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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Reporting Period, amounted to approximately HK\$113,351,000 (six months ended 30 September 2018: approximately HK\$78,929,000).
- Loss attributable to the Shareholders for the Reporting Period amounted to approximately HK\$18,907,000 (six months ended 30 September 2018: approximately HK\$34,321,000).
- Basic and diluted loss per share of the Company for the Reporting Period amounted to approximately HK cents 1.97 (six months ended 30 September 2018: approximately HK cents 3.58).
- The Board does not recommend the declaration of any interim dividend for the Reporting Period (six months ended 30 September 2018: nil).

INTERIM RESULTS

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 2019 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		For the six months ended 30 September	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	4	113,351	78,929
Direct costs		<u>(112,679)</u>	<u>(93,261)</u>
Gross profit/(loss)		672	(14,332)
Other revenue	5	2,752	2,340
Other net income		5,264	1,772
General and administrative expenses		<u>(23,788)</u>	<u>(22,546)</u>
Loss from operations		(15,100)	(32,766)
Finance costs	6(a)	<u>(4,074)</u>	<u>(2,889)</u>
Loss before taxation	6	(19,174)	(35,655)
Income tax credit	7	<u>267</u>	<u>1,334</u>
Loss and total comprehensive income for the period attributable to equity shareholders of the Company		<u><u>(18,907)</u></u>	<u><u>(34,321)</u></u>
Loss per share			
– Basic (HK cents per share)	9	<u><u>(1.97)</u></u>	<u><u>(3.58)</u></u>
– Diluted (HK cents per share)	9	<u><u>(1.97)</u></u>	<u><u>(3.58)</u></u>

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		As at 30 September 2019 (Unaudited) <i>HK\$'000</i>	As at 31 March 2019 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		17,974	18,613
Prepayment		–	213
Club memberships		290	290
		<u>18,264</u>	<u>19,116</u>
Current assets			
Contract assets		75,039	68,389
Loan receivables		24,865	7,986
Trade and other receivables	10	42,856	29,077
Financial assets at fair value through profit or loss		43,928	41,733
Tax recoverable		–	799
Cash and cash equivalents		293,874	337,512
		<u>480,562</u>	<u>485,496</u>
Current liabilities			
Trade and other payables	11	38,442	32,892
Amount due to a related company	12	101,850	99,600
Amount due to a former director	12	102,055	95,406
Deferred income		94	657
Lease liabilities		2,453	3,281
Tax payable		2,180	1,672
		<u>247,074</u>	<u>233,508</u>
Net current assets		<u>233,488</u>	251,988
Total assets less current liabilities		<u>251,752</u>	271,104

		As at 30 September 2019 (Unaudited) <i>HK\$'000</i>	As at 31 March 2019 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Long service payment liabilities		410	410
Deferred tax liabilities		<u>1,968</u>	<u>2,413</u>
		<u>2,378</u>	<u>2,823</u>
Net assets		<u>249,374</u>	<u>268,281</u>
Capital and reserves			
Share capital	13	9,600	9,600
Reserves		<u>239,774</u>	<u>258,681</u>
Total equity		<u>249,374</u>	<u>268,281</u>

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 October 2014 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of 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 address of the Company's principal place of business in Hong Kong is Room 1802, 18/F., Capital Centre, No. 151 Gloucester Road, Wanchai, Hong Kong.

The Group is principally engaged in the provision of (i) foundation construction; (ii) ground investigation services; (iii) financial services; and (iv) trading of beauty and skin care products.

The Company acts as an investment holding company and the Company's shares were listed on Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The unaudited condensed consolidated interim financial information is presented in thousands of units of Hong Kong Dollar (HK\$), unless otherwise stated. The unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors on 27 November 2019.

The condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's audit committee (the "**Audit Committee**").

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

Excepted as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2019, as described in those annual financial statements.

Application of new and amendments to HKFRSs

In the current period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”, which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA which are effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

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

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts and changes in accounting policies of application on HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*.

(a) *Key changes in accounting policies resulting from application of HKFRS 16*

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically laptops or office furniture. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value;
- right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Significant judgement in determining the lease term of contracts with renewal options

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 7.99%.

The right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in note 14(b) as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	<i>HK\$'000</i>
Operating lease commitments at 31 March 2019	6,037
<i>Less:</i> commitments relating to	
leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term	
ending on or before 31 March 2020	<u>(2,267)</u>
	3,770
<i>Less:</i> total future interest expenses	<u>(169)</u>
Present value of remaining lease payments, discounted using	
the incremental borrowing rate at 1 April 2019	3,601
<i>Add:</i> finance lease liabilities	
recognised as at 31 March 2019	<u>3,281</u>
Total lease liabilities recognised at 1 April 2019	<u><u>6,882</u></u>
	1 April 2019
	<i>HK\$'000</i>
Analysed as:	
Current	6,615
Non-current	<u>267</u>
	<u><u>6,882</u></u>

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019 <i>HK\$'000</i>	Capitalisation of operating lease contracts <i>HK\$'000</i>	Carrying amount at 1 April 2019 <i>HK\$'000</i>
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Other property, plant and equipment	<u>18,613</u>	<u>3,601</u>	<u>22,214</u>
Total non-current assets	<u>19,116</u>	<u>3,601</u>	<u>22,717</u>
Lease liabilities (current)	<u>3,281</u>	<u>3,334</u>	<u>6,615</u>
Current liabilities	<u>233,508</u>	<u>3,334</u>	<u>236,842</u>
Net current assets	<u>251,988</u>	<u>(3,334)</u>	<u>248,654</u>
Total assets less current liabilities	<u>271,104</u>	<u>267</u>	<u>271,371</u>
Lease liabilities (non-current)	<u>–</u>	<u>267</u>	<u>267</u>
Total non-current liabilities	<u>2,823</u>	<u>267</u>	<u>3,090</u>
Net assets	<u>268,281</u>	<u>–</u>	<u>268,281</u>

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are foundation construction, ground investigation services, financial services and trading of beauty and skin care products.

Revenue represents revenue from construction contracts, from ground investigation services, from financial services and from trading of beauty and skin care products. Disaggregation of revenue from contracts with customers of each significant category during the respective periods is as follows:

	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Revenue from construction contracts	91,142	61,635
Revenue from ground investigation services	16,035	17,214
Revenue from trading of beauty and skin care products	5,600	–
	112,777	78,849
Revenue from other sources		
Revenue from financial services	574	80
	113,351	78,929

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(b).

(b) Segment reporting

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

- Foundation construction: this segment provides foundation construction works to customers in Hong Kong.
- Ground investigation services: this segment provides ground investigation services to customers in Hong Kong.
- Financial services: this segment provides investment, financing and money lending services.
- Trading of beauty and skin care products: this segment engages in the trading of beauty and skin care products.

Segment information is presented only in respect of the Group's business segments. No geographical analysis is shown as less than 10% of the Group's revenue, profit/(loss) 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 management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of unallocated head office and corporate assets, tax recoverable and deferred tax assets (if any). Segment liabilities include all current and non-current liabilities with the exception of 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 (loss)/profit is (loss)/profit before taxation.

Disaggregation of revenue from customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and performance assessment of segment performance for the six months ended 30 September 2019 and 2018 are as follows:

	Six months ended 30 September 2019				Total
	Foundation construction	Ground investigation services	Financial services	Trading of beauty and skin care products	
	<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)
Disaggregated by timing of revenue recognition					
– overtime	91,142	16,035	574	–	107,751
– at a point in time	–	–	–	5,600	5,600
Revenue from external customers	<u>91,142</u>	<u>16,035</u>	<u>574</u>	<u>5,600</u>	<u>113,351</u>
Reportable segment revenue	<u><u>91,142</u></u>	<u><u>16,035</u></u>	<u><u>574</u></u>	<u><u>5,600</u></u>	<u><u>113,351</u></u>
Reportable segment gross (loss)/profit	<u><u>(5,368)</u></u>	<u><u>5,616</u></u>	<u><u>314</u></u>	<u><u>110</u></u>	<u><u>672</u></u>
Reportable segment (loss)/profit	<u><u>(15,514)</u></u>	<u><u>2,369</u></u>	<u><u>311</u></u>	<u><u>7</u></u>	<u><u>(12,827)</u></u>
Interest income from bank deposit	–	–	2,334	–	2,334
Interest expense	1,707	–	117	–	1,824
Depreciation for the period	<u><u>3,433</u></u>	<u><u>216</u></u>	<u><u>2,071</u></u>	<u><u>–</u></u>	<u><u>5,720</u></u>

Six months ended 30 September 2018

	Foundation construction	Ground investigation services	Financial services	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Disaggregated by timing of revenue recognition				
– overtime	<u>61,635</u>	<u>17,214</u>	<u>80</u>	<u>78,929</u>
Revenue from external customers	<u>61,635</u>	<u>17,214</u>	<u>80</u>	<u>78,929</u>
Reportable segment revenue	<u><u>61,635</u></u>	<u><u>17,214</u></u>	<u><u>80</u></u>	<u><u>78,929</u></u>
Reportable segment gross (loss)/profit	<u><u>(18,660)</u></u>	<u><u>4,248</u></u>	<u><u>80</u></u>	<u><u>(14,332)</u></u>
Reportable segment (loss)/profit	<u><u>(27,818)</u></u>	<u><u>655</u></u>	<u><u>(4,315)</u></u>	<u><u>(31,478)</u></u>
Interest income from bank deposit	–	–	1,257	1,257
Interest expense	1,202	–	–	1,202
Depreciation for the period	<u><u>4,279</u></u>	<u><u>389</u></u>	<u><u>401</u></u>	<u><u>5,069</u></u>

As at 30 September 2019

	<u>Foundation construction</u>	<u>Ground investigation services</u>	<u>Financial services</u>	<u>Trading of beauty and skin care products</u>	<u>Total</u>
	<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)
Reportable segment assets	223,042	27,427	400,340	5,545	656,354
Additions to non-current segment assets during the period	936	667	5	–	1,608
Reportable segment liabilities	160,680	3,371	388,971	5,568	558,590

As at 31 March 2019

	<u>Foundation construction</u>	<u>Ground investigation services</u>	<u>Financial services</u>	<u>Total</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)
Reportable segment assets	226,849	24,908	411,887	663,644
Additions to non-current segment assets during the year	572	27	94	693
Reportable segment liabilities	149,298	4,399	400,733	554,430

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

	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue and consolidated revenue	113,351	78,929
Loss		
Reportable segment loss	(12,827)	(31,478)
Unallocated head office and corporate expenses	(6,347)	(4,177)
Consolidated loss before taxation	(19,174)	(35,655)
	At	At
	30 September	31 March
	2019	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Assets		
Reportable segment assets	656,354	663,644
Elimination of inter-segment receivables	(168,411)	(160,934)
	487,943	502,710
Tax recoverable	–	799
Unallocated head office and corporate assets	10,883	1,103
Consolidated total assets	498,826	504,612
Liabilities		
Reportable segment liabilities	558,590	554,430
Elimination of inter-segment payables	(415,191)	(421,950)
	143,399	132,480
Tax payable	2,180	1,672
Deferred tax liabilities	1,968	2,413
Unallocated head office and corporate liabilities	101,905	99,766
Consolidated total liabilities	249,452	236,331

5. OTHER REVENUE

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	2,334	1,257
Sales of raw materials	37	1,083
Insurance claims	313	–
Others	68	–
	<u>2,752</u>	<u>2,340</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(a) Finance costs		
Interest on borrowing from a related company	2,250	1,687
Interest on borrowing from a former director	1,650	1,016
Interest on lease liabilities	174	186
	<u>4,074</u>	<u>2,889</u>
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plans	899	782
Salaries, wages and other benefits	29,401	29,037
	<u>30,300</u>	<u>29,819</u>

Six months ended	
30 September	
2019	2018
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

(c) Other items

Depreciation		
– owned property, plant and equipment	4,058	5,069
– right-of-use assets	1,662	–
Impairment losses on trade and other receivables, contract assets and loan receivables	326	–
Gain on disposal of financial asset	(320)	–
Gain on disposal of property, plant and equipment	(151)	(1,181)
Amortisation of deferred income	(563)	(563)
	<u> </u>	<u> </u>

7. INCOME TAX CREDIT

Six months ended	
30 September	
2019	2018
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Provision for Hong Kong Profits Tax for the period	178	–
Deferred tax	(445)	(1,334)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (ii) On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profit tax rate regime. The Bill was signed into law on 28 March 2018 and was gazetted on the follow day.

Under the two-tiered profit tax rate regime, the first HK\$2 million of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current financial year, Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. For the remaining subsidiaries of the Group in Hong Kong, they are subject to 16.5% of the estimated assessable profits under Hong Kong Profits Tax.

8. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

9. LOSS PER SHARE

Basic loss per share

Basic loss per share are calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the respective periods. The calculation of basic loss per share attributable to equity shareholders of the Company is based on the following:

	Six months ended	
	30 September	
	2019	2018
	(Unaudited)	(Unaudited)
Loss attributable to equity shareholders of the Company (<i>HK\$'000</i>)	(18,907)	(34,321)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share (<i>in thousand</i>)	960,000	960,000
Basic loss per share (<i>HK cents</i>)	<u>(1.97)</u>	<u>(3.58)</u>

Diluted loss per share

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

10. TRADE AND OTHER RECEIVABLES

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Trade debtors, net of allowance	20,870	17,681
Deposits, prepayments and other receivables, net of allowance (<i>note (i)</i>)	<u>21,986</u>	<u>11,396</u>
Financial assets measured at amortised cost	<u><u>42,856</u></u>	<u><u>29,077</u></u>

Note:

- (i) Except for the amounts of approximately HK\$18,000 and HK\$1,235,000 as at 30 September 2019 and 31 March 2019 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 2019 and 31 March 2019, the ageing analysis of the trade debtors (which are included in trade and other receivables), based on the invoice date for trading of beauty and skin care products and the date of progress certificates issued by customers for foundation construction and ground investigation services, and net of allowance for doubtful debts, is as follows:

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Within 1 month	14,745	11,122
1 to 2 months	1,165	794
2 to 3 months	–	330
Over 3 months	<u>4,960</u>	<u>5,435</u>
	<u><u>20,870</u></u>	<u><u>17,681</u></u>

11. TRADE AND OTHER PAYABLES

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Trade payables	26,421	21,428
Retention payables (<i>note (i)</i>)	4,305	3,757
Other payables and accruals	<u>7,716</u>	<u>7,707</u>
	<u>38,442</u>	<u>32,892</u>

Notes:

- (i) Except for the amounts of approximately HK\$1,526,000 and HK\$1,257,000 as at 30 September 2019 and 31 March 2019 respectively, all of the remaining balances are expected to be settled within one year.

(a) Ageing analysis

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

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Within 1 month	10,179	7,752
1 to 2 months	10,665	9,877
2 to 3 months	4,154	2,140
Over 3 months	<u>1,423</u>	<u>1,659</u>
	<u>26,421</u>	<u>21,428</u>

12. AMOUNT DUE TO A RELATED COMPANY/A FORMER DIRECTOR

The amount due to a related company, Bright Dynasty Trading Limited (“**Bright Dynasty**”), a related company which is 100% beneficially owned by Mr. Fong Hon Hung (“**Mr. Fong**”), was unsecured, repayable on demand and interest bearing at 5% (for the year ended 31 March 2019: 2.5%-5%) per annum. Mr. Fong who is non-executive Director of the Group and is also the director of Bright Dynasty.

Except for the amount of HK\$30,300,000, the other amount due to a former director, Mr. Lau Woon Si (“**Mr. Lau**”), was unsecured, bearing interest rate at 5% (for the year ended 31 March 2019: 2.5%-5%) per annum and repayable on demand.

13. SHARE CAPITAL

	Number of ordinary shares	Nominal amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each authorised:		
As at 30 September 2019 and 31 March 2019	<u>2,000,000,000</u>	<u>20,000</u>
Ordinary shares, issued and fully paid:		
As at 30 September 2019 and 31 March 2019	<u>960,000,000</u>	<u>9,600</u>

14. COMMITMENTS

(a) Capital commitments outstanding at 30 September 2019 and 31 March 2019 not provided for in the consolidated financial statement were as follows:

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Contracted for	<u>–</u>	<u>215</u>

- (b) At 31 March 2019, the Group's total future minimum lease payments under non-cancellable operating leases were payable as follows:

	At 31 March 2019 <i>HK\$'000</i> (Audited)
Within 1 year	5,747
After 1 year but within 5 years	<u>290</u>
	<u><u>6,037</u></u>

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases except short-term leases (see note 3). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the interim condensed consolidated statement of financial position in accordance with the policies set out in note 3.

15. MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2019, 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 a director of a subsidiary
Chung Wah Investment Company Limited	A related company owned by a director of a subsidiary

In addition to the transactions and balances disclosed in notes 6(a) and 12 in these consolidated financial statement, the Group rented properties from the related parties during the period 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	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Repayment of lease liabilities		
– Chung Hang Enterprises Holdings Limited	360	360
– Chung Wah Investment Company Limited	690	690
	<hr/> 1,050 <hr/>	<hr/> 1,050 <hr/>

Key management personnel remuneration

	Six months ended	
	30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Short-term employee benefits	4,030	5,401
Post-employment benefits	45	42
	<hr/> 4,075 <hr/>	<hr/> 5,443 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group was principally engaged in the provision of (i) foundation construction; (ii) ground investigation services; (iii) financial services; and (iv) trading of beauty and skin care products.

Foundation Construction

During the Reporting Period, the Group was principally engaged in the provision of foundation construction in Hong Kong. The foundation construction undertaken by the Group mainly consisted of the construction of socketed H-piles, mini piles, soldier piles, pipe piles and king posts. The Group undertook foundation construction projects in both public and private sectors. Revenue from foundation construction works contributed approximately 80.4% of the total revenue of the Group during the Reporting Period (six months ended 30 September 2018: approximately 78.1%).

Ground Investigation Services

The Group also acted as a contractor to provide ground investigation services in Hong Kong and, it undertook ground investigation services in both public and private sectors during the Reporting Period. Revenue from ground investigation services contributed approximately 14.2% of the total revenue of the Group during the Reporting Period (six months ended 30 September 2018: approximately 21.8%).

Financial Services

During the Reporting Period, revenue from financial services contributed approximately 0.5% of the total revenue of the Group during the Reporting Period (six months ended 30 September 2018: 0.1%).

Trading of beauty and skin care products

During the Reporting Period, the trading business had commenced. Revenue from trading business contributed approximately 4.9% of the total revenue of the Group during the Reporting Period (six months ended 30 September 2018: nil).

FINANCIAL REVIEW

Revenue

The Group's total revenue for the Reporting Period increased by approximately HK\$34,422,000, or approximately 43.6%, from approximately HK\$78,929,000 for the six months ended 30 September 2018 to approximately HK\$113,351,000 for the Reporting Period, was primarily as a result of the following:

Foundation Construction

The increase in revenue from foundation construction works by approximately 47.9%, from approximately HK\$61,635,000 for the six months ended 30 September 2018 to approximately HK\$91,142,000 for the Reporting Period, was primarily due to the increase of the number of sizable projects tendered by the Group during the Reporting Period.

Ground Investigation Services

The revenue from ground investigation services decreased by approximately 6.8%, from approximately HK\$17,214,000 for the six months ended 30 September 2018 to approximately HK\$16,035,000 for the Reporting Period.

Financial Services

The revenue for financial services amounted to approximately HK\$574,000 for the Reporting Period (six months ended 30 September 2018: HK\$80,000).

Trading of beauty and skin care products

During the Reporting Period, the trading business had commenced. The revenue for trading business amount to approximately HK\$5,600,000 for the Reporting Period (six months ended 30 September 2018: nil).

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

The Group's gross profit amounted to approximately HK\$672,000 for the Reporting Period (six months ended 30 September 2018: gross loss approximately HK\$14,332,000). The Group's overall gross profit margin during the Reporting Period was approximately 0.6% (six months ended 30 September 2018: gross loss margin approximately 18.2%).

Gross loss of the Group's foundation construction segment was approximately HK\$5,368,000 for the Reporting Period (six months ended 30 September 2018: approximately HK\$18,660,000). Gross loss margin of the foundation construction segment was approximately 5.9% for the Reporting Period (six months ended 30 September 2018: approximately 30.3%). The decline in gross loss margin was mainly due to (i) the improvement of the bidding prices on the new tenders; and (ii) the tight control of direct costs.

Gross profit of the Group's ground investigation services segment was approximately HK\$5,616,000 for the Reporting Period, representing an increase of approximately 32.2% from approximately HK\$4,248,000 compared to the six months ended 30 September 2018. Gross profit margin of the ground investigation services segment increased from approximately 24.7% for the six months ended 30 September 2018 to approximately 35.0% for the Reporting Period. The increase in gross profit margin was mainly due to the improvement of the bidding prices on the new tenders.

Gross profit of the Group's financial service was approximately HK\$314,000 for the Reporting Period (six months ended 30 September 2018: HK\$80,000). Gross profit margin of the financial service amounted to approximately 54.7% for the Reporting Period (six months ended 30 September 2018: 100%). Its direct costs mainly included the legal fee, search fee, agency fee, etc.

Gross profit of the Group's trading business was approximately HK\$110,000 for the Reporting Period (six months ended 30 September 2018: nil). Gross profit margin of the trading business amounted to approximately 2.0% (six month ended 30 September 2018: nil).

Other Revenue

The other revenue increased by approximately HK\$412,000, or approximately 17.6%, from approximately HK\$2,340,000 for the six months ended 30 September 2018 to approximately HK\$2,752,000 for the Reporting Period. The increase was mainly due to the increase of bank interest income (Reporting period: approximately HK\$2,334,000; six months ended 30 September 2018: approximately HK\$1,257,000).

Other Net Income

The other net income increased by approximately HK\$3,492,000, from approximately HK\$1,772,000 for the six months ended 30 September 2018 to approximately HK\$5,264,000 for the Reporting Period. The increase was mainly due to the increase of net fair value gain of financial assets (Reporting Period: approximately HK\$4,163,000; six months ended 30 September 2018: nil).

General and administrative expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK\$23,788,000 (six months ended 30 September 2018: approximately HK\$22,546,000), representing an increase of approximately 5.5% over the corresponding period in 2018. This was mainly attributable to the engagement of financial advisor which amounted to HK\$2,000,000 during the Reporting Period (six months ended 30 September 2018: nil).

Finance Costs

For the Reporting Period, the finance costs were approximately HK\$4,074,000 (six months ended 30 September 2018: approximately HK\$2,889,000). The increase was mainly due to the increase of interest rate for borrowing from a related company, Bright Dynasty and borrowing from a former director (Reporting Period: 5% per annum; six months ended 30 September 2018: 2.5-5% per annum).

Income Tax

The tax credit for the Reporting Period was approximately HK\$267,000 (six months ended 30 September 2018: approximately HK\$1,334,000). The change was mainly due to the change of deferred tax for the Reporting Period.

Financial assets at fair value through profit or loss

During the Reporting Period, the financial assets at fair value through profit or loss represents the subscription of the private fund and the purchase of the listed equity securities. These financial assets are measured at fair value and were subscribed and purchased by a wholly owned subsidiary of the Group. During the Reporting Period, the net fair value gain of financial assets was recognised in the statement of profit or loss amounted to approximately HK\$4,163,000 (six months ended 30 September 2018: nil).

Loss Attributable to Equity Shareholders of the Company

For the Reporting Period, the Group recorded a net loss of approximately HK\$18,907,000, as compared to the net loss of approximately HK\$34,321,000 for the corresponding period in 2018. The decrease was mainly attributable to the decrease in overall gross loss margin.

Prospects

The Directors estimate that the growth of the overall foundation industry in Hong Kong will continue to slow down in the coming years. The Directors are of the view that the approval process of government projects from the Legislative Council is expected to be slow, which will lead to a decrease in the number of available Government project tenders in the coming years. In addition, the intense competition has continued to impact the foundation industry in Hong Kong, which will in turn affect the growth and profitability of the Group. Nevertheless, the Directors are confident that with the Group's reputation in the foundation industry and experienced management team, the Group is in a well position to compete with its competitors.

In view of the slow down in the growth of the overall foundation industry in Hong Kong, the Company intends to seek opportunities in the investment sector as well as its money lending business in the coming years so as to broaden the income stream of the Group. In order to maintain a stable and sustainable development of the Group's existing businesses as well as diversifying and expanding the Group's businesses at the same time, the Group will leverage on its industrial experience and the advantage of its existing resources and talented team to seek cooperation and investment opportunities with high quality companies in the emerging industries in the People's Republic of China.

Debts and Charge on Assets

The total interest bearing borrowings of the Group, which consist of lease liabilities, borrowing from a former director and borrowing from a related company, increased from approximately HK\$198,287,000 as at 31 March 2019 to approximately HK\$206,358,000 as at 30 September 2019. All borrowings were denominated in Hong Kong Dollar. Interest on borrowings are charged at fixed rates, except for a lease of the Group was secured by the Group's machinery with an aggregate net book value of approximately HK\$6,667,000 (31 March 2019: approximately HK\$8,267,000). The Group currently does not have any interest rate hedging policy, and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

Net Current Assets

As at 30 September 2019, the Group's net current assets amounted to approximately HK\$233,488,000, which was approximately HK\$18,500,000 less than its net current assets of approximately HK\$251,988,000 as at 31 March 2019. The decrease was primarily due to the net cash outflow from operating activities. As at 30 September 2019, the Group's current liabilities amounted to approximately HK\$247,074,000, representing an increase of approximately HK\$13,566,000 over approximately HK\$233,508,000 as at 31 March 2019.

Liquidity and Financial Resources

As at 30 September 2019, the Group had cash and bank balances of approximately HK\$293,874,000 (31 March 2019: approximately HK\$337,512,000), which were mainly denominated in Hong Kong Dollar.

During the Reporting Period, the Group did not employ any financial instrument for hedging purposes.

Cash Flow

The Group's net cash used in operating activities was approximately HK\$37,518,000 during the Reporting Period, which was mainly used in the foundation construction and ground investigation services. Net cash used in investing activities was approximately HK\$6,517,000. It was mainly related to the payment of refundable earnest money for potential acquisition which amounted to HK\$10,000,000. The net cash generated from financing activities was approximately HK\$397,000. It was mainly related to (i) the proceeds from borrowing from a former director which amounted to HK\$5,000,000, and (ii) repayment of lease liabilities which amounted to approximately HK\$4,603,000.

The gearing ratio of the Group as at 30 September 2019 (defined as total interest-bearing liabilities divided by the Group's total equity) was approximately 82.8% (As at 31 March 2019: approximately 73.9%).

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy position of liquidity throughout the Reporting Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Foreign Exchange Exposure

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 has 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.

Capital Structure

As at 30 September 2019 and up to the date of this announcement, the Company's issued share capital was HK\$9,600,000 and the number of its issued ordinary shares was 960,000,000 of HK\$0.01 each.

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

On 2 October 2018, the Company, the vendors and the warrantors entered into the sale and purchase agreement, pursuant to which the Company conditionally agreed to acquire approximately 51.315% of issued share capital of the target group which is principally engaged in the business of operation of e-sports events, production of videos of e-sports events broadcast online, and filming and production of dramas broadcast online in the PRC. The transaction is subject to the approval from the Stock Exchange and the Shareholders' approval at the general meeting of the Company. For further details, please refer to the announcements of the Company dated 2 October 2018, 29 October 2018, 23 November 2018, 25 February 2019, 3 April 2019, 24 May 2019, 23 August 2019, 2 October 2019 and 22 November 2019.

Save as disclosed in this announcement, there was no acquisition or disposal of subsidiaries and associated companies by the Company.

Commitments

The contractual commitments of the Group were primarily related to the leases of its office premises and warehouses. The Group's operating lease and other capital commitments amounted to approximately HK\$6,037,000 and HK\$215,000 as at 31 March 2019 respectively, and there was no such commitments as at 30 September 2019.

Contingent liabilities

The Group had no contingent liabilities as at 30 September 2019 and 31 March 2019.

Event after the Reporting Period

There are no other significant events after the Reporting Period and up to the date of this announcement.

Employees and Remuneration Policy

As at 30 September 2019, the Group had 134 full-time employees (31 March 2019: 128 full-time employees).

The remuneration policy and packages of the Group's employees are periodically reviewed. Apart from mandatory provident fund and in-house training programmes, salary 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\$30,300,000 compared to approximately HK\$29,819,000 for the six months ended 30 September 2018.

INTERIM DIVIDEND

The Board did not recommend the declaration of any interim dividend for the Reporting Period (six months ended 30 September 2018: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Reporting Period 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 Listing Rules during the Reporting Period and up to the date of this announcement, except for the deviation from the code provision A.2.1 and A.5.5(2) of the Corporate Governance Code:

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

For the period from 7 September 2018 to 18 September 2019, Mr. Fong Hon Hung serves as both the chairman and chief executive officer of the Company. Following the re-designation of Mr. Fong Hon Hung on 18 September 2019, Mr. Yan Shuai, the executive Director has been appointed as chairman and has performed the role of chairman with effect from 18 September 2019.

Reference is made to the circular of the Company dated 19 July 2019 (the "**AGM Circular**") in relation to, among others, the re-election of Mr. Lo Wa Kei Roy ("**Mr. Lo**") as an independent non-executive Director of the Company.

Under code provision A.5.5(2) of the Corporate Governance Code, where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board.

As at the date of the AGM Circular, Mr. Lo had been appointed as an independent non-executive director of more than seven Hong Kong listed companies. The Company should have complied with the relevant disclosure requirement in respect of the re-election of Mr. Lo as the independent non-executive Director of the Company in the AGM Circular in accordance with code provision A.5.5(2) of the Corporate Governance Code. Regrettably, such disclosure was not complied due to an unintentional and inadvertent oversight.

The Board wishes to clarify that Mr. Lo's concurrent services as an independent non-executive director of seven other Hong Kong listed companies have been carefully considered and it is satisfied with his time commitments to our Company having regard to the following reasons:

- (a) Mr. Lo has sufficient knowledge and experience in discharging the directors' duties through his past working experience and his services as directors in different listed companies. He has sufficient understanding in his role as an independent non-executive director of these companies and in estimating the time required for attending to the affairs of each listed company;
- (b) Mr. Lo has confirmed that he has not encountered any difficulty devoting and managing his time to the listed companies that he is involved in and none of the listed companies that he has directorship has questioned or complained about his time commitments to their companies;
- (c) Mr. Lo has maintained his profession to serve as an independent non-executive director in our Company and has actively participated in our Board and committees meetings held by our Company from time to time; and
- (d) Mr. Lo has confirmed that he has the capability and will continue to devote sufficient time to discharging his duties and responsibilities as an independent non-executive Director, whilst the Company will regularly review whether Mr. Lo is devoting sufficient time and attention to the affairs of the Group including but not limited to the review of the attendance record of the Board and other committee meetings.

Meanwhile, should there be any concerns over the time commitments by any of the Director(s), the Board (and the nomination committee of the Company) may request the relevant Director(s) to provide an update to the Board in relation to any changes to his/her significant commitments and will strive to prevent similar non-compliance from occurring in the future.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transaction 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 throughout the Reporting Period and up to the date of this announcement.

Audit Committee and Review of Financial Information

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 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.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hkex1718.hk, and the interim report of the Company containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Company's and the Stock Exchange's websites in due course.

By order of the Board
Wan Kei Group Holdings Limited
Yan Shuai
Chairman

Hong Kong, 27 November 2019

As at the date of this announcement, the executive Directors are Mr. Yan Shuai, Mr. Chan Kwan, Mr. Zhang Zhenyi and Mr. Zhu Jiayu; the non-executive Director is Mr. Fong Hon Hung; and the independent non-executive Directors are Mr. Lo Wa Kei Roy, Mr. Qin Fen and Mr. Leung Ka Fai Nelson.