



Wan Kei Group Holdings Limited
宏基集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1718



Interim Report
2015



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Woon Si (*Chairman*)
Mr. Fong Hon Hung (*Chief Executive*)
Mr. Lau Chi Hing
Mr. Leung Man Lun Stephen
Mr. Lau Chi Shing

Independent Non-executive Directors

Mr. Law Yiu Sing
Mr. Ho Ho Ming
Mr. Ong Chi King

COMPANY SECRETARY

Mr. Ling Yat Hin

AUTHORISED REPRESENTATIVES

Mr. Lau Chi Hing
Mr. Ling Yat Hin

AUDIT COMMITTEE

Mr. Law Yiu Sing (*Chairman*)
Mr. Ong Chi King
Mr. Ho Ho Ming

REMUNERATION COMMITTEE

Mr. Ong Chi King (*Chairman*)
Mr. Lau Chi Hing
Mr. Law Yiu Sing

NOMINATION COMMITTEE

Mr. Lau Woon Si (*Chairman*)
Mr. Ong Chi King
Mr. Law Yiu Sing

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 6 & 8, 9/F, Block A
Fuk Keung Industrial Building
No. 66-68 Tong Mi Road
Mongkok, Kowloon
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

Loong & Yeung
Solicitors, Hong Kong
Suites 2001-2006, 20th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

COMPLIANCE ADVISER Kingsway Capital Limited

7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman, KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
(Asia) Limited
Hang Seng Bank Limited

STOCK CODE

1718

COMPANY'S WEBSITE

www.wankei.com.hk



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

- Revenue of the Group for the six months ended 30 September 2015 amounted to approximately HK\$219,006,000 (for the six months ended 30 September 2014: approximately HK\$233,041,000).
- Profit attributable to the equity shareholders of the Company for the six months ended 30 September 2015 amounted to approximately HK\$25,494,000 (for the six months ended 30 September 2014: approximately HK\$39,095,000).
- Basis and diluted earnings per share for the six months ended 30 September 2015 amounted to approximately HK cents 3.50 (for the six months ended 30 September 2014: approximately HK cents 5.59).
- The Board does not recommend the declaration of any interim dividend for the six months ended 30 September 2015.

BUSINESS REVIEW

During the six months ended 30 September 2015 (the “Reporting Period”), Wan Kei Group Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) were 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

During the Reporting Period, the Group also acted as a main contractor for the provision of ground investigation field works in Hong Kong and it undertook 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 a 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 being 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 gross profit margin was 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 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 decrease 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 the growth of the construction market in Hong Kong will be resumed. 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 which remained unutilised amounted to HK\$6,000,000 (31 March 2015: HK\$6,000,000). 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 (the "Listing") of the Shares of the Company (the "Shares") on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 net increase was mainly due to the proceeds received from the Listing of approximately HK\$85,000,000 on 11 August 2015, after taking into account the net off 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 of the Company (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 had not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and had not adopted any currency hedging policy or other hedging instruments during the Reporting Period.

Significant Investment, Material Acquisitions and Disposals of Subsidiaries and Associated Companies

During the Reporting Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies save as disclosed in the prospectus of the Company dated 28 July 2015 (the "Prospectus").

Capital Commitments

Saves as disclosed in note 14 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

As 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 the Listing

The Shares of the Company 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 (“Net Proceeds”) from the Listing were approximately HK\$70,700,000. In accordance with the proposed applications set out in the section headed “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:

Use of Net Proceeds	Planned use of proceeds as stated in the Prospectus HK\$ million	Actual use of proceeds from the Listing Date up to 30 September 2015 HK\$ million	Unused amount HK\$ million
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
Total	<u>70.7</u>	<u>13.9</u>	<u>56.8</u>

The unutilised 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 report.

The unused net proceeds have been placed as bank balances with licensed bank in Hong Kong as at the date of this report.



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

For the six months ended 30 September 2015

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



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
	<i>Notes</i>	
Non-current assets		
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>
Current assets		
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>
Current liabilities		
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	12 7,261	9,197
Tax payable	4,509	4,246
	<u>67,835</u>	<u>116,267</u>
Net current assets	<u>222,080</u>	<u>111,115</u>
Total assets less current liabilities	<u>268,724</u>	<u>156,053</u>
Non-current liabilities		
Obligations under finance leases	12 368	3,201
Provision for long service payment	861	861
Deferred tax liabilities	5,298	4,896
	<u>6,527</u>	<u>8,958</u>
Net assets	<u>262,197</u>	<u>147,095</u>
Capital and reserves		
Share capital	13 8,000	10,350
Reserves	254,197	136,130
Total equity attributable to equity shareholders of the Company	<u>262,197</u>	<u>146,480</u>
Non-controlling interests	–	615
Total equity	<u>262,197</u>	<u>147,095</u>



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Note 13)							
At 1 April 2015 (Audited)	10,350	–	–	–	136,130	146,480	615	147,095
Elimination of share capital on group reorganisation	(10,350)	–	–	–	–	(10,350)	–	(10,350)
Issuance of new shares	–	–	–	–	–	–	–	–
Shares issued on group reorganisation	7,000	–	3,956	–	–	10,956	(606)	10,350
Shares issued under share offer	1,000	84,000	–	–	–	85,000	–	85,000
Share issue expenses	–	(5,052)	–	–	–	(5,052)	–	(5,052)
Deemed capital contribution	–	–	–	9,669	–	9,669	–	9,669
Profit and total comprehensive income for the period	–	–	–	–	25,494	25,494	(9)	25,485
At 30 September 2015 (Unaudited)	<u>8,000</u>	<u>78,948</u>	<u>3,956</u>	<u>9,669</u>	<u>161,624</u>	<u>262,197</u>	<u>–</u>	<u>262,197</u>
At 1 April 2014 (Audited)	10,350	–	–	–	133,980	144,330	458	144,788
Profit and total comprehensive income for the period	–	–	–	–	39,095	39,095	75	39,170
At 30 September 2014 (Unaudited)	<u>10,350</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>173,075</u>	<u>183,425</u>	<u>533</u>	<u>183,958</u>



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Operating activities		
Cash generated from operations	27,282	2,106
Tax paid	–	(36)
Net cash generated from operating activities	27,282	2,070
Investing activities		
Payment for the purchase of fixed assets	(11,495)	(5,147)
Proceeds from disposal of fixed assets	715	–
Net advance to related parties	–	(2,248)
Interest received	6	14
Net cash used in investing activities	(10,774)	(7,381)
Financing activities		
Capital element of finance lease rentals paid	(4,769)	(5,846)
Interest element of finance lease rentals paid	(193)	(349)
Proceeds from issue of shares	85,000	–
Expenses on issue of shares	(5,052)	–
Proceeds from deemed capital contribution	9,669	–
Dividends paid	(60,000)	–
Payments for share issue capitalised	–	(1,228)
Net cash generated from/(used in) financing activities	24,655	(7,423)
Net increase/(decrease) in cash and cash equivalents	41,163	(12,734)
Cash and cash equivalents at the beginning of the period	74,956	66,049
Cash and cash equivalents at the end of the period	116,119	53,315



NOTES TO THE UNAUDITED 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 share 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:

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



(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 segment. 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, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segments on the following bases:

Segment assets include all current and non-current assets with the exception of current tax recoverable and deferred tax assets (if any). Segment liabilities include all current and non-current liabilities with the exception of current tax payable and deferred tax liabilities.

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
	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (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

The segment assets and liabilities as at 30 September 2015 and 31 March 2015 are as follows:

	Foundation construction		Ground investigation services		Total	
	As at 30 September	As at 31 March	As at 30 September	As at 31 March	As at 30 September	As at 31 March
	2015	2015	2015	2015	2015	2015
	HKS'000 (Unaudited)	HKS'000 (Audited)	HKS'000 (Unaudited)	HKS'000 (Audited)	HKS'000 (Unaudited)	HKS'000 (Audited)
Reportable segment assets	310,762	241,742	25,778	25,163	336,540	266,905
Fixed assets	43,475	42,314	1,869	2,025	45,344	44,339
Trade and other receivables	64,027	78,786	9,577	11,359	73,604	90,145
Additions to non-current segment assets during the period	11,314	5,119	181	165	11,495	5,284
Reportable segment liabilities	54,152	106,333	11,029	11,574	65,181	117,907
Finance leases payable	7,508	12,136	121	262	7,629	12,398
Trade and other payables	33,473	20,357	8,879	7,161	42,352	27,518



(ii) *Reconciliations of reportable segment revenue, profit or loss, assets and liabilities*

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue and consolidated turnover	<u>219,006</u>	<u>233,041</u>
Profit		
Reportable segment profit	32,745	47,645
Elimination of inter-segment profits	<u>—</u>	<u>—</u>
Consolidated profit before taxation	<u>32,745</u>	<u>47,645</u>



	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Assets		
Reportable segment assets	336,540	266,905
Elimination of inter-segment receivables	<u>(626)</u>	<u>(1,824)</u>
	335,914	265,081
Tax recoverable	645	7,090
Deferred tax assets	<u>–</u>	<u>149</u>
	336,559	272,320
	<u>336,559</u>	<u>272,320</u>
Liabilities		
Reportable segment liabilities	65,181	117,907
Elimination of inter-segment liabilities	<u>(626)</u>	<u>(1,824)</u>
	64,555	116,083
Current tax liabilities	4,509	4,246
Deferred tax liabilities	<u>5,298</u>	<u>4,896</u>
	74,362	125,225
	<u>74,362</u>	<u>125,225</u>

5. FINANCE COSTS

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance charges on obligation under finance leases	<u>193</u>	<u>349</u>



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)
<i>(a) Staff costs (including directors' remuneration)</i>		
Contribution to defined contribution retirement plans	1,035	1,042
Salaries, wages and other benefits	29,578	28,599
	<hr/>	<hr/>
	30,613	29,641
Add: Amount included in gross amounts due from/(to) customers for contract work	1,521	4,763
	<hr/>	<hr/>
	32,134	34,404
	<hr/> <hr/>	<hr/> <hr/>
<i>(b) Other items</i>		
Depreciation	9,624	10,375
Add: Amount included in gross amounts due from/(to) customers for contract work	712	223
	<hr/>	<hr/>
	10,336	10,598
Operating lease charges		
– hire of machinery	10,058	14,225
– hire of properties	918	894
Auditors' remuneration	400	123
	<hr/> <hr/>	<hr/> <hr/>



7. INCOME TAX

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

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 13 below.

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



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 (<i>note (i)</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 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (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 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Trade payables	34,534	21,546
Retention payables (<i>note (i)</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 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (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. OBLIGATIONS UNDER FINANCE LEASES

At 30 September 2015 and 31 March 2015, the Group had obligations under finance leases payable as follows:

	At 30 September 2015		At 31 March 2015	
	Present value of the minimum lease payments HK\$'000 (Unaudited)	Total minimum lease payments HK\$'000 (Unaudited)	Present value of the minimum lease payments HK\$'000 (Audited)	Total minimum lease payments HK\$'000 (Audited)
Within 1 year	7,261	7,401	9,197	9,496
After 1 year but within 2 years	368	371	3,145	3,183
After 2 years but within 5 years	–	–	56	56
	<u>368</u>	<u>371</u>	<u>3,201</u>	<u>3,239</u>
	<u>7,629</u>	<u>7,772</u>	<u>12,398</u>	<u>12,735</u>
Less: total future interest expenses		(143)		(337)
Present value of lease obligations		<u>7,629</u>		<u>12,398</u>

13. SHARE CAPITAL

	Number of Ordinary Shares	Nominal amount HK\$
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 the 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.

14. 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 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (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	At
	30 September	31 March
	2015	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within 1 year	1,793	1,793
After 1 year but within five years	588	1,470
	<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.

15. RELATED PARTY TRANSACTIONS

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

Name of related parties	Relationship with the Group
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:

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

- (c) Key management compensation

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

Significant Investments, Acquisitions and Disposals

During the Reporting Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies apart from the reorganisation in relation to the Listing as disclosed in the Prospectus.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus, the Company does not have any other plans for material investments or capital assets.

Purchase, Sale or Redemption of the Company's Listed 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 report.

Competing Interests

Having made specific enquiry of all Directors, the controlling shareholders and substantial shareholders, all of them have confirmed that neither themselves nor their respective close associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business.

DISCLOSURE OF INTEREST

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

As at 30 September 2015, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive is taken or deemed to have under such provision of the SFO) or which, pursuant to Section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, notified to the Company and the Stock Exchange were as follows:



(i) **Long positions in the Shares**

Name of Directors	Capacity/Nature	Number of Shares held/ interested in	Approximate percentage of shareholding
Mr. Lau Woon Si (“Mr. WS Lau”)	Interests held jointly with other persons; interest in controlled corporation (<i>Notes 1 and 4</i>)	599,100,000	74.90%
Mr. Fong Hon Hung (“Mr. Fong”)	Interests held jointly with other persons; interest in controlled corporation (<i>Notes 2 and 4</i>)	599,100,000	74.90%
Mr. Leung Man Lun Stephen (“Mr. Leung”)	Interests held jointly with other persons; interest in controlled corporation (<i>Notes 3 and 4</i>)	599,100,000	74.90%

Notes:

- (1) Mr. WS Lau owns approximately 94.65% shareholding in Suntecli Company Limited (“Suntecli”), which in turn beneficially owns 42.62% shareholding in the Company. Therefore, Mr. WS Lau is deemed or taken to be interested in all the Shares which are beneficially owned by Suntecli for the purpose of SFO. Mr. WS Lau is the chairman, an executive Director and the chairman of the nomination committee of the Company.
- (2) Mr. Fong owns 79% shareholding in Samwood Global Limited (“Samwood”), which in turn beneficially owns 17.73% shareholding in the Company. Therefore, Mr. Fong is deemed or taken to be interested in all the Shares which are beneficially owned by Samwood for the purpose of SFO. Mr. Fong is the chief executive and an executive Director of the Company.
- (3) Mr. Leung is an executive Director of the Company.
- (4) Suntecli, Samwood, Mr. WS Lau, Mr. Fong and Mr. Leung are parties acting in concert (having the meaning as ascribed thereto in the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”)) pursuant to a confirmatory deed dated 3 December 2014 (the “Concert Party Deed”). As such, immediately following completion of the global offering of the Shares (without taking into account any Share which may be issued upon the exercise of any option that may be granted under the Scheme (as defined below)), Suntecli, Samwood, Mr. WS Lau, Mr. Fong and Mr. Leung will together control approximately 74.9% of the entire issued share capital of the Company.



(ii) **Interest in the associated corporations**

Name of Director	Capacity/ Nature	Number of shares held	Position in the associated corporations	Percentage of interest in the associated corporations
Mr. WS Lau	Beneficial owner	17,600 ordinary shares	Director of Suntecli <i>(Note)</i>	Approximately 94.65% in Suntecli
Mr. Lau Chi Hing ("Mr. CH Lau")	Beneficial owner	200 ordinary shares	Director of Suntecli <i>(Note)</i>	Approximately 1.07% in Suntecli
Mr. Lau Chi Shing ("Mr. CS Lau")	Beneficial owner	200 ordinary shares	N/A	Approximately 1.07% in Suntecli
Mr. Fong	Beneficial owner	79 ordinary shares	Director of Samwood <i>(Note)</i>	79% in Samwood

Note:

Suntecli, Samwood, Mr. WS Lau, Mr. Fong and Mr. Leung are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) pursuant to the Concert Party Deed. As such, immediately following completion of the global offering of the Shares (without taking into account any Share which may be issued upon the exercise of any option that may be granted under the Scheme (as defined below)), Suntecli, Samwood, Mr. WS Lau, Mr. Fong and Mr. Leung will together control approximately 74.9% of the entire issued share capital of the Company.

Substantial Shareholders' and Others' Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2015, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:



Long positions in the Shares

Name	Capacity/Nature	Number of Shares held/ interested in	Approximate percentage of interest
Suntecli	Interests held jointly with other persons; beneficial owner (<i>Note 1</i>)	599,100,000	74.90%
Samwood	Interests held jointly with other persons; beneficial owner (<i>Note 1</i>)	599,100,000	74.90%
Ms. So Choi	Interest of spouse (<i>Note 2</i>)	599,100,000	74.90%
Ms. Kwong Sui Sim	Interest of spouse (<i>Note 3</i>)	599,100,000	74.90%
Ms. Chan Sui Yau Cathy	Interest of spouse (<i>Note 4</i>)	599,100,000	74.90%

Notes:

- (1) Suntecli and Samwood with Mr. WS Lau, Mr. Fong and Mr. Leung, are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) pursuant to the Concert Party Deed and accordingly each of them is deemed to be interested in the Shares held by each other. Pursuant to the Concert Party Deed, Mr. WS Lau, Mr. Fong, Mr. Leung, Suntecli and Samwood have been parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in the course of the Group reorganisation and will continue to be parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) until such arrangement is terminated in writing by them pursuant to the Concert Party Deed.
- (2) Ms. So Choi is the spouse of Mr. WS Lau and is deemed or taken to be interested in all the Shares in which Mr. WS Lau has, or is deemed to have, an interest for the purposes of the SFO.
- (3) Ms. Kwong Sui Sim is the spouse of Mr. Fong and is deemed or taken to be interested in all the Shares in which Mr. Fong has, or is deemed to have, an interest for the purposes of the SFO.
- (4) Ms. Chan Sui Yau Cathy is the spouse of Mr. Leung and is deemed or taken to be interested in all the Shares in which Mr. Leung has, or is deemed to have, an interest for the purposes of the SFO.



Share Option Scheme

Pursuant to the share option scheme adopted by the Company on 9 May 2015 (the “Scheme”), the Company may grant options to the employees (full time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group, for recognition of their contributions to the Group, to subscribe for the Shares with the payment of HK\$1.00 upon each option granted and the options granted must be accepted within 7 days from the date of grant. The subscription price of a Share shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the Shares on the date of grant of the option.

The share options granted are exercisable at any time during a period of not more than 10 years from the date of grant, subject to the provisions of early termination contained in the Scheme.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company not exceed 30% of the number of Shares in issue from time to time. The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not, in aggregate, exceed 10% of the number of Shares in issue as at the date of approval of the Scheme unless shareholders’ approval has been obtained pursuant to the conditions set out in the Scheme. The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12 months period up to the date of grant shall not exceed 1% of the Shares then in issue.

From the adoption date of the Scheme on 9 May 2015 to 30 September 2015, no share option was granted, exercised, cancelled or lapsed and there was no outstanding share option under the Scheme as at 30 September 2015.



Interim Dividend

The board of Directors did not recommend the declaration of any interim dividend for the Reporting Period.

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 Listing Rules from the Listing Date and up to the date of this report.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted 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 report.

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 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