. Leung and Ms. Yeung respectively.

On 11 August 2015, the Company issued 100,000,000 shares pursuant to its global offering at an offer price of HK\$0.85 per share. As a result, after capitalising approximately HK\$5,052,000 share issuance costs, approximately HK\$79,948,000 were recognised in equity of the consolidated statement of financial position including a credit of approximately HK\$78,948,000 to the share premium account.

### 13. COMMITMENTS

#### (a) Capital commitment

Capital commitments outstanding as at each statement of financial position date not provided for were as follows:

	At 30 September 2015 <i>HK\$'000</i> (Unaudited)	At 31 March 2015 <i>HK\$'000</i> (Audited)
Contracted but not provided for:		
Fixed assets	<u>2,096</u>	<u>247</u>

#### (b) Operating lease commitments – Group as lessee

As at each statement of financial position date, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	At 30 September 2015 <i>HK\$'000</i> (Unaudited)	At 31 March 2015 <i>HK\$'000</i> (Audited)
Within 1 year	1,793	1,793
After 1 year but within 5 years	<u>588</u>	<u>1,470</u>
	<u>2,381</u>	<u>3,263</u>

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run an initial period of two years, with an option to renew when all terms are renegotiated. None of lease includes contingent rentals.

#### 14. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 September 2015, the related parties that had transactions with the Group were as follows:

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Chung Hang Enterprises Holdings Limited	A related company owned by certain directors of the Company
Chung Wah Investment Company Limited	A related company owned by certain directors of the Company
Wan Kei (Macau) Civil and Foundation Construction Company Limited	A private company owned by certain directors of the Company prior to 5 December 2014

- (b) The following is a summary of significant related party transactions which were carried out in accordance with the terms agreed between the Group and the related parties and in the ordinary and usual course of business:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Lease of properties from		
–Chung Hang Enterprises Holdings Limited	<b>312</b>	306
–Chung Wah Investment Company Limited	<b>570</b>	570
	<b>882</b>	<b>876</b>
Machinery rental income from		
–Wan Kei (Macau) Civil and Foundation Construction Company Limited	<b>–</b>	993

#### (c) Key management compensation

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries, wages and other benefits	<b>3,300</b>	3,010
Contribution to defined contribution retirement plans	<b>27</b>	26
	<b>3,327</b>	<b>3,036</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the Reporting Period, the Group was principally engaged in providing: (i) foundation works; and (ii) ground investigation field works, in Hong Kong.

#### *Foundation Works*

During the Reporting Period, the Group was engaged in the provision of foundation works in Hong Kong. The foundation works undertaken by the Group mainly consisted of the construction of socketed H-piles, mini piles, soldier piles, pipe piles and king posts. The Group undertakes foundation works projects in both the public and private sectors. Income from foundation works contributed approximately 89.7% of the total revenue during the Reporting Period (six months ended 30 September 2014: approximately 91.9%).

#### *Ground Investigation Field Works*

The Group also act as a main contractor for the provision of ground investigation field works in Hong Kong and it undertakes ground investigation field works in both public and private sectors. Income from ground investigation field works contributed approximately 10.3% of the total revenue during the Reporting Period (six months ended 30 September 2014: approximately 8.1%).

### FINANCIAL REVIEW

#### *Revenue*

The Group's total revenue for the Reporting period was approximately HK\$219,006,000 (six months ended 30 September 2014: approximately HK\$233,041,000), representing an decrease of approximately 6.0% over the six months ended 30 September 2014. The decrease was mainly due to the commencement date of several foundation works projects had been delayed and several projects were commenced to perform work by the end of August 2015.

#### *Gross Profit Margin*

The Group's gross profit margin during the Reporting Period was approximately 25.7% (six months ended 30 September 2014: approximately 26.3%). The slight decline in margin is mainly due to the absence of relatively higher profit margin projects during the Reporting Period, coupled with the increase in construction material costs and subcontracting charges.

## ***General and Administrative Expenses***

The Group's administrative expenses for the six months ended 30 September 2015 were approximately HK\$24,415,000 (six months ended 30 September 2014: approximately HK\$14,726,000) representing an increase of approximately 65.8% over the corresponding period in 2014. This was mainly attributable to the one-off non-recurring listing expenses of approximately HK\$8,000,000 had been incurred during the Reporting Period.

## ***Net Profit***

For the six months ended 30 September 2015, the Group recorded a net profit of approximately HK\$25,485,000, representing a decreased of approximately 34.9% as compared to the net profit of approximately HK\$39,170,000 for the corresponding period last year. The decrease was mainly attributable to the decrease in revenue and the one-off non-recurring listing expenses incurred during the Reporting Period.

## **Prospects**

The growth of the overall foundation industry in Hong Kong is expected to slow down in 2015, having considered that the planned public works are still upheld and pending to be approved by the Finance Committee under the Legislative Council of the HKSAR and the foundation works of the existing civil and railway projects in Hong Kong are about to complete in the near future. Further, the growth for the foundation work for the private sector is still moderate and stable.

Following the approval of the pending public works, the Group anticipates more foundation projects will be launched and resume the growth of the construction market in Hong Kong. The Group still remains positive to the future of construction market and the business of the Group.

## **Debts and Charge on Assets**

The total interest-bearing borrowings of the Group consist of finance leases, decreased from approximately HK\$12,398,000 as at 31 March 2015 to approximately HK\$7,629,000 as at 30 September 2015. All borrowings were denominated in Hong Kong Dollar. Interest on borrowings are charged at floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary. As at 30 September 2015, the amount of bank facilities of HK\$6,000,000 (31 March 2015: HK\$6,000,000) remained unutilised. These banking facilities are secured by the Group's fixed assets with an aggregate net book value of approximately HK\$14,916,000 and approximately HK\$23,757,000 as at 30 September 2015 and 31 March 2015 respectively.

## **Liquidity, Financial Resources and Capital Structure**

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the listing of the Company on 11 August 2015 (the “Listing Date”).

As at 30 September 2015, the Group had cash and bank balances of approximately HK\$116,119,000 (31 March 2015: approximately HK\$74,956,000), all of which were denominated in Hong Kong dollar. The increase was mainly due to the proceeds received from the listing of the Company of approximately HK\$85,000,000 on 11 August 2015, net off the effect of dividends payment of HK\$60,000,000 to the shareholders of the Group in April 2015.

The gearing ratio of the Group as at 30 September 2015 (defined as total interest-bearing liabilities divided by the Group’s total equity) was approximately 2.9% (31 March 2015: approximately 8.4%). During the Reporting Period, the Group did not employ any financial instrument for hedging purposes.

### **Foreign Exchange Risk**

Since the Group mainly operates in Hong Kong and most of the revenue and transactions arising from its operations were settled in Hong Kong dollar, and the Group’s assets and liabilities are primarily denominated in Hong Kong dollar, the Directors believe that the Group’s risk in foreign exchange is insignificant and the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments during the Reporting Period.

### **Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies**

During the Reporting Period, there was no acquisition or disposal of subsidiaries and associated companies by the Company save as disclosed in the Prospectus.

### **Capital Commitments**

Saves as disclosed in note 13 to the unaudited condensed consolidated financial statements, the Group had no other capital commitments as at 30 September 2015 and 31 March 2015.

### **Contingent liabilities**

The Group had no contingent liabilities as at 30 September 2015 and 31 March 2015.

### **Event after the Reporting Period**

There are no significant events after the Reporting Period.



## Employees and Remuneration Policy

At 30 September 2015, the Group had 163 full-time employees (31 March 2015: 161 full-time employees).

The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and in-house training programmes, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance. The total remuneration cost incurred by the Group for the Reporting Period was approximately HK\$32,134,000, compared to approximately HK\$34,404,000 for the six months ended 30 September 2014.

## USE OF NET PROCEEDS FROM LISTING

The Company's shares have been listed on the Main Board of the Stock Exchange since 11 August 2015. The receipts of proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of profit of loss and other comprehensive income and deducted from the share premium (the "Net Proceeds") from the Company's listing were approximately HK\$70,700,000. In accordance with the proposed applications set out in the section "Future Plans and Use of Proceeds" to the Prospectus, the Net Proceeds received were applied by the Group from the Listing Date up to 30 September 2015 as follows:

<b>Use of Net Proceeds</b>	<b>Planned use of proceeds as stated in the Prospectus <i>HK\$million</i></b>	<b>Actual use of proceeds from the Listing Date up to 30 September 2015 <i>HK\$million</i></b>	<b>Unused amount <i>HK\$million</i></b>
Acquisition of additional machinery	48.4	8.7	39.7
Recruitment of additional staff	7.6	0.2	7.4
Repayment of finance leases	8.1	1.5	6.6
General working capital	6.6	3.5	3.1
<b>Total</b>	<b>70.7</b>	<b>13.9</b>	<b>56.8</b>

The unutilized amounts of the Net Proceeds will be applied in the manner consistent with that mentioned in the Prospectus. The Directors are not aware of any material change to the planned use of proceeds as at the date of this announcement.

The unused Net Proceeds have been placed as bank balances with licensed bank in Hong Kong as at the date of this announcement.

## **Interim Dividend**

The Board did not recommend the declaration of any interim dividend for the Reporting Period (six months ended 30 September 2014: Nil).

## **Purchase, Sale and Redemption of the Company's Securities**

Neither the Company nor any of the subsidiaries had purchased, sold or redeemed any of the Company's listed securities from the Listing Date and up to the date of this announcement.

## **Corporate Governance**

The Company had complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") from the Listing Date and up to the date of this announcement.

## **Code of Conduct Regarding Directors' Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code from the Listing Date and up to the date of this announcement.

## **Audit Committee and Review of Financial Information**

The audit committee of the Company (the "Audit Committee") has reviewed with the Company's management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements for the Reporting Period. The Group's unaudited condensed consolidated interim financial statements for the Reporting Period had been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

The Audit Committee comprises of three independent non-executive Directors, namely Mr. Law Yiu Sing, Mr. Ong Chi King and Mr. Ho Ho Ming. Mr. Law Yiu Sing has been appointed as the chairman of the Audit Committee.

By order of the Board  
**WAN KEI GROUP HOLDINGS LIMITED**  
**Lau Woon Si**  
*Chairman*

Hong Kong, 26 November 2015

*As at the date of this announcement, the executive Directors are Mr. Lau Woon Si, Mr. Lau Chi Hing, Mr. Fong Hon Hung, Mr. Leung Man Lun Stephen and Mr. Lau Chi Shing; and the independent non-executive Directors are Mr. Law Yiu Sing, Mr. Ong Chi King and Mr. Ho Ho Ming.*