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偉俊集團控股有限公司*

Wai Chun Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1013)

**2024 ANNUAL RESULTS ANNOUNCEMENT
AND
RESUMPTION OF TRADING**

The board of directors (the “**Board**”) of Wai Chun Group Holdings Limited (the “**Company**”) hereby announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024, together with comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	273,889	176,803
Cost of sales		<u>(272,336)</u>	<u>(176,236)</u>
Gross profit		1,553	567
Other income		37	41
Other gains/(losses), net		2,032	(51)
Reversal of/(impairment losses) on other receivables		2,099	(7,297)
Administrative expenses		(15,785)	(18,856)
Finance costs		(26,408)	(26,156)
Loss before tax		(36,472)	(51,752)
Income tax expense	5	<u>(2)</u>	<u>–</u>
Loss for the year	6	<u>(36,474)</u>	<u>(51,752)</u>
Loss for the year attributable to:			
– Owners of the Company		(36,531)	(50,721)
– Non-controlling interests		<u>57</u>	<u>(1,031)</u>
		<u>(36,474)</u>	<u>(51,752)</u>
		<i>HK cents</i>	<i>HK cents</i> <i>(Restated)</i>
Loss per share	8		
– Basic and diluted		<u>(13.66)</u>	<u>(18.97)</u>

* for identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year	<u>(36,474)</u>	<u>(51,752)</u>
Other comprehensive (expense)/income, net of tax		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	<u>(1,357)</u>	<u>5,056</u>
Total comprehensive expense for the year	<u><u>(37,831)</u></u>	<u><u>(46,696)</u></u>
Total comprehensive (expense)/income for the year attributable to:		
– Owners of the Company	(38,027)	(45,761)
– Non-controlling interests	<u>196</u>	<u>(935)</u>
	<u><u>(37,831)</u></u>	<u><u>(46,696)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		4	141
Right-of-use assets		–	3,380
Deposits	9	<u>59</u>	<u>–</u>
		<u>63</u>	<u>3,521</u>
Current assets			
Trade and other receivables, prepayments and deposits	9	31,878	68,365
Pledged bank deposit		–	300
Bank balances and cash		<u>127</u>	<u>9,156</u>
		<u>32,005</u>	<u>77,821</u>
Current liabilities			
Trade and other payables	10	45,202	74,322
Contract liabilities		–	3,699
Lease liabilities		2,050	1,695
Convertible bonds		<u>39,729</u>	<u>166,558</u>
		<u>86,981</u>	<u>246,274</u>
Net current liabilities		<u>(54,976)</u>	<u>(168,453)</u>
Total assets less current liabilities		<u>(54,913)</u>	<u>(164,932)</u>

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liabilities			
Trade and other payables	10	3,915	4,989
Loans from ultimate holding company		13,679	12,900
Amount due to ultimate controlling party		18,863	10,735
Lease liabilities		98	1,668
Convertible bonds		148,820	35,572
		<u>185,375</u>	<u>65,864</u>
Net liabilities		<u>(240,288)</u>	<u>(230,796)</u>
Capital and reserves			
Share capital	11	213,912	213,912
Reserves		(470,327)	(460,639)
Capital deficiency attributable to owners of the Company		(256,415)	(246,727)
Non-controlling interests		16,127	15,931
Capital deficiency		<u>(240,288)</u>	<u>(230,796)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). In the opinion of the directors of the Company, the ultimate holding company of the Company, immediate holding company of the Company and the ultimate controlling party of the Company are Wai Chun Investment Fund (“**Wai Chun IF**”), which is a private limited company incorporated in the Cayman Islands, Ka Chun Holdings Limited (“**Ka Chun**”), which is a private limited company incorporated in the British Virgin Islands and Mr. Lam Ching Kui (“**Mr. Lam**”). Mr. Lam is the father of Mr. Lam Ka Chun (“**Mr. Lam KC**”), Mr. Lam KC is appointed as chairman of the board of directors and an executive director of the Company on 27 October 2023. The address of registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Rooms 4001-2, 40th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company. In addition, the functional currency of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

2. GOING CONCERN BASIS

The Company incurred a loss attributable to owners of the Company of approximately HK\$36,531,000 for the year ended 31 March 2024. As at 31 March 2024, the Group had net current liabilities and net liabilities of approximately HK\$54,976,000 and HK\$240,288,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors have prepared the consolidated financial statements on a going concern basis on the assumptions and measures that:

- (a) As at 31 March 2024, the Company has drawn down loan of approximately HK\$13,679,000 and undrawn loan facilities of approximately HK\$186,321,000 granted by Wai Chun IF, its ultimate holding company. Wai Chun IF will not demand the Company for repayment of such loans nor cancel the undrawn loan facilities until all other liabilities of the Group have been satisfied, and will not demand the repayment within twelve months after the date of approval of the consolidated financial statements;
- (b) In addition to the loan facilities granted by Wai Chun IF as stated above, Mr. Lam has also undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of approval of the consolidated financial statements. Also, Mr. Lam agreed not to request the Group, whenever necessary, to settle the balance due to him recorded in amount due to an ultimate controlling party amounting to approximately HK\$18,863,000 until all other third parties liabilities of the Group had been satisfied, and will not demand the repayment within twelve months after the date of approval of the consolidated financial statements;

- (c) Wai Chun Holdings Group Limited, a related company controlled by Mr. Lam and his spouse, has also agreed not to request the Group, whenever necessary, to settle the balance due recorded in trade and other payables amounting to approximately HK\$3,915,000 until all other third parties liabilities of the Group had been satisfied, and will not demand the repayment within twelve months after the date of approval of the consolidated financial statements;
- (d) The convertible bonds with principal amount of HK\$152,000,000 and HK\$23,480,000 which with maturity date on 31 August 2025, and the corresponding outstanding interest payables are due to Mr. Lam, an ultimate controlling party of the Company. Mr. Lam agreed not to demand the redemption or repayment upon maturity of the bonds until all other third parties liabilities of the Group had been satisfied;
- (e) The convertible bonds with principal amount of HK\$42,700,000 which with maturity date on 18 January 2025, and the corresponding outstanding interest payables are due to Ka Chun, which is an immediate holding company of the Company. Ka Chun agreed not to demand the redemption or repayment of the bonds until all other third parties liabilities of the Group had been satisfied. Ka Chun also agreed to further negotiate with the Company for the extension of the repayment date of convertible bond in regard to the financial position and liquidity of the Company upon maturity date;
- (f) At as 31 March 2024, the Company has undrawn loan facilities of approximately HK\$100,000,000 grant by Mr. Lam KC, the director of the Company. Mr. Lam KC will not cancel the undrawn loan facilities until all other liabilities of the Group have been satisfied;
- (g) The Company has planned and is in negotiation with potential investors to raise sufficient funds through fund-raising arrangement; and
- (h) The executive director of the Company 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.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group after taking into account the impact of above measures, the directors of the Company believe that the Group 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 date of approval of these consolidated financial statements, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group 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 amount, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

The Group intends to pursue strategic acquisitions that can enable the Company to capture new business opportunities in the People's Republic of China (the "PRC") market and to strengthen the revenue and profit fundamentals. The Company has been actively identifying projects with growth potential for acquisitions or investments and has engaged in discussions with various parties for such acquisitions or investments.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

3.1 New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

3.2 Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipates that the application of all other new and amendments to HKFRSs not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies in conformity with HKFRSs, that are regularly reviewed by the executive director of the Company, being the Chief Operating Decision Maker (the “CODM”) of the Group. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment results mainly represented gross (loss)/profit earned by each segment without allocation of unallocated corporate income and expenses, other gains/(losses), net, impairment losses under expected credit loss model, and finance costs.

Business segment

The CODM regularly reviews revenue and operating results derived from two operating divisions – sales and integration services and general trading. These divisions are the basis on which the Group reports its primary segment information. Principal activities are as follows:

Sales and integration services: Income from sales and provision of integration services of computer and communication systems, and design, consultation and production of information system software and management training services

General trading: Revenue from trading of chemicals

(A) *Segment revenue and results*

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

For the year ended 31 March 2024

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
SEGMENT REVENUE			
Recognised at a point in time	18,674	241,956	260,630
Recognised over time	<u>13,259</u>	<u>–</u>	<u>13,259</u>
Reportable segment revenue from external customers	<u>31,933</u>	<u>241,956</u>	<u>273,889</u>
SEGMENT RESULTS	<u>118</u>	<u>(301)</u>	(183)
Unallocated corporate income			29
Unallocated corporate expenses			(14,075)
Reversal of impairment losses on other receivables			2,099
Other gains/(loss), net			2,061
Finance costs			<u>(26,403)</u>
Loss before tax			(36,472)
Income tax expense			<u>(2)</u>
Loss for the year			<u><u>(36,474)</u></u>

For the year ended 31 March 2023

	Sales and integration services <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE			
<i>Reportable segment revenue from external customers</i>			
Recognised at a point in time	<u>6,384</u>	<u>170,419</u>	<u>176,803</u>
SEGMENT RESULTS	<u>21</u>	<u>(1,236)</u>	(1,215)
Unallocated corporate income			41
Unallocated corporate expenses			(17,074)
Impairment losses on other receivables			(7,297)
Other gain/(losses), net			(51)
Finance costs			<u>(26,156)</u>
Loss before tax			(51,752)
Income tax expense			<u>–</u>
Loss for the year			<u><u>(51,752)</u></u>

(B) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

At 31 March 2024

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
Segment assets	25,939	5,610	31,549
Unallocated assets			519
Consolidated assets			32,068
Segment liabilities	16,953	2,637	19,590
Unallocated liabilities			252,766
Consolidated liabilities			272,356

At 31 March 2023

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
Segment assets	28,508	39,909	68,417
Unallocated assets			12,925
Consolidated assets			81,342
Segment liabilities	20,555	38,863	59,418
Unallocated liabilities			252,720
Consolidated liabilities			312,138

(C) *Other information*

For the year ended 31 March 2024

	Sales and integration services <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	–	–	106	106
Depreciation of right-of-use assets	–	178	4,521	4,699
Impairment loss on right-of-use assets	–	–	2,258	2,258
Written off of property, plant and equipment	30	–	–	30
Reversal of impairment losses on other receivables	–	–	(2,099)	(2,099)

For the year ended 31 March 2023

	Sales and integration services <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	–	–	848	848
Depreciation of right-of-use assets	–	219	5,089	5,308
Impairment losses on other receivable	–	–	7,297	7,297

(D) *Geographical segments*

The Group's operations are located in Hong Kong and the PRC. Information about the Group's revenue from external customers is presented based on the location of the customer's operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	–	–	59	3,299
The PRC, excluding Hong Kong	273,889	176,803	4	222
	273,889	176,803	63	3,521

(E) Information on major customers

Revenue from major customers, each of whom amounting to 10% or more of the Group's revenue, is set out below:

	2024		2023	
	Revenue	Percentage	Revenue	Percentage
	HK\$'000	of revenue	HK\$'000	of revenue
General trading				
Customer A	Nil	Nil	21,895	12%
Customer B	108,120	39%	44,895	25%
Customer C	30,972	11%	66,026	37%
Customer D	29,181	11%	Nil	Nil

5. INCOME TAX EXPENSE

	2024	2023
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	2	–
	<u>2</u>	<u>–</u>

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

No provision for Hong Kong Profits Tax has been provided in the consolidated financial statements as the Company and its subsidiaries in Hong Kong have no assessable profits for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

6. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the followings:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories recognised as an expense	272,336	176,236
Staff costs (including directors' emoluments)		
– Salaries, wages and other benefits	4,222	5,720
– Retirement benefits scheme contributions	266	244
	<u>4,488</u>	<u>5,964</u>
Gain on derecognition of convertible bonds	(4,319)	–
Impairment loss of right-of-use assets	2,258	–
Written off of property, plant and equipment	30	–
Depreciation of property, plant and equipment and right-of-use assets	4,805	6,156
Auditor's remuneration	600	400
Expenses related to short-term leases	<u>17</u>	<u>1,694</u>

7. DIVIDENDS

The board of directors does not recommend the payment of any dividend for the years ended 31 March 2024 and 2023.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(36,531)</u>	<u>(50,721)</u>
	<i>'000</i>	<i>'000</i> (Restated)
Number of shares		
Weighted average number of ordinary shares	<u>267,390</u>	<u>267,390</u>

The weighted average number of ordinary shares during the year ended 31 March 2023 have been adjusted for the share consolidation completed on 15 November 2023.

No adjustment was made in calculating diluted loss per share for 2024 as the conversion of convertible bonds would result in decrease in loss per share. Accordingly, the diluted loss per share is the same as the basic loss per share.

9. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	37,452	73,472
Less: impairment allowances	<u>(36,173)</u>	<u>(38,141)</u>
	<u>1,279</u>	<u>35,331</u>
Other receivables (<i>note i</i>)	28,778	30,453
Prepayments	1,260	1,227
Deposits	<u>620</u>	<u>1,354</u>
	<u>30,658</u>	<u>33,034</u>
Total	<u><u>31,937</u></u>	<u><u>68,365</u></u>
Analysed as:		
Current assets	31,878	68,365
Non-current assets	<u>59</u>	<u>–</u>
	<u><u>31,937</u></u>	<u><u>68,365</u></u>

Notes:

- (i) Included in other receivables as at 31 March 2024 was deposits placed by the Group to several independent third parties amounted to approximately RMB21,110,000 (approximately HK\$22,881,000) for research and development services, technology support service and consultancy service based on the Group's requirement in relation to the sales and integration services business and system integration project. These amounts are unsecured and interest-free. The contracts have been terminated and the said deposits were subsequently refunded.

Included in other receivables as at 31 March 2024 was advance to the non-controlling shareholders of RMB5,350,000 (approximately to HK\$5,817,000) which is unsecured, interest-free and repayable on demand (2023: RMB5,350,000 (approximately to HK\$6,134,000)). The other receivables of non-controlling shareholders was subsequently settled.

In aggregate, over 99% of the other receivables, amounting to approximately RMB26,460,000 (approximately HK\$28,698,000), have been refunded and settled subsequent to 31 March 2024.

- (ii) Other receivables are assessed for expected credit loss on individual basis by considering historical repayment, financial condition of the debtors and forecast of future economic environment of debtors' that operated. During the current year, reversal of impairment losses amounting of HK\$2,099,000 (2023: impairment losses of HK\$7,297,000) has been made in accordance to internal credit risk policy.

The following is an aging analysis of trade receivables net of impairment allowance presented based on the date of receipt of customers' acceptance/date of rendering of services/date of invoices:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–90 days	–	35,331
91–180 days	<u>1,279</u>	<u>–</u>
	<u><u>1,279</u></u>	<u><u>35,331</u></u>

According to the contracts entered into with trade customers of sales and integration service, on average the contracts revenue is normally collected within 90 days from the date of receipt of customers' acceptance/ date of rendering services, except for certain contracts with longer implementation schedules where the credit period may extend beyond 90 days, or may be extended for major or specific customers. The credit terms granted to trade customers in respect of sales of chemicals are due up to 90 days from the date of billing.

As at 31 March 2024, trade receivables of HK\$1,279,000 (2023: Nil) were past due but not impaired. These relate to an independent debtor whom has no recent history of default. The Group does not hold any collateral as security over these debtors.

10. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<u>12,627</u>	<u>48,378</u>
Accruals and other payables		
Convertible bonds coupon interest payables	18,000	14,688
Interest on overdue convertible bonds coupon payables	2,624	1,465
Advance from related parties	3,915	4,989
VAT tax payables in PRC	2,924	2,907
Others	<u>9,027</u>	<u>6,884</u>
	<u>36,490</u>	<u>30,933</u>
	<u>49,117</u>	<u>79,311</u>
Analysed as:		
Current liabilities	45,202	74,322
Non-current liabilities	<u>3,915</u>	<u>4,989</u>
	<u>49,117</u>	<u>79,311</u>

The following is an aging analysis of trade payables, presented based on the date of goods delivered/the period of service rendered/date of invoices:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-30 days	–	35,228
31-180 days	–	–
Over 180 days	<u>12,627</u>	<u>13,150</u>
	<u>12,627</u>	<u>48,378</u>

The average credit period on purchases ranged from 60 to 180 days.

11. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised		
At 1 April 2022, 31 March 2023 and 1 April 2023		
Ordinary shares of HK\$0.1 each	8,900,000	890,000
Share consolidation (note (a))	<u>(7,787,500)</u>	<u>–</u>
At 31 March 2024		
Ordinary shares of HK\$0.8 each	<u>1,112,500</u>	<u>890,000</u>
At 1 April 2022, 31 March 2023 and 1 April 2023		
Convertible preference shares of HK\$0.1 each	1,100,000	110,000
Share consolidation (note (a))	<u>(962,500)</u>	<u>–</u>
At 31 March 2024		
Convertible preference shares of HK\$0.8 each	<u>137,500</u>	<u>110,000</u>
Issued and fully paid		
At 1 April 2022, 31 March 2023 and 1 April 2023		
Ordinary shares of HK\$0.1 each	2,139,116	213,912
Share consolidation (note (a))	<u>(1,871,726)</u>	<u>–</u>
At 31 March 2024		
Ordinary shares of HK\$0.8 each	<u>267,390</u>	<u>213,912</u>

Note:

- (a) On 10 October 2023, the Company proposed share consolidation on the basis that (i) every eight (8) issued and unissued existing ordinary shares of HK\$0.1 each in the share capital of the Company into one (1) consolidated ordinary share of HK\$0.8; and (ii) every eight (8) unissued existing preference shares of HK\$0.1 each in the share capital of the Company into one (1) consolidated preference share of HK\$0.8 (the “**Share Consolidation**”). The Company also proposed to change the board lot size for trading from 20,000 existing ordinary shares to 10,000 consolidated ordinary shares upon the Share Consolidation becoming effective. The above proposed Share Consolidation was approved at the special general meeting on 13 November 2023. As all the conditions precedent to the Share Consolidation have been fulfilled, the Share Consolidation became effective on 15 November 2023.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

EXTRACTS FROM INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 March 2024.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements for the year ended 31 March 2024 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to the owners of the Company of approximately HK\$36,531,000 for the year ended 31 March 2024, and as at the same date, the Group had net current liabilities and net liabilities of approximately HK\$54,976,000 and HK\$240,288,000, respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. As explained in the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. The directors of the Company, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our audit opinion is not modified in respect of this matter.

FINANCIAL REVIEW

Financial Performance

For the year ended 31 March 2024, the Group recorded overall revenue of approximately HK\$273,889,000 (2023: approximately HK\$176,803,000) representing an increase of approximately HK\$97,086,000 or 54.91% when compared to 2023, which is attributable by the surge in chemical trading revenue by HK\$71,537,000 during the year (2023: increased by approximately HK\$8,686,000). The increase was mainly because of the rebound in demand for the chemical trading as a result of the resumption of normal operation in PRC. The Group has recorded revenue from the segment of sales and integration services of approximately HK\$31,933,000 for the year ended 31 March 2024.

The gross profit of the Group for the year ended 31 March 2024 amounting to approximately HK\$1,553,000 (2023: approximately HK\$567,000). The gross profit margin for the year ended 31 March 2024 was approximately 0.57% as compared to 0.32% for the year of 2023. The increase in gross profit margin was because the gross profit margin in the segment of sales and integration services is higher than the segment of general trading, and the revenue from sales and integration services increased in current year.

Administrative expenses during the year under review decreased by 16.28% to approximately HK\$15,785,000 (2023: approximately HK\$18,856,000). Such decrease was mainly because the Group continued to implement tight cost control measures in current year. During the year ended 31 March 2024, the finance costs increased by 0.96% to approximately HK\$26,408,000 (2023: approximately HK\$26,156,000). The increase in finance costs was mainly contributed by the increase in the imputed interest expenses for the amount due to ultimate controlling party incurred during the year.

The Group recorded a loss attributable to owners of the Company of approximately HK\$36,531,000 for the year (2023: approximately HK\$50,721,000).

Financial Resources and Position

Total debts of the Group amounting to approximately HK\$223,239,000 (2023: approximately HK\$229,128,000), comprising convertible bonds of approximately HK\$188,549,000 (2023: HK\$202,130,000), loans from ultimate holding company of approximately HK\$13,679,000 (2023: approximately HK\$12,900,000), amount due to ultimate controlling party of approximately HK\$18,863,000 (2023: approximately HK\$10,735,000), lease liabilities of approximately HK\$2,148,000 (2023: HK\$3,363,000). All the above mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. All of these debts are interest bearing or carried in an interest rate implicit in the lease liabilities.

The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 695.7% (2023: approximately 270.1%), the increase of net debts to total assets ratio was mainly due to the decrease in trade receivables as at 31 March 2024 as compared to 31 March 2023. Cash and cash equivalents amounting to approximately HK\$127,000 (2023: approximately HK\$9,456,000) as at 31 March 2024 which are mostly denominated in Hong Kong Dollars and Renminbi.

The Group is not exposed to significant currency risk as most of its monetary assets and monetary liabilities are denominated in the functional currency of the individual group entity.

The Group had HK\$ Nil pledged bank deposits as at 31 March 2024 (2023: approximately HK\$300,000). As at 31 March 2024, the current ratio of the Group is approximately 0.37 times (2023: approximately 0.32 times). On the basis of the undrawn loan facilities of approximately HK\$186,321,000 granted by its ultimate holding company, Wai Chun IF and the financial support from the ultimate controlling party, Mr. Lam, the Directors believe that the Group has sufficient financial resources for its operations. The Directors will remain cautious in the Group's liquidity management.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil).

BUSINESS REVIEW AND FUTURE PROSPECT

The Group is principally engaged in (i) general trading of chemicals (ii) sales and integration services of computer and communication systems, design, consultation and production of information system software and management training service; and (iii) investment holdings.

During the year under review, the management continued to devote its effort to enhance the operational efficiency of the sale and integration services segment and the services income segment through stringent project selection and tighter cost control measures.

Looking forward, to turn the Group back to a profitable position, the Company (i) will continue to enhance operational efficiency by removing duplication and bottlenecks through standardisation of work procedures and simplification of operation process and; (ii) will further tighten its budgetary control by vigorously implementing measures for cost and expense control, optimising cost analysis and appraisal mechanism, and constantly strengthening cost management. In addition, the Group is monitoring closely the latest trends and the development of the global economy and to take advantage of all business opportunities.

The Company has been actively identifying projects with growth potential for acquisition or investment and has been in discussions with various parties for such acquisition or investment. Meanwhile, the Company intends to enrich and improve its financial resources by conducting fund raising exercises such as share placement or loan capitalisation, when necessary.

OTHER INFORMATION

Employees

As at 31 March 2024, the Group had a total of 10 employees, the majority of whom are situated in Hong Kong. In addition to offering competitive remuneration packages to employee, 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 lifestyle 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 Directors. No Director, or any of his associates, and executive, is involved in dealing in his own remuneration.

Material Acquisition and Disposal of Subsidiaries

There was no material acquisition and disposal of subsidiaries for the year ended 31 March 2024.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2024.

Corporate Governance

During the year ended 31 March 2024, the Company complied with the code provisions as set out in the Corporate Governance Code in Appendix C1 (formerly known as Appendix 14) (the "**CG Code**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except code provision C.2.1.

Under code provision C.2.1, 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 Ka Chun 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 is ensured by the operation of the Board which comprised of experienced and high caliber individuals with sufficient number thereof being independent non-executive directors.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules (the “**Model Code**”) 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 throughout the year ended 31 March 2024.

Changes in Directors’ Information

Save as disclosed below, there is no information required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the year under review and up to the date of this announcement.

Name of Director	Details of changes
Mr. Chan Wai Dune (independent non-executive director)	Reprimand issued by the HKICPA on 5 May 2022 for breaching professional standards, in relation to the preparation of the audited consolidated financial statements of a listed company for the year ended 31 December 2005, the Reprimand is unrelated to the Group and it has or will have no adverse effects on the business and operations of the Group

Audit Committee

The Company has an audit committee (the “**Audit Committee**”) which was established 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.

A meeting of the Audit Committee was held to review the Group’s audited consolidated financial statements for the year ended 31 March 2024, in conjunction with the Group’s external auditor, Confucius International CPA Limited (“**CICPA**”).

Scope of work of Confucius International CPA Limited

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2024, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Confucius International CPA Limited ("CICPA"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by CICPA in this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CICPA on this announcement.

Publication of Annual Report

The annual report of the Company will be published on the website of the Company and the website of Hong Kong Exchanges and Clearing Limited, and dispatched to the shareholders of the Company in due course.

Resumption of trading

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9 a.m. on 2 July 2024.

Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9 a.m. on 30 July 2024.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my gratitude to all staff and management team for their contribution during the year. I would also like to express my appreciation to the continuous support of our shareholders and investors.

By Order of the Board
Wai Chun Group Holdings Limited
LAM Ka Chun
Chairman and Chief Executive Officer

Hong Kong, 29 July 2024

As at the date of this announcement, the Board comprises:

Executive Director:

LAM Ka Chun (*Chairman and Chief Executive Officer*)

Independent Non-executive Directors:

WANG Wei

WAN Bo

Kung Ying Tung