



WAI CHUN MINING INDUSTRY GROUP COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code : 0660)

2015
INTERIM REPORT

CONTENTS



	Page
Corporate Information	2
Management Discussion and Analysis	3
Other Information	5
Report on Review of Condensed Consolidated Financial Statements	9
Condensed Consolidated Statement of Profit or Loss	11
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	16
Notes to the Condensed Consolidated Financial Statements	17

Corporate Information

BOARD OF DIRECTORS

Executive director

Lam Ching Kui (*Chairman and Chief Executive Officer*)

Independent

Non-Executive directors

Chan Chun Wai, Tony
Hau Pak Man
To Yan Ming, Edmond

AUTHORISED REPRESENTATIVES

Lam Ching Kui
Tong Chi Cheong

COMPANY SECRETARY

Tong Chi Cheong

AUDIT COMMITTEE

Chan Chun Wai, Tony (*Chairman*)
Hau Pak Man
To Yan Ming, Edmond

REMUNERATION COMMITTEE

Hau Pak Man (*Chairman*)
Lam Ching Kui
Chan Chun Wai, Tony

NOMINATION COMMITTEE

Lam Ching Kui (*Chairman*)
Chan Chun Wai, Tony
Hau Pak Man

REGISTERED OFFICE

Floor 4
Willow House
Cricket Square
P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

13/F., Admiralty Centre 2
18 Harcourt Road
Admiralty
Hong Kong

AUDITOR

HLM CPA Limited
Certified Public Accountants
Room 305
Arion Commercial Centre
2-12 Queen's Road West
Hong Kong

SHARE REGISTRAR IN HONG KONG

Union Registrars Limited
A18/F
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

STOCK CODE

Hong Kong Stock Exchange: 0660

COMPANY WEBSITE

<http://www.0660.hk>

Management Discussion and Analysis

The board (the “Board”) of directors (the “Director(s)”) of Wai Chun Mining Industry Group Company Limited (the “Company”) presents the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014.

FINANCIAL REVIEW

Financial Performance

For the six months ended 30 June 2015, the Group recorded a turnover of approximately HK\$164,586,000 (six months ended 30 June 2014: approximately HK\$162,406,000), representing an increase of 1.3% as compared with the corresponding period last year. The Group recorded a gross profit and gross profit margin of approximately HK\$1,590,000 and 1.0% respectively for the six months ended 30 June 2015, representing decreases of approximately HK\$4,076,000 and of 71.9% respectively as compared with the gross profit of approximately HK\$5,666,000 and gross profit margin of 3.5% in the first half of 2014.

Administrative expenses decreased by 24.4% from approximately HK\$11,274,000 in the first half of 2014 to approximately HK\$8,525,000 for the corresponding period this year. Selling expenses recorded an increase of 9.5% from approximately HK\$1,488,000 in the first half of 2014 to approximately HK\$1,629,000 for the corresponding period this year.

Loss attributable to owners of the Company amounted to approximately HK\$8,992,000, representing an increase of 22.4% as compared with the loss of approximately HK\$7,348,000 for the corresponding period last year. The increase in the loss was mainly attributable to (i) the decrease in the profit margin of the modified starch and other biochemical products business primarily because of intense competition; and (ii) the lack of one-off gain on disposal of a subsidiary of approximately HK\$2,712,000 which was recorded in the same period last year.

Financial Resources and Position

As at 30 June 2015, the Group had net current liabilities of approximately HK\$57,911,000 (31 December 2014: approximately HK\$50,374,000) and cash and cash equivalents of approximately HK\$1,279,000 (31 December 2014: approximately HK\$1,955,000).

As at 30 June 2015, the current ratio of the Group was approximately 0.60 times (31 December 2014: approximately 0.56 times). The net debts (net of cash and cash equivalents) to total assets ratio of the Group was approximately 47.2% (31 December 2014: 38.6%). Total borrowings of the Group amounted to approximately HK\$78,825,000, comprising secured bank loan of approximately HK\$57,319,000 and amount due to the ultimate holding company of approximately HK\$21,506,000. All the borrowings are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing at prevailing market interest rates.

Management Discussion and Analysis

During the six months ended 30 June 2015, the Group financed its operations mainly by internally generated resources and borrowings. The Group's cash and cash equivalents are mainly denominated in Hong Kong Dollars, Renminbi and United States Dollars. As the Group's businesses are conducted in Hong Kong and the PRC, the Group is not exposed to any material foreign exchange risk.

BUSINESS REVIEW AND OUTLOOK

During the period under review, the Group continued to engage in the trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes, and the manufacture and sale of modified starch and other biochemical products and general trading.

During the period under review, the business of manufacture and sales of modified starch, biochemical products and corn oil products recorded segment loss of approximately HK\$2,434,000 (six months ended 30 June 2014: segment profits of approximately HK\$1,453,000). Such setback was mainly due to the decrease in the profit margin of the modified starch and other biochemical products business primarily because of intense competition. The business of general trading recorded segment profits of approximately HK\$109,000 during the period (six months ended 30 June 2014: segment profits of approximately HK\$122,000), whereas the footwear business, which continued to be hampered by low consumer spending and keen competition, recorded segment loss of approximately HK\$2,601,000 (six months ended 30 June 2014: segment loss of approximately HK\$2,506,000).

Looking forward, the Company has been actively identifying projects with growth potential for acquisition or investment and has been in discussions with various independent third parties for such acquisition or investment. However, the Company was unable to materialize any potential acquisition or investment due to various reasons. Meanwhile, the Company intends to enrich and improve its financial resources by conducting a fund raising exercise (such as placement of new shares) within the next six months with a view to raise at least HK\$50 million. The Company is in preliminary discussion with various agents and will comply with the requirements of the Listing Rules when and as the circumstance required.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

Other Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

Long Positions

		Ordinary shares of HK\$0.0025 each		
Name of Director	Capacity	Long position/ Short position	Number of shares/ underlying shares held	Approximate percentage of issued share capital
Mr. Lam Ching Kui	Interest of controlled corporations	Long position	7,578,064,320 (Note)	47.50%

Note: Mr. Lam Ching Kui is the beneficial owner of Chinese Success Limited, the major shareholder holding (i) 7,262,064,320 shares of the Company and (ii) 316,000,000 convertible preference shares of the Company, which is convertible to 316,000,000 shares of the Company.

Save as disclosed above, as at 30 June 2015, none of the Directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interest disclosed above in respect of Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long Positions

Name of shareholder	Capacity	Ordinary shares of HK\$0.0025 each	
		Number of shares/ underlying shares held	Approximate percentage of issued share capital
Chinese Success Limited (<i>Note 1</i>)	Beneficial owner	7,578,064,320	47.50%
Wai Chun Investment Fund (<i>Note 1</i>)	Interest of controlled corporation	7,578,064,320	47.50%
Onward Global Investments Limited ("Onward Global") (<i>Note 2</i>)	Beneficial owner	1,286,350,000	8.06%
Wan Yuzhen (<i>Note 2</i>)	Interest of controlled corporation	1,286,350,000	8.06%
Spring Garden Investments Limited ("Spring Garden") (<i>Note 3</i>)	Beneficial owner	1,286,400,000	8.06%
Zhong Liyan (<i>Note 3</i>)	Interest of controlled corporation	1,286,400,000	8.06%

Notes:

1. These 7,578,064,320 shares of the Company were held by Chinese Success Limited, which is wholly-owned by Wai Chun Investment Fund, which, in return is wholly-owned by Mr. Lam Ching Kui, the executive Director and the chairman and chief executive officer of the Company.
2. These 1,286,350,000 shares of the Company were held by Onward Global which is wholly-owned by Wan Yuzhen. For the purpose of SFO, Wan Yuzhen is deemed to be interested in these 1,286,350,000 shares held by Onward Global.
3. These 1,286,400,000 shares of the Company were held by Spring Garden which is wholly-owned by Zhong Liyan. For the purpose of SFO, Zhong Liyan is deemed to be interested in these 1,286,400,000 shares held by Spring Garden.

Other Information

Save as disclosed above as at 30 June 2015, no other parties were recorded in the register of the Company required to be kept under section 336 of Part XV of the SFO as having interests or short position in the shares or underlying shares of the Company as at 30 June 2014.

EMPLOYEES

As at 30 June 2015, the Group had a total of 132 employees, the majority of whom are situated in the PRC. In addition to offering competitive remuneration packages to the employees, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group.

The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the executive Director(s) and senior management. No Director, or any of his associates, and executive, is involved in dealing his own remuneration.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2015 was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of shares in, or debt securities, including debentures, of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2015.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2015, the Company has complied with the relevant code provisions set out in the CG Code except for the deviation from code provision A.2.1, which is explained below.

Other Information

Code provision A.2.1 provides that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and chief executive officer. Mr. Lam Ching Kui is the chairman and chief executive officer of the Company. He has extensive experience in project management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Group. The balance of power and authorities are ensured by the operation of the Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The terms of reference of the Audit Committee is currently made available on the Stock Exchange's website and the Company's website.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and overseeing the Group's financial reporting system (including the adequacy of resources, qualifications and experience of staff in charge of the Group's financial reporting function and their training arrangement and budget) and the internal control procedures.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chan Chun Wai, Tony (chairman), Mr. Hau Pak Man and Mr. To Yan Ming, Edmond. The Audit Committee has reviewed the unaudited interim financial results of the Group for the six months ended 30 June 2015.

On behalf of the Board

Wai Chun Mining Industry Group Company Limited

Lam Ching Kui

Chairman and Chief Executive Officer

Hong Kong, 28 August 2015

Report on Review of Condensed Consolidated Financial Statements

恒健會計師行有限公司

HLM CPA LIMITED

Certified Public Accountants

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong.
香港皇后大道西 2-12 號聯發商業中心 305 室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: info@hlm.com.hk

TO THE BOARD OF DIRECTORS OF WAI CHUN MINING INDUSTRY GROUP COMPANY LIMITED

偉俊礦業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Wai Chun Mining Industry Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 11 to 38, which comprise the condensed consolidated statement of financial position as at 30 June 2015 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

EMPHASIS OF MATTER

The accompanying condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared assuming that the Group will continue as a going concern. Without qualifying our review conclusion, we draw attention to Note 2 to the condensed consolidated financial statements which indicate that the Group incurred a net loss of approximately HK\$11,070,000 and had a net operating cash outflow of approximately HK\$24,281,000 for the six months ended 30 June 2015, and as at that date, the Group had net current liabilities and net liabilities of approximately HK\$57,911,000 and HK\$2,955,000 respectively and also, the Group's capital deficiency attributable to owners of the Company was approximately HK\$15,317,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Management's arrangements to address the going concern issue are also described in Note 2 to the condensed consolidated financial statements. The condensed consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

HLM CPA LIMITED

Certified Public Accountants

Ho Pak Tat

Practising Certificate Number: P05215

28 August 2015, Hong Kong

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Turnover	4	164,586	162,406
Cost of sales		(162,996)	(156,740)
Gross profit		1,590	5,666
Other revenue		36	148
Gain on disposal of a subsidiary		–	2,712
Selling expenses		(1,629)	(1,488)
Administrative expenses		(8,525)	(11,274)
Finance costs		(2,542)	(2,530)
Loss before income tax		(11,070)	(6,766)
Income tax expense	5	–	(2)
Loss for the period	6	(11,070)	(6,768)
(Loss) profit attributable to:			
– Owners of the Company		(8,992)	(7,348)
– Non-controlling interests		(2,078)	580
		(11,070)	(6,768)
Loss per share	8	HK cents	HK cents
– Basic		(0.06)	(0.05)
– Diluted		(0.06)	(0.05)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Loss for the period	(11,070)	(6,768)
Other comprehensive income (expense):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Realisation of translation reserve upon disposal of a subsidiary	–	(712)
Exchange differences on translation of foreign operations	170	490
Other comprehensive income (expense), net of tax	170	(222)
Total comprehensive expense for the period	(10,900)	(6,990)
Total comprehensive (expense) income attributable to:		
– Owners of the Company	(8,905)	(7,461)
– Non-controlling interests	(1,995)	471
	(10,900)	(6,990)

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	<i>Notes</i>	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	9	38,421	38,037
Prepaid land lease payments		37,172	37,338
Prepayments for acquisition of property, plant and equipment		869	711
		76,462	76,086
Current assets			
Inventories		44,198	29,063
Prepaid land lease payments		809	803
Trade and bills receivables	10	20,275	25,142
Deposits, prepayments and other receivables	11	19,919	6,886
Financial assets at fair value through profit or loss	12	1,285	–
Bank balances and cash		1,279	1,955
		87,765	63,849
Current liabilities			
Trade payables	13	41,855	28,750
Accruals and other payables		23,984	24,913
Amounts due to a non-controlling shareholder of a subsidiary		–	5,250
Amounts due to a former subsidiary		22,518	22,376
Borrowings	14	57,319	32,934
		145,676	114,223

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	<i>Notes</i>	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Net current liabilities		(57,911)	(50,374)
Total assets less current liabilities		18,551	25,712
Non-current liability			
Loans from an ultimate holding company	15	21,506	17,767
Net (liabilities) assets		(2,955)	7,945
Capital and reserves			
Share capital	16	39,887	39,887
Convertible preference shares	17	790	790
Reserves		(55,994)	(47,089)
Capital deficiency attributable to owners of the Company		(15,317)	(6,412)
Non-controlling interests		12,362	14,357
(Capital deficiency) total equity		(2,955)	7,945

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Convertible preference shares	Share premium	Other reserve	Translation reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015 (audited)	39,887	790	184,476	6,906	1,864	(240,335)	(6,412)	14,357	7,945
Loss for the period	-	-	-	-	-	(8,992)	(8,992)	(2,078)	(11,070)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	87	-	87	83	170
Total comprehensive income (expense) for the period	-	-	-	-	87	(8,992)	(8,905)	(1,995)	(10,900)
At 30 June 2015 (unaudited)	39,887	790	184,476	6,906	1,951	(249,327)	(15,317)	12,362	(2,955)
At 1 January 2014 (audited)	38,637	2,040	184,476	6,906	1,908	(224,451)	9,516	22,398	31,914
(Loss) profit for the period	-	-	-	-	-	(7,348)	(7,348)	580	(6,768)
Other comprehensive income (expense) for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	599	-	599	(109)	490
Realisation of translation reserve upon disposal of a subsidiary	-	-	-	-	(712)	-	(712)	-	(712)
Total comprehensive income (expense) for the period	-	-	-	-	(113)	(7,348)	(7,461)	471	(6,990)
Disposal of a subsidiary	-	-	-	-	-	-	-	(6,179)	(6,179)
Conversion of convertible preference shares	1,250	(1,250)	-	-	-	-	-	-	-
At 30 June 2014 (unaudited)	39,887	790	184,476	6,906	1,795	(231,799)	2,055	16,690	18,745

Note:

Other reserve represents the share of a subsidiary's share premium arising from the allotment and issue of shares, and deemed contribution from owners of the Company.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Net cash used in operating activities	(24,281)	(18,805)
Cash flows from investing activities		
Interest received	33	12
Purchase of land use right	–	(437)
Purchase of property, plant and equipment	(1,831)	(3,857)
Net cash used in investing activities	(1,798)	(4,282)
Cash flows from financing activities		
Interest paid	(1,844)	(2,450)
New borrowings raised	44,384	57,058
Repayment of borrowings	(20,294)	(45,627)
Increase in amount due from minority shareholder	–	19,169
Increase in amount due to related company	–	(11,738)
Increase in loans from an ultimate holding company	3,121	1,542
Net cash generated from financing activities	25,367	17,954
Net decrease in cash and cash equivalents	(712)	(5,133)
Effects of foreign exchange rate changes	36	452
Cash and cash equivalents at beginning of the period	1,955	7,023
Cash and cash equivalents at end of the period, represented by bank balances and cash	1,279	2,342

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Stock Exchange. The address of the registered office of the Company is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands and the principal place of business of the Company is 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.

The functional currency of the Company is Renminbi (“RMB”). The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) for the convenience of the investors as its shares are listed on the Stock Exchange.

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

The ultimate holding company of the Group is Wai Chun Investment Fund (“Wai Chun Fund”), a private investment fund incorporated in the Cayman Islands with limited liability.

2. BASIS OF PREPARATION

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

The condensed consolidated financial statements has been prepared in accordance with the same accounting policies in the Group’s audited financial statements for the year ended 31 December 2014, except for the accounting policy changes that are expected to be reflected in the audited financial statements for the year ended 31 December 2015. Details of any changes in accounting policies are set out in note 3.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

2. BASIS OF PREPARATION *(Continued)*

The condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2014. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"). They shall be read in conjunction with the Group's audited financial statements for the year ended 31 December 2014.

For the six months ended 30 June 2015, the Group incurred a net loss of approximately HK\$11,070,000 and had a net operating cash outflow of approximately HK\$24,281,000, and as at 30 June 2015, the Group had net current liabilities and net liabilities of approximately HK\$57,911,000 and HK\$2,955,000 respectively and also, the Group's capital deficiency attributable to the owners of the Company was approximately HK\$15,317,000. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In order to ensure the Group's ability to operate as a going concern, the Directors of the Company have been implementing various measures as follows:

- (i) The Company has undrawn loan facilities of approximately HK\$102,617,000 granted by its ultimate holding company, Wai Chun Fund, which will be provided on a sub-ordinated basis, i.e. Wai Chun Fund will not demand the Company for repayment of such loans until all the other liabilities of the Group had been satisfied;
- (ii) In addition to the loan facilities stated above, Wai Chun Fund has also undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due to continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of approving the condensed consolidated financial statement;
- (iii) The Company has planned and is in negotiation with potential investors to raise sufficient funds through placements of shares. The proceeds will be used for general working capital and improve the liquidity of the Group; and
- (iv) The Directors will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

2. BASIS OF PREPARATION *(Continued)*

The Directors have carried out a detailed review of the cash flow forecast of the Group and the Company for the twelve months ending 30 June 2016 taking into account the impact of above measures, the Directors of the Company believe that the Group and the Company will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the end of reporting period, and accordingly, are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Should the Group and the Company be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated financial statements.

As set out in the paragraphs above, the directors of the Company have been implementing various measures to continue the business of the Company as a going concern. The Company intends to enrich and improve its financial resources by conducting a fund raising exercise (such as placement of new shares) by the end of December 2015 with a view to raise at least HK\$50 million. The Company is in preliminary discussion with a number of potential investors (including agents) for such fund raising exercise. However, as the recent volatile market conditions, investors remain cautious and negotiations are still underway.

On the other hand, the Group intends to pursue strategic acquisitions that can enable the Company to capture new business opportunities in the PRC market and strengthen the revenue and profit fundamental. The Company has been actively identifying projects with growth potential for acquisition or investment and has been in discussions with various independent third parties for such acquisition or investment. However, it takes time to negotiate with counterparties and the Company was unable to materialize any potential acquisition or investment due to various reasons.

3. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months period ended 30 June 2015 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of a new interpretation and amendments to HKFRSs

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the above and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs HKFRS 9	Annual Improvements to HKFRSs 2012-2014 Cycle ² Financial Instruments ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²

¹ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The Directors of the Company anticipate that the application of these new and revised standards and amendments issued but not yet effective will have no material impact on the results and financial position of the Group.

4. SEGMENT INFORMATION

The chief operating decision maker (“CODM”) has been identified as the Group’s senior executive management. The CODM reviews the Group’s internal reporting for resource allocation and assessment of performance.

For management purposes, the Group’s reportable segments under HKFRS 8 are as follows:

Modified starch and other biochemical products	–	Manufacture and sale of modified starch and other biochemical products
Footwear	–	Trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes
General trading	–	Trading of electronic parts and components and electrical appliances

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

Segment (loss) profit represents loss incurred or profit earned by each segment without allocation of other revenue, central administration costs (including Directors’ salaries) and finance costs.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

Business segments

Segment revenue and results

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

Six months ended 30 June 2015

	Modified starch and other biochemical products HK\$'000 (Unaudited)	Footwear HK\$'000 (Unaudited)	General trading HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	132,649	2,647	29,290	164,586
Segment results	(2,434)	(2,601)	109	(4,926)
Other revenue				36
Central administration costs				(3,638)
Finance costs				(2,542)
Loss before income tax				(11,070)
Income tax expense				—
Loss for the period				(11,070)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2014

	Modified starch and other biochemical products <i>HK\$'000</i> (Unaudited)	Footwear <i>HK\$'000</i> (Unaudited)	General trading <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	132,134	7,047	23,225	162,406
Segment results	1,453	(2,506)	122	(931)
Other revenue				148
Gain on disposal of a subsidiary				2,712
Central administration costs				(6,165)
Finance costs				(2,530)
Loss before income tax				(6,766)
Income tax expense				(2)
Loss for the period				(6,768)

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Segment assets and liabilities

At 30 June 2015

	Modified starch and other biochemical products HK\$'000 (Unaudited)	Footwear HK\$'000 (Unaudited)	General trading HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Assets				
Segment assets	162,730	1,120	–	163,850
Unallocated assets				377
Consolidated assets				164,227
Liabilities				
Segment liabilities	(137,502)	(1,157)	(264)	(138,923)
Unallocated liabilities				(28,259)
Consolidated liabilities				(167,182)
Geographical assets				
Hong Kong				1,497
Macau				–
The People's Republic of China ("PRC")				162,730
				164,227

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Segment assets and liabilities (Continued)

At 31 December 2014

	Modified starch and other biochemical products <i>HK\$'000</i> (Audited)	Footwear <i>HK\$'000</i> (Audited)	General trading <i>HK\$'000</i> (Audited)	Consolidated <i>HK\$'000</i> (Audited)
Assets				
Segment assets	127,860	3,138	8,271	139,269
Unallocated assets				666
Consolidated assets				139,935
Liabilities				
Segment liabilities	(98,561)	(1,362)	(8,400)	(108,323)
Unallocated liabilities				(23,667)
Consolidated liabilities				(131,990)
Geographical assets				
Hong Kong				3,804
Macau				8,271
PRC				127,860
				139,935

For the purposes of monitoring segment performance and allocating resources between segments:

- assets used jointly by segments are allocated on the basis of the revenue earned by individual segments; and
- liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

Other information

Six months ended 30 June 2015

	Modified starch and other biochemical products HK\$'000 (Unaudited)	Footwear HK\$'000 (Unaudited)	General trading HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Additions to property, plant and equipment	1,831	–	–	–	1,831
Depreciation and amortisation	2,037	24	–	–	2,061
Prepayments for acquisition of property, plant and equipment	869	–	–	–	869

Six months ended 30 June 2014

	Modified starch and other biochemical products HK\$'000 (Unaudited)	Footwear HK\$'000 (Unaudited)	General trading HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Additions to property, plant and equipment	3,858	–	–	–	3,858
Depreciation and amortisation	2,186	122	–	–	2,308
Prepayments for acquisition of property, plant and equipment	1,574	–	–	–	1,574

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

Geographical information

For the six months ended 30 June 2015, the Group's operations were principally located in Hong Kong (country of domicile) and PRC with revenue and profits from its operations.

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

	Revenue from external customers for the six months ended 30 June		Non-current assets	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Hong Kong	30,367	30,272	62	86
The Republic of Korea	–	1,003	–	–
PRC	134,219	131,131	76,400	76,000
	164,586	162,406	76,462	76,086

Information on major customers

For the six months ended 30 June 2015, included in revenue arising from sales of modified starch and other biochemical products of approximately HK\$132,649,000 are revenue of approximately HK\$51,410,000, HK\$22,379,000 and included in revenue arising from general trading of approximately of HK\$29,290,000 are revenue of approximately of HK\$27,719,000 respectively arising from sales to the Group's three largest customers. No other single customer contributed 10% or more to the Group's sale.

For the six months ended 30 June 2014, included in revenue arising from sales of modified starch and other biochemical products of approximately HK\$132,134,000 are revenue of approximately HK\$47,672,000, HK\$26,255,000 and included in revenue arising from general trading of approximately of HK\$23,225,000 are revenue of approximately of HK\$22,326,000 respectively arising from sales to the Group's three largest customers. No other single customer contributed 10% or more to the Group's sale.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

Information on major suppliers

For the six months ended 30 June 2015, included in purchases arising from purchases of modified starch and other biochemical products of approximately HK\$136,868,000 are purchases of approximately HK\$73,211,000, HK\$17,685,000 and HK\$16,082,000 respectively arising from purchases from Group's three largest suppliers. No other single supplier contributed 10% or more to the Group's purchases.

For the six months ended 30 June 2014, included in purchases arising from purchases of modified starch and other biochemical products of approximately HK\$133,920,000 are purchases of approximately HK\$83,723,000 and HK\$28,213,000 respectively arising from purchases from the Group's two largest suppliers. No other single supplier contributed 10% or more to the Group's purchases.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
The income tax expense comprises:		
Under provision of income tax in prior periods:		
PRC Enterprise Income Tax	–	2

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for both periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (six months ended 30 June 2014: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

6. LOSS FOR THE PERIOD

Loss for the period is arrived at after charging the following items:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Cost of inventories	162,906	146,387
Interest expenses	2,542	2,530
Depreciation on property, plant and equipment	1,658	1,912
Loss on exchange, net	11	314
Amortisation on prepaid land lease payments	403	396
Staff costs (including Directors' emoluments and retirement benefit costs)	2,882	3,030

7. INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share for six months ended 30 June 2015 was based on the Group's loss attributable to owners of the Company of approximately HK\$8,992,000 (six months ended 30 June 2014: approximately HK\$7,348,000) and 15,954,685,376 ordinary shares (six months ended 30 June 2014: weighted average number of 15,565,182,614 shares) during the period.

No adjustment was made in calculating diluted loss per share for both periods as the conversion of convertible preference shares would result in decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 30 June 2015, the Group acquired items of property, plant and equipment at a total cost of approximately HK\$1,831,000 (For the year ended 31 December 2014: approximately HK\$6,640,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

10. TRADE AND BILLS RECEIVABLES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Trade receivables	23,710	29,327
Bills receivable	763	13
	24,473	29,340
Less: provision for impairment	(4,198)	(4,198)
Total	20,275	25,142

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

The aging analysis of trade and bills receivables based on the invoice date and net of provision for impairment, as at the reporting date, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
0-30 days	9,349	17,234
31-60 days	3,084	3,884
61-90 days	4,901	3,183
91-180 days	2,171	412
Over 180 days	770	429
Total	20,275	25,142

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Prepayments for inventories	18,430	4,925
Other prepayments	471	473
Other receivables	385	858
Rental and utilities deposits	633	630
Total	19,919	6,886

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Wealth management products, designated as at fair value through profit or loss	1,285	–

Wealth management products were issued by a reputable bank in the PRC. The fair value of the wealth management product has been determined based on the quoted price from bank at the reporting date.

13. TRADE PAYABLES

The average credit period on purchases of goods ranges from 30 to 180 days (31 December 2014: 30 to 180 days). The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe. The following is an aging analysis of trade payables based on the invoice date:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
0-30 days	13,164	22,640
31-60 days	15,970	2,044
61-90 days	4,522	1,365
91-180 days	3,863	1,616
Over 180 days	4,336	1,085
Total	41,855	28,750

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

14. BORROWINGS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Bank loans (<i>Note a</i>)	54,749	30,364
Loan from an independent third party (<i>Note b</i>)	2,570	2,570
Total	57,319	32,934
Secured	54,749	30,364
Unsecured	2,570	2,570
Total	57,319	32,934
Carrying amount repayable: Within one year	57,319	32,934

Notes:

- (a) It was secured by a guarantee given by a non-controlling shareholder of a subsidiary and the pledge of the prepaid land lease payments with the carrying amounts of approximately HK\$24,365,000 (31 December 2014: approximately HK\$29,860,000). All bank loans are denominated in Renminbi with variable interest rates from 6.6% to 7.8% (31 December 2014: 7.2% to 8.4%) per annum.
- (b) Bearing interest at 1% above Hong Kong Prime Rate granted by Standard Chartered Bank (Hong Kong) Limited per annum during the period.

15. LOANS FROM AN ULTIMATE HOLDING COMPANY

The loans were sub-ordinated in nature which were unsecured, interest bearing at 6.25% for both years. The ultimate holding company, Wai Chun Fund, has confirmed that the outstanding balance of its current account at the period end will not demand the Company for repayment of such loans until all the other liabilities of the Group had been satisfied.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

16. SHARE CAPITAL

	Number of ordinary shares of HK\$0.0025 each	Amount HK\$'000
Authorised:		
Balance as at 1 January 2014, 31 December 2014 and 30 June 2015	40,000,000,000	100,000
Issued and fully paid:		
Balance as at 1 January 2014	15,454,685,376	38,637
Conversion of convertible preference shares	500,000,000	1,250
Balance as at 31 December 2014, 1 January 2015 and 30 June 2015	15,954,685,376	39,887

17. CONVERTIBLE PREFERENCE SHARES

	Number of convertible preference shares of HK\$0.0025 each	Amount HK\$'000
Authorised:		
Balance as at 1 January 2014, 31 December 2014 and 30 June 2015	816,000,000	2,040
Issued and fully paid:		
Balance as at 1 January 2014	816,000,000	2,040
Conversion of convertible preference shares	(500,000,000)	(1,250)
Balance as at 31 December 2014, 1 January 2015 and 30 June 2015	316,000,000	790

The convertible preference shares are non-redeemable, carrying no voting right and each of the convertible preference share is convertible into one ordinary share immediately before the fifth anniversary of the issue date of convertible shares, i.e. 25 July 2018. The convertible preference shareholder is entitled to receive dividend pari passu with ordinary shareholders on an as converted basis.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

18. OPERATING LEASES COMMITMENTS

The Group as lessee

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Lease payments in respect of rented premises paid under operating leases during the period	1,594	1,594

At the end of the current interim period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within one year	1,063	2,657
In the second to fifth year inclusive	–	–
Total	1,063	2,657

Operating lease payments represent rental payables by the Group for its office premises in Hong Kong. Leases and rentals are negotiated and fixed respectively for an average term of two years.

19. PLEDGE OF ASSETS

The Group's prepaid land lease payments with carrying amounts of approximately HK\$24,365,000 (As at 31 December 2014: approximately HK\$29,860,000) have been pledged to secure the bank loans and general banking facilities granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk(including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management policies since year end.

Fair value measurement

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair value are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. as prices) or indirectly (i.e.) derived from prices).
- Level 3: inputs for the asset or liability that are based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used).

	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2015 HK'000 (Unaudited)	31 December 2014 HK'000 (Audited)		
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets designated at fair value through profit or loss	1,285	–	Level 1	Quoted prices in an active market

At the end of the reporting period, the Group had no Level 2 or 3 fair value measurements financial instruments.

There were no transfers into or out of Level 1 during the period.

Except the financial assets that are measured at fair value, the Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

21. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Transactions with related parties

During the period, the Group entered into the following transactions with related parties. The transactions were carried out at estimated market prices determined by the Directors of the Company.

Related parties	Nature of transactions	For the six months ended 30 June		Interested party	Relationship
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)		
Wai Chun Holdings Group Limited	Rental expenses	1,594	1,594	Lam Ching Kui	Director
Wai Chun Investment Fund	Interest expenses	619	386	Lam Ching Kui	Director

(b) Outstanding balances with related parties

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Amounts due to a non-controlling shareholder of a subsidiary	–	5,250
Amounts due to a former subsidiary	22,518	22,376
Loans from an ultimate holding company	21,506	17,767
Total	44,024	45,393

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

21. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management personnel remuneration

The remuneration of Directors of the Company and other members of key management personnel during the periods were as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Short-term employee benefits	2,025	2,025
Defined contribution retirement plans	35	31
Total	2,060	2,056

22. EVENTS AFTER REPORTING PERIOD

On 22 July 2015, the proposed adoption of New Share Option Scheme by the Company in the circular dated on 3 July 2015 was duly passed by the Shareholders by way of poll at the Extraordinary General Meeting. The purpose of the New Share Option Scheme is to provide the Company with a flexible means of incentivising, rewarding, remunerating, compensating and/or providing benefits to the grantees and for such other purposes as the Board may approve from time to time. The Directors believe that the New Share Option Scheme could provide grantees with the opportunity of participating in the growth of the Company by acquiring shares in the Company and could, in turn, assist in the attraction and retention of grantees who have made contribution to the success of the Company.