

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2022**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Reporting Period amounted to approximately HK\$179,842,000 (six months ended 30 September 2021: approximately HK\$149,225,000).
- Profit attributable to the equity shareholders for the Reporting Period amounted to approximately HK\$473,000 (six months ended 30 September 2021: approximately HK\$1,595,000).
- Basic and diluted earnings per share of the Company for the Reporting Period amounted to approximately HK cents 0.05 (six months ended 30 September 2021: approximately HK cents 0.17).
- The Board does not recommend the declaration of any interim dividend for the Reporting Period (six months ended 30 September 2021: nil).

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 2022 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		For the six months ended 30 September	
		2022	2021
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	4	179,842	149,225
Direct costs		<u>(153,838)</u>	<u>(115,804)</u>
Gross profit		26,004	33,421
Other income, other net gains and losses	5	5,694	882
General and administrative expenses		<u>(24,998)</u>	<u>(25,912)</u>
Profit from operations		6,700	8,391
Finance costs	6(a)	(5,386)	(5,445)
Share of results of an associate	10	<u>(42)</u>	<u>(1,720)</u>
Profit before taxation	6	1,272	1,226
Income tax (expense)/credit	7	<u>(799)</u>	<u>369</u>
Profit for the period attributable to equity shareholders of the Company		<u>473</u>	<u>1,595</u>
Earnings per share			
– Basic (HK cents per share)	9	<u>0.05</u>	<u>0.17</u>
– Diluted (HK cents per share)	9	<u>0.05</u>	<u>0.17</u>

	For the six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statement of foreign operation	(1,729)	334
Share of other comprehensive income of investment accounted for using the equity method	(325)	(48)
Debt investment at fair value through other comprehensive income (recycling):		
– net movement in fair value reserve	<u>1,273</u>	<u>1,203</u>
Other comprehensive (expenses)/income for the period	<u>(781)</u>	<u>1,489</u>
Profit and total comprehensive (expenses)/ income for the period attributable to equity shareholders of the Company	<u>(308)</u>	<u>3,084</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 March 2022 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		9,490	11,763
Interest in an associate	10	20,260	20,627
Club membership		290	290
		<u>30,040</u>	<u>32,680</u>
Current assets			
Contract assets		125,755	122,910
Trade and other receivables	11	66,157	62,838
Loan receivables		23,438	23,476
Financial assets at fair value through profit or loss	12	37,655	38,055
Debt investment at fair value through other comprehensive income	13	45,778	44,505
Tax recoverable		1,513	1,568
Cash and cash equivalents		142,491	132,294
		<u>442,787</u>	<u>425,646</u>
Current liabilities			
Trade and other payables	14	58,544	37,849
Amount due to a related company	15	122,000	113,100
Amount due to a director of a subsidiary	15	115,350	128,478
Lease liabilities		1,906	3,219
Tax payable		1,975	1,975
		<u>299,775</u>	<u>284,621</u>
Net current assets		<u>143,012</u>	<u>141,025</u>
Total assets less current liabilities		<u>173,052</u>	<u>173,705</u>

		As at 30 September 2022 (Unaudited) <i>HK\$'000</i>	As at 31 March 2022 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Non-current liabilities			
Long service payment liabilities		973	973
Lease liabilities		–	560
Deferred tax liabilities		674	459
		<u>1,647</u>	<u>1,992</u>
Net assets		<u>171,405</u>	<u>171,713</u>
Capital and reserves			
Share capital	<i>16</i>	9,600	9,600
Reserves		161,805	162,113
Total equity		<u>171,405</u>	<u>171,713</u>

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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Unit No. 901, 9/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 are 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 Hong Kong Dollars (HK\$), unless otherwise stated. The unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors on 25 November 2022.

The unaudited 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 unaudited condensed consolidated interim 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. CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies applied in the preparation of the interim financial statements for the current period are consistent with those of the annual financial statements for the year ended 31 March 2022, as described in those annual financial statements.

Application of new/revised HKFRSs

In the current period, the Group has applied, for the first time, the following 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 2022 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 3, Reference to the Conceptual Framework

Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use

Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

Annual improvements to HKFRSs 2018-2020 cycle

The Group has not applied any new Standard or interpretation that is not yet effective for the current period. 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 unaudited condensed consolidated financial statements.

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, ground investigation services, financial services and 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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Revenue from construction contracts	150,009	130,455
Revenue from ground investigation services	28,150	15,753
Revenue from trading of beauty and skin care products	<u>–</u>	<u>1,383</u>
	<u>178,159</u>	<u>147,591</u>
Revenue from other sources		
Interest income from money lending business	<u>1,683</u>	<u>1,634</u>
	<u><u>179,842</u></u>	<u><u>149,225</u></u>

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, interest in an associate, profit guarantee, put option and call option in relation to acquisition of an associate and tax recoverable (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 profit/(loss) is 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 2022 and 2021 are as follows:

	Six months ended 30 September 2022				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	150,009	28,150	1,683	–	179,842
– at a point in time	–	–	–	–	–
Revenue from external customers	<u>150,009</u>	<u>28,150</u>	<u>1,683</u>	<u>–</u>	<u>179,842</u>
Reportable segment revenue	<u>150,009</u>	<u>28,150</u>	<u>1,683</u>	<u>–</u>	<u>179,842</u>
Reportable segment gross profit	<u>15,647</u>	<u>8,674</u>	<u>1,683</u>	<u>–</u>	<u>26,004</u>
Reportable segment profit/(loss)	<u>6,423</u>	<u>5,248</u>	<u>(2,915)</u>	<u>336</u>	<u>9,092</u>
Interest income from bank deposit	–	–	16	–	16
Interest expense	3,051	–	44	–	3,095
Depreciation for the period	<u>332</u>	<u>817</u>	<u>937</u>	<u>–</u>	<u>2,086</u>

Six months ended 30 September 2021

	Foundation construction	Ground investigation services	Financial services	Trading of beauty and skin care products	Total
	<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	130,455	15,753	1,634	–	147,842
– at a point in time	–	–	–	1,383	1,383
Revenue from external customers	<u>130,455</u>	<u>15,753</u>	<u>1,634</u>	<u>1,383</u>	<u>149,225</u>
Reportable segment revenue	<u>130,455</u>	<u>15,753</u>	<u>1,634</u>	<u>1,383</u>	<u>149,225</u>
Reportable segment gross profit	<u>26,041</u>	<u>4,363</u>	<u>1,634</u>	<u>1,383</u>	<u>33,421</u>
Reportable segment profit/(loss)	<u>13,681</u>	<u>(235)</u>	<u>(2,600)</u>	<u>984</u>	<u>11,830</u>
Interest income from bank deposit	–	–	43	–	43
Interest expense	3,056	–	108	–	3,164
Depreciation for the period	<u>2,718</u>	<u>454</u>	<u>974</u>	<u>–</u>	<u>4,146</u>

As at 30 September 2022

	Foundation construction	Ground investigation services	Financial services	Trading of beauty and skin care products	Total
	<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	279,089	54,993	229,993	58,782	622,857
Additions to non-current segment assets during the period	249	499	–	–	748
Reportable segment liabilities	204,433	9,167	327,864	46,545	588,009

As at 31 March 2022

	Foundation construction	Ground investigation services	Financial services	Trading of beauty and skin care products	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Reportable segment assets	257,890	48,525	254,762	58,271	619,448
Additions to non-current segment assets during the year	75	3,815	–	–	3,890
Reportable segment liabilities	189,657	7,418	330,362	53,477	580,914

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

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue and consolidated revenue	<u>179,842</u>	<u>149,225</u>
Profit		
Reportable segment profit	9,092	11,830
Share of results of an associate	(42)	(1,720)
Unallocated head office and corporate expenses	<u>(7,778)</u>	<u>(8,884)</u>
Consolidated profit before taxation	<u>1,272</u>	<u>1,226</u>
	At	At
	30 September	31 March
	2022	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Assets		
Reportable segment assets	622,857	619,448
Elimination	<u>(222,071)</u>	<u>(237,850)</u>
	400,786	381,598
Interest in an associate	20,260	20,627
Financial assets at fair value through profit or loss	37,655	38,055
Tax recoverable	1,513	1,568
Unallocated head office and corporate assets	<u>12,613</u>	<u>16,478</u>
Consolidated total assets	<u>472,827</u>	<u>458,326</u>
Liabilities		
Reportable segment liabilities	588,009	580,914
Elimination	<u>(406,103)</u>	<u>(412,193)</u>
	181,906	168,721
Tax payable	1,975	1,975
Deferred tax liabilities	674	459
Unallocated head office and corporate liabilities	<u>116,867</u>	<u>115,458</u>
Consolidated total liabilities	<u>301,422</u>	<u>286,613</u>

5. OTHER INCOME, OTHER NET GAINS AND LOSSES

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank and other interest income	815	135
Rental income from lease of machinery	214	–
Sales of raw materials	92	542
Net change in fair value of financial assets at fair value through profit or loss	–	(293)
Gain on disposal of property, plant and equipment	446	388
Government grants (<i>note</i>)	4,026	–
Others	101	110
	<u>5,694</u>	<u>882</u>

Note: The government grants are mainly related to the employment support scheme. In 2022, the Group successfully applied for funding support from the employment support scheme under the anti-epidemic fund, set up by the Hong Kong government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

6. PROFIT BEFORE TAXATION

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

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(a) Finance costs		
Interest on borrowing from a related company	2,250	2,250
Interest on borrowing from a director of a subsidiary	3,050	3,050
Interest on lease liabilities	86	145
	<u>5,386</u>	<u>5,445</u>
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plans	1,408	1,490
Salaries, wages and other benefits	30,118	30,600
	<u>31,526</u>	<u>32,090</u>
(c) Other items		
Depreciation		
– owned property, plant and equipment	1,187	2,997
– right-of-use assets	1,537	1,416
Reversal of impairment losses on trade and other receivables, contract assets, loan receivables and financial asset at fair value through profit or loss	(132)	(489)
Gain on disposal of property, plant and equipment	(446)	(388)
	<u>(446)</u>	<u>(388)</u>

7. INCOME TAX EXPENSE/(CREDIT)

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision for Hong Kong Profits Tax for the period	583	–
Deferred tax	216	(369)
	<u>799</u>	<u>(369)</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) The provision for Hong Kong Profits Tax for the period is calculated at 16.5% (six months ended 30 September 2021: 16.5%) of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

- (iii) The provision for Macau Complementary Tax is calculated at 12% of the estimated assessable profits for periods ended 30 September 2022 and 2021.
- (iv) The provision for People's Republic of China Income Tax is calculated at 25% of the estimated assessable profits for the period ended 30 September 2022 and 2021.

8. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

9. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share are calculated by dividing the earnings 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 earnings per share attributable to equity shareholders of the Company is based on the following:

	Six months ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to equity shareholders of the Company (<i>HK\$'000</i>)	473	1,595
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>in thousand</i>)	928,355	928,355
Basic earnings per share (<i>HK cents</i>)	<u>0.05</u>	<u>0.17</u>

Diluted earnings per share

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

10. INTEREST IN AN ASSOCIATE

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
At the beginning of the period/year	20,627	35,017
Exchange difference on retranslation	(325)	333
Share of results	(42)	(9,385)
Impairment losses on interest of an associate	—	(5,338)
	<u>20,260</u>	<u>20,627</u>

Note: On 4 September 2020, the Company completed the acquisition of 35% of the entire issued share capital of Matsu Gami at a consideration of HK\$41,475,000 pursuant to the sale and purchase agreement entered into amongst the Company (as purchaser), the vendors and the vendor guarantors dated 10 December 2019 (the “**Sale and Purchase Agreement**”) (as amended and supplemented by the 1st supplemental agreement and the 2nd supplemental agreement). Matsu Gami is a company incorporated in the British Virgin Islands. Matsu Gami, together with its subsidiaries, are primarily engaged in the business of, inter alia, the provision of food and beverage catering services utilizing well-known intellectual property right and provision of related advising and other services.

On 29 August 2022, the Company entered into the 3rd supplemental agreement to the Sale and Purchase Agreement with the vendors and the vendor guarantors, pursuant to which the parties conditionally agreed:

- (a) for the Company to partially exercise the put option to require the vendors to purchase approximately 15.3% of the entire issued share capital of Matsu Gami in the total amount of HK\$21,679,747.95 as the aggregated amount of the partial option consideration and the premium in the amount equals to the partial option consideration multiplied by the 10% annualised rate of return (“**Proposed Partial Exercise of Put Option**”); and
- (b) for the vendors to grant an extension to the remaining put option conferring the right to the company to require the vendors to purchase approximately 19.7% (i.e. the remaining interest held in Matsu Gami by the Company) of the entire issued share capital of Matsu Gami if the actual profit for the year ended 31 March 2023 recorded is less than HK\$7,400,000 (“**Extension of the Remaining Put Option**”).

An extraordinary general meeting will be convened by the Company to approve the Proposed Partial Exercise of Put Option and Extension of the Remaining Put Option. For further details, please refer to the Company’s announcements dated 29 August 2022, 20 September 2022, 20 October 2022 and 18 November 2022. As at 30 September 2022, the arrangement of the investment in Matsu Gami provided the Group with the power to participate in the financial and operating policy decisions of Matsu Gami but is not in control or has joint control over those policies. Under HKAS 28, Matsu Gami was classified as an associate and has been accounted for in the consolidated financial statements using equity method.

11. TRADE AND OTHER RECEIVABLES

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Trade receivables, net of allowance	43,393	39,640
Deposits, prepayments and other receivables, net of allowance (<i>note</i>)	<u>22,764</u>	<u>23,198</u>
Financial assets measured at amortised cost	<u><u>66,157</u></u>	<u><u>62,838</u></u>

Note: Except for the amounts of approximately HK\$235,000 and HK\$420,000 as at 30 September 2022 and 31 March 2022 respectively, which are expected to be recovered after one year, all of the remaining balances are expected to be recovered within one year.

(a) Aging analysis

At 30 September 2022 and 31 March 2022, the aging analysis of the trade 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 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Within 1 month	10,707	36,561
1 to 2 months	3,372	2,552
2 to 3 months	441	–
Over 3 months	<u>28,873</u>	<u>527</u>
	<u><u>43,393</u></u>	<u><u>39,640</u></u>

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Other unlisted investment (<i>note</i>)	3,355	3,755
Put option	<u>34,300</u>	<u>34,300</u>
	<u><u>37,655</u></u>	<u><u>38,055</u></u>

Note: The other unlisted investment was wealth management product issued by bank. It was mandatorily classified as financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

13. DEBT INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Unlisted debt investment at FVOCI (recycling) – outside Hong Kong	<u>45,778</u>	<u>44,505</u>

The debt investment is entitled to a fixed return of 8% per annum and maybe redeemed at the option of the Company.

14. TRADE AND OTHER PAYABLES

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Trade payables	37,496	17,783
Retention payables (<i>note</i>)	8,367	5,805
Other payables and accruals	<u>12,681</u>	<u>14,261</u>
	<u><u>58,544</u></u>	<u><u>37,849</u></u>

Note: Except for the amounts of approximately HK\$2,912,000 and HK\$1,964,000 as at 30 September 2022 and 31 March 2022 respectively, all of the remaining balances are expected to be settled within one year.

(a) Aging analysis

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

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Within 1 month	23,050	11,296
1 to 2 months	10,846	5,387
2 to 3 months	2,170	32
Over 3 months	<u>1,430</u>	<u>1,068</u>
	<u><u>37,496</u></u>	<u><u>17,783</u></u>

15. AMOUNT DUE TO A RELATED COMPANY/A DIRECTOR OF A SUBSIDIARY

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 2022: 5%) per annum. Mr. Fong is a member of key management personnel of the Group, a director of a principal subsidiary, and is also the director of Bright Dynasty.

The amount due to a director of a subsidiary, Mr. Lau Woon Si (“**Mr. Lau**”), was unsecured, bearing interest rate at 5% (for the year ended 31 March 2022: 5%) per annum and repayable on demand. Mr. Lau is a member of key management personnel of the Group and is a director of a subsidiary.

16. SHARE CAPITAL

	Number of ordinary shares	Nominal amount HK\$'000
Ordinary shares of HK\$0.01 each authorised:		
As at 30 September 2022 and 31 March 2022	<u>2,000,000,000</u>	<u>20,000</u>
Ordinary shares, issued and fully paid:		
As at 30 September 2022 and 31 March 2022	<u>960,000,000</u>	<u>9,600</u>

17. COMMITMENTS

As at 30 September 2022, the Group had no capital commitments (31 March 2022: nil).

18. MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2022, 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 Mr. Lau
Chung Wah Investment Company Limited	A related company owned by Mr. Lau

In addition to the transactions and balances disclosed in notes 6(a) and 15 in these condensed consolidated financial statements, 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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Repayment of lease liabilities		
– Chung Hang Enterprises Holdings Limited	360	360
– Chung Wah Investment Company Limited	690	690
	1,050	1,050

Key management personnel remuneration

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	4,506	4,122
Post-employment benefits	17	45
	4,523	4,167

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 83.4% of the total revenue of the Group during the Reporting Period (six months ended 30 September 2021: approximately 87.4%).

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 15.7% of the total revenue of the Group during the Reporting Period (six months ended 30 September 2021: approximately 10.6%).

Financial Services

During the Reporting Period, revenue from financial services contributed approximately 0.9% of the total revenue of the Group during the Reporting Period (six months ended 30 September 2021: approximately 1.1%).

Trading of beauty and skin care products

Revenue from trading business contributed approximately 0.9% of the total revenue of the Group for the six months ended 30 September 2021. There was no revenue generated from the Group's trading business during the Reporting Period.

FINANCIAL REVIEW

Revenue

The Group's total revenue for the Reporting Period increased by approximately HK\$30,617,000 or approximately 20.5%, from approximately HK\$149,225,000, for the six months ended 30 September 2021 to approximately HK\$179,842,000 for the Reporting Period, primarily as a result of the following:

Foundation Construction

The revenue from foundation construction works increased by approximately 15.0%, from approximately HK\$130,455,000 for the six months ended 30 September 2021 to approximately HK\$150,009,000 for the Reporting Period, mainly due to a sizeable project tendered by the Group during the Reporting Period.

Ground Investigation Services

The revenue from ground investigation services increased by approximately 78.7%, from approximately HK\$15,753,000 for the six months ended 30 September 2021 to approximately HK\$28,150,000 for the Reporting Period, mainly due to the increase in number of sizeable projects tendered by the Group during the Reporting Period.

Financial Services

The revenue for financial services amounted to approximately HK\$1,683,000 for the Reporting Period (six months ended 30 September 2021: approximately HK\$1,634,000).

Trading of beauty and skin care products

The revenue for trading business amounted to approximately HK\$1,383,000 for the six months ended 30 September 2021. Due to the COVID-19 pandemic situation in China, there was no revenue generated during the Reporting Period.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK\$26,004,000 for the Reporting Period (six months ended 30 September 2021: approximately HK\$33,421,000). The Group's overall gross profit margin during the Reporting Period was approximately 14.5% (six months ended 30 September 2021: approximately 22.4%).

Gross profit of the Group's foundation construction segment was approximately HK\$15,647,000 for the Reporting Period (six months ended 30 September 2021: approximately HK\$26,041,000). Gross profit margin of the foundation construction segment was approximately 10.4% for the Reporting Period (six months ended 30 September 2021: approximately 20.0%). The descent in gross profit margin was mainly due to the increase of material costs and sub-contracting cost.

Gross profit of the Group's ground investigation services segment was approximately HK\$8,674,000 for the Reporting Period, representing an increase of approximately 98.8% from approximately HK\$4,363,000 compared to the six months ended 30 September 2021. Gross profit margin of the ground investigation services segment increased from approximately 27.7% for the six months ended 30 September 2021 to approximately 30.8% for the Reporting Period.

Gross profit of the Group's financial services was approximately HK\$1,683,000 for the Reporting Period (six months ended 30 September 2021: approximately HK\$1,634,000). Gross profit margin of the financial service amounted to approximately 100.0% for the Reporting Period (six months ended 30 September 2021: approximately 100.0%).

Gross profit of the Group's trading business was approximately HK\$1,383,000 for the six months ended 30 September 2021. There was no revenue generated from the Group's trading business during the Reporting Period.

Other Income, Other Net Gains and Losses

The other income, other net gains and losses increased by approximately HK\$4,812,000 from approximately HK\$882,000 for the six months ended 30 September 2021 to approximately HK\$5,694,000 for the Reporting Period. The increase was mainly due to the government grants received from the employment support scheme under the anti-epidemic fund set up by the Hong Kong government during the Reporting Period of approximately HK\$4,026,000 (six months ended 30 September 2021: nil).

General and administrative expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK\$24,998,000 (six months ended 30 September 2021: approximately HK\$25,912,000), representing a decrease of approximately 3.5% as compared to the corresponding period in 2021. The lower general and administrative expenses incurred during the six months ended 30 September 2021 as compared to that of the Reporting Period was mainly due to the decrease of legal and professional fee.

Finance Costs

For the Reporting Period, the finance costs were approximately HK\$5,386,000 (six months ended 30 September 2021: approximately HK\$5,445,000).

Share of results of an associate

The Company acquired 35% of the issued share capital of Matsu Gami IP Development Limited (“**Matsu Gami**”) on 4 September 2020. During the Reporting Period, the sharing of loss was approximately HK\$42,000 (six months ended 30 September 2021: approximately HK\$1,720,000). The loss was attributable to (i) share of the post-acquisition profit amounted to approximately HK\$645,000; and (ii) amortisation expense and deferred tax impact on the intangible asset amount of approximately HK\$687,000.

The Group’s share of loss decreased by approximately HK\$1,678,000, mainly due to the extension of amortisation period and the revised carrying amount of the intangible asset.

For details, please refer to the announcements of the Company dated 10 December 2019, 9 June 2020, 4 September 2020, 10 August 2021, 10 September 2021, 29 August 2022, 20 September 2022, 20 October 2022 and 18 November 2022.

Income Tax

The tax expense for the Reporting Period was approximately HK\$799,000 (six months ended 30 September 2021: income tax credit approximately HK\$369,000). The change was mainly due to the increase in assessable profits of Hong Kong Profits 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 (i) the put option in relation to the acquisition of an associate; and (ii) other unlisted investment.

As at 30 September 2021, the financial assets at fair value through profit or loss was approximately HK\$24,440,000, which represented (i) the unlisted fund investment; (ii) the profit guarantee, put option, and call option in relation to the acquisition of an associate; and (iii) other unlisted investment.

The unlisted fund investment was measured at fair value and was subscribed and purchased by a wholly owned subsidiary of the Group. The net fair value loss of the unlisted fund investment was recognised in the condensed consolidated statement of profit or loss for the six months ended 30 September 2021 and amounted to approximately HK\$293,000. During the year ended 31 March 2022, the unlisted fund investment was redeemed. For details, please refer to the Company’s announcement dated 24 November 2021, the Company’s interim report for the six months ended 30 September 2021 and annual report for the year ended 31 March 2022.

The profit guarantee, put option and call option are measured at fair value using the Monte Carlo simulation model and binomial options pricing model.

The other unlisted investment represents investment in wealth management product issued by bank. During the Reporting Period, the relevant gain amounted to approximately HK\$40,000 (six months ended 30 September 2021: approximately HK\$45,000).

Debt investment at fair value through other comprehensive income

During the Reporting Period, the debt investment at fair value through other comprehensive income represents the investment in a private fund. The debt investment is measured at fair value and was subscribed and purchased by a wholly owned subsidiary of the Group. During the Reporting Period, the net fair value gain of debt investment was recognised in the condensed consolidated statement of other comprehensive income amounted to approximately HK\$1,273,000 (six months ended 30 September 2021: approximately HK\$1,203,000).

Profit Attributable to Equity Shareholders of the Company

For the Reporting Period, the Group recorded a net profit of approximately HK\$473,000, as compared to approximately HK\$1,595,000 for the corresponding period in 2021. The decrease was mainly attributable to the increase in assessable profits and the related income tax expenses.

Use of Net Proceeds from the Placing

References are made to the Company's announcement on 29 November 2016 (the "**2016 Announcement**") in relation to placing of 160,000,000 new ordinary shares of the Company (the "**Placing**") which raised net proceeds of approximately HK\$134.0 million (the "**Net Proceeds**") and the announcements in relation to change in use of proceeds from the Placing dated 2 October 2018 (the "**2018 Announcement**") and 17 August 2021 (the "**2021 Announcement**") and the annual reports of the Company for the years ended 31 March 2019 and 31 March 2022.

The below table sets out the details of the application of the Net Proceeds:

	Planned use of proceeds as disclosed in the 2016 Announcement <i>HK\$ million</i> <i>(approximately)</i>	Revised allocation as at 2 October 2018 <i>HK\$ million</i> <i>(approximately)</i> <i>(Note 1)</i>	Unutilised Net Proceeds as at 31 March 2021 <i>HK\$ million</i> <i>(approximately)</i>	Revised allocation as at 17 August 2021 <i>HK\$ million</i> <i>(approximately)</i> <i>(Note 2)</i>	Unutilised Net Proceeds as at 31 March 2022 <i>HK\$ million</i> <i>(approximately)</i> <i>(Note 2)</i>	Amount utilised during the Reporting Period <i>HK\$ million</i> <i>(approximately)</i>	Unutilised Net Proceeds as at 30 September 2022 <i>HK\$ million</i> <i>(approximately)</i>	Expected timeline
Investment, financing and money lending services	134.0	57.3	-	-	-	-	-	N/A
Funding the Acquisition (as defined below)	-	76.7	76.7	-	-	-	-	N/A
Funding further possible acquisition(s)	-	-	-	70.7	70.7	-	70.7	By 31 March 2023
General working capital	-	-	-	6.0	-	-	-	N/A
	<u>134.0</u>	<u>134.0</u>	<u>76.7</u>	<u>76.7</u>	<u>70.7</u>	<u>-</u>	<u>70.7</u>	

Notes:

- As disclosed in the 2018 Announcement, (i) the Group had used approximately HK\$20.8 million of the proceeds of the Placing for investment and financial services and for setting up a subsidiary with a money lenders licence and the Group intended to utilise up to approximately HK\$36.5 million of the Net Proceeds in developing the Group's money lending business in the next 12 months; and (ii) the Group intended to change the use of up to approximately HK\$76.7 million of the outstanding Net Proceeds to fund the acquisition of approximately 51.315% of the issued share capital of Blue Marble Limited at a total consideration of HK\$320,000,000 (the "Acquisition"). The Acquisition then lapsed on 2 April 2020. For details, please refer to the 2018 Announcement and the announcement of the Company dated 2 April 2020.
- On 17 August 2021, the Company resolved to change the use of the outstanding Net Proceeds, being approximately HK\$76,700,000 as at 31 March 2021 (the "Unutilised Net Proceeds") as follows: (i) as to approximately HK\$70,700,000, to fund further possible acquisition(s), including further possible acquisition of 16% of the issued share capital of Matsu Gami; and (ii) as to the remaining balance of approximately HK\$6,000,000, for general working capital. As at 31 March 2022, the Board has not exercised the call option to acquire 16% of the issued share capital of Matsu Gami. For details, please refer to the 2021 Announcement and the announcement of the Company dated 10 September 2021.

The remaining Unutilised Net Proceeds as at 30 September 2022 were placed as bank balances with licensed bank in Hong Kong and will be applied in the manner consistent with the proposed allocations.

Prospects

The Board is of the view that despite the recent outbreak of Omicron coronavirus, the consequential adverse economic effects will be transitory while the outbreak is easing off, there are hopeful signs of a steady recovery in the long-term development of construction and foundation industry in Hong Kong. In general, the Group will be prudent in tendering potential project while future strategy will depend on the evolvement of the pandemic.

In recent years, intellectual property (the “**IP**”) rights (“**IP Rights**”) licensing industry have developed rapidly in People’s Republic of China (the “**PRC**”). In addition to exploiting the core content of the IP Rights through movies, television series, animations and games, Chinese companies as licensees of the IP Rights maximize the overall value by also expanding to the downstream derivative market of the IP Rights in the PRC, including manufacturing IP Rights-related toys, clothings and food and beverages. Accordingly, the scale of consumer demand and revenue sources generated through the commercialisation of the IP Rights have significantly expanded.

On 4 September 2020, the Company acquired 35% of issued share capital of Matsu Gami, which together with its subsidiaries, is principally engaged in the business of provision of food and beverage catering services utilizing well-known IP Rights. The Board is of the view that despite the adverse economic impact of implementation of the COVID-19 pandemic prevention and control quarantine measures in certain cities in the PRC, the prospects of IP Rights licensing industry are brightening.

Meanwhile, 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 Company 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.

Debts and Charge on Assets

The total interest-bearing borrowings of the Group, which consist of lease liabilities, borrowing from a director of a subsidiary and borrowing from a related company, decreased from approximately HK\$245,357,000 as at 31 March 2022 to approximately HK\$239,256,000 as at 30 September 2022, which were mainly denominated in Hong Kong Dollars. Interest on borrowings are charged at fixed rates. 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 2022, the Group's net current assets amounted to approximately HK\$143,012,000, which was approximately HK\$1,987,000 larger than its net current assets of approximately HK\$141,025,000 as at 31 March 2022. As at 30 September 2022, the Group's current liabilities amounted to approximately HK\$299,775,000 representing an increase of approximately HK\$15,154,000 over approximately HK\$284,621,000 as at 31 March 2022. The increase was mainly due to the increase in trade payables of approximately HK\$19,713,000 as compared to that as at 31 March 2022.

Liquidity and Financial Resources

As at 30 September 2022, the Group had cash and bank balances of approximately HK\$142,491,000 (31 March 2022: approximately HK\$132,294,000), which were mainly denominated in Hong Kong Dollars.

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

Cash Flow

The Group's net cash generated from operating activities was approximately HK\$19,953,000 during the Reporting Period, which was mainly generated from the foundation construction. Net cash generated from investing activities was approximately HK\$3,571,000, which was mainly related to the proceeds from sale of financial asset at fair value through profit or loss and the payment for the purchase of property, plant and equipment. The net cash used in financing activities was approximately HK\$11,279,000. It was mainly related to the repayment to a director of a subsidiary.

The gearing ratio of the Group as at 30 September 2022 (defined as total interest-bearing liabilities divided by the Group's total equity) was approximately 139.6% (As at 31 March 2022: approximately 142.9%).

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 are settled in Hong Kong Dollars, and the Group's assets and liabilities are primarily denominated in Hong Kong Dollars, the Directors believe that the Group's risk in foreign exchange is insignificant and that 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 2022, 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 4 September 2020, the Company completed the acquisition of 35% of the entire issued share capital of Matsu Gami IP Development Limited ("**Matsu Gami**") at a consideration of HK\$41,475,000 pursuant to the sale and purchase agreement entered into amongst the Company (as purchaser), the vendors and the vendor guarantors dated 10 December 2019 (the "**Sale and Purchase Agreement**") (as amended and supplemented by the 1st supplemental agreement and the 2nd supplemental agreement). Matsu Gami is a company incorporated in the British Virgin Islands. Matsu Gami, together with its subsidiaries, are primarily engaged in the business of, inter alia, the provision of food and beverage catering services utilizing well-known intellectual property right and provision of related advising and other services.

On 29 August 2022, the Company entered into the 3rd supplemental agreement (the "**3rd Supplemental Agreement**") to the Sale and Purchase Agreement with the vendors and the vendor guarantors, pursuant to which the parties conditionally agreed:

- (a) for the Company to partially exercise the put option to require the vendors to purchase approximately 15.3% of the entire issued share capital of Matsu Gami in the total amount of HK\$21,679,747.95 (being the amount held in the escrow account as maintained by the escrow agent) as the aggregated amount of the partial option consideration and the premium in the amount equals to the partial option consideration multiplied by the 10% annualised rate of return ("**Proposed Partial Exercise of Put Option**"); and

- (b) for the vendors to grant an extension to the remaining put option conferring the right to the Company to require the vendors to purchase approximately 19.7% (i.e. the remaining interest held in Matsu Gami by the Company) of the entire issued share capital of Matsu Gami if the actual profit for the year ended 31 March 2023 recorded is less than HK\$7,400,000 (“**Extension of the Remaining Put Option**”).

On 25 November 2022, the Company entered into the 4th supplemental agreement (the “**4th Supplemental Agreement**”) to the Sale and Purchase Agreement with the vendors and the vendor guarantors, pursuant to which the parties conditionally agreed:

- (a) subject to the Company’s right to exercise the remaining put option in (b) below, if the actual profit is less than the guaranteed profit of HK\$13,000,000 during the year ended 31 March 2023, the vendors and the vendor guarantors shall compensate the Company in the amount calculated (the “**FY2022-2023 Compensation Amount**”) based on the following:

FY 2022-2023 Compensation Amount = HK\$13,000,000 – actual profit

- (b) if the actual profit is less than the minimum guaranteed profit of HK\$7,400,000 during the year ended 31 March 2023, the Company shall have the right to exercise the remaining put option to require the vendors to purchase the remaining 19.7% interest held by the Company in Matsu Gami pursuant to the terms and conditions under the 3rd Supplemental Agreement (as amended and supplemented by the 4th Supplemental Agreement).

An extraordinary general meeting will be convened by the Company to approve the Proposed Partial Exercise of Put Option and Extension of the Remaining Put Option. For further details, please refer to the Company’s announcements dated 29 August 2022, 20 September 2022, 20 October 2022, 18 November 2022 and 25 November 2022 (the “**Announcements**”). As disclosed in the Announcements, a Circular containing, among other things, (i) further details of the Proposed Partial Exercise of Put Option and Extension of the Remaining Put Option; (ii) financial information of the Group; and (iii) notice of the extraordinary general meeting is expected to be despatched to the Company’s shareholders on or before 20 December 2022.

Save as disclosed in this announcement, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associated companies by the Company during the Reporting Period and up to the date of this announcement.

Contingent liabilities

The Group had no contingent liabilities as at 30 September 2022 and 31 March 2022.

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 2022, the Group had 120 full-time employees (31 March 2022: 124 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\$31,526,000 compared to approximately HK\$32,090,000 for the six months ended 30 September 2021.

INTERIM DIVIDEND

The Board did not recommend the declaration of any interim dividend for the Reporting Period (six months ended 30 September 2021: 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 (the "Code") contained in Appendix 14 to the Listing Rules during the Reporting Period and up to the date of this announcement.

The Group commits to continuously improving its corporate governance practices by periodic review to ensure that the Group continues to meet the requirements of the Code.

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.

Audit Committee and Review of Financial Information

The audit committee of the Company (the “**Audit Committee**”) has reviewed with the Company's management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements for the Reporting Period. The Group's unaudited condensed consolidated interim financial statements for the Reporting Period had been reviewed 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, 25 November 2022

As at the date of this announcement, the executive Directors are Mr. Yan Shuai and Mr. Zhu Jiayu; the non-executive Directors are Mr. Zhang Zhenyi and Mr. Chui Kwong Kau; and the independent non-executive Directors are Mr. Lo Wa Kei Roy, Mr. Leung Ka Fai Nelson and Mr. Eric Todd.