瑋 俊 生 物 科 技 有 限 公 司
Wai Chun Bio-Technology Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 0660)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of directors (the "**Board**") of Wai Chun Bio-Technology Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020 together with the comparative figures for the corresponding period in 2019.

FINANCIAL HIGHLIGHTS

- The gross profit of the Group for the six months ended 30 June 2020 amounting to approximately HK$25,165,000, representing an increase of approximately 47.5% from approximately HK$17,056,000 in the first half year of 2019.

- The overall gross profit margin of the Group for current period increased to approximately 10.2% from approximately 6.3% in the corresponding period of 2019.

- The turnaround of loss of approximately HK$3,568,000 for the six months ended 30 June 2019 to profit of approximately HK$7,759,000 for current period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Turnover	*4*	**247,104**	269,294
Cost of sales		**(221,939)**	(252,238)
Gross profit		**25,165**	17,056
Other revenue		**355**	487
Selling expenses		**(5,921)**	(5,923)
Administrative expenses		**(10,284)**	(10,849)
Reversal of impairment loss (impairment loss), net		**2,181**	(1,080)
Gain on disposal of subsidiaries		**–**	67
Finance costs		**(3,737)**	(3,249)
Profit (loss) before tax		**7,759**	(3,491)
Income tax expense	*5*	**–**	(77)
Profit (loss) for the period	*6*	**7,759**	(3,568)
Profit (loss) for the period attributable to:			
– Owners of the Company		**77**	(5,547)
– Non-controlling interests		**7,682**	1,979
		7,759	(3,568)
Earnings (loss) per share	*8*	***HK cents***	*HK cents*
– Basic		**0.00046**	(0.03325)
– Diluted		**0.00045**	(0.03325)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit (loss) for the period	**7,759**	(3,568)
Other comprehensive expenses		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(1,126)**	(83)
Release of exchange differences upon disposal of subsidiaries	**–**	(1)
Total comprehensive expenses, net of tax	**(1,126)**	(84)
Total comprehensive income (expenses) for the period	**6,633**	(3,652)
Total comprehensive income (expenses) attributable to:		
– Owners of the Company	**(498)**	(5,591)
– Non-controlling interests	**7,131**	1,939
	6,633	(3,652)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	**30 June 2020 HK$'000 (Unaudited)**	31 December 2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**51,795**	49,931
Right-of-use assets		**28,286**	28,972
		80,081	78,903
Current assets			
Inventories		**47,094**	38,845
Trade and bills receivables	*9*	**13,750**	27,615
Deposits, prepayments and other receivables		**27,804**	25,393
Tax refundable		**12**	12
Bank balances and cash		**19,462**	5,409
		108,122	97,274
Current liabilities			
Trade payables	*10*	**59,525**	74,822
Accruals and other payables		**31,387**	33,478
Contract liabilities		**9,941**	5,122
Borrowings		**49,741**	55,659
Loans from the immediate holding company		**67,488**	–
		218,082	169,081
Net current liabilities		**(109,960)**	(71,807)
Total assets less current liabilities		**(29,879)**	7,096

	Note	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Non-current liability			
Loans from the ultimate holding company		**–**	43,608
Net liabilities		**(29,879)**	(36,512)
Capital and reserves			
Share capital – ordinary shares	*11*	**41,477**	41,477
Share capital – convertible preference shares		**542**	542
Reserves		**(92,833)**	(92,335)
Capital deficiency attributable to owners of the Company		**(50,814)**	(50,316)
Non-controlling interests		**20,935**	13,804
Capital deficiency		**(29,879)**	(36,512)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL

The Company was incorporated in the Cayman Islands 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 immediate holding company of the Company is Chinese Success Limited ("**Chinese Success**"), which is a private limited company incorporated in the British Virgin Islands; the ultimate holding company of the Company is Wai Chun Investment Fund ("**Wai Chun IF**"), which is a private limited company incorporated in the Cayman Islands. Its ultimate controlling party is Mr. Lam Ching Kui ("**Mr. Lam**"), who is the chairman of the Board of Directors and an executive director of the Company. The address of the registered office of the Company is P.O. Box 31119, Grand Pavilion, Hibiscus Bay, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands and the principal place of business of the Company is 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.

On 30 June 2020, the Company entered into a loan assignment deed with Wai Chun IF, Mr. Lam and Chinese Success. The Company agreed that both the loans from Wai Chun IF amounted to approximately HK$46,181,000 and the amount due to Mr. Lam amounted to approximately HK$8,296,000 are assigned to Chinese Success.

On 30 June 2020, Wai Chun Incorporation Limited ("**Wai Chun Incorp**"), a wholly owned subsidiary of the Company, entered into a loan assignment deed with Wai Chun Holdings Group Limited, Mr. Lam and Chinese Success. Wai Chun Incorp agreed that both the amount due to Wai Chun Holdings Group Limited amounted to approximately HK$12,811,000 and the amount due to Mr. Lam amounted to approximately HK$200,000 are assigned to Chinese Success.

The principal activities of the Group are the manufacture and sale of modified starch and other biochemical products and general trading including trading of electronic parts and components and electrical appliances.

The condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. In addition, the functional currencies 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.

The condensed consolidated financial statements were approved for issue by the Board of Directors on 28 August 2020.

2. BASIS OF PREPARATION

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

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies in the Group's audited financial statements for the year ended 31 December 2019, except for the accounting policy changes that are expected to be reflected in the audited financial statements for the year ending 31 December 2020. Details of any changes in accounting policies are set out in Note 3.

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

The condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2019. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"). They shall be read in conjunction with the Group's audited financial statements for the year ended 31 December 2019.

As at 30 June 2020, the Group had net current liabilities and net liabilities of approximately HK$109,960,000 and HK$29,879,000 respectively and also, the Group's capital deficiency attributable to owners of the Company was approximately HK$50,814,000. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

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

(i) As at 30 June 2020, the Company has drawn down loan of approximately HK$67,488,000 through its immediate holding Company, Chinese Success, and undrawn loan facilities of approximately HK$82,512,000 granted by the ultimate holding company, Wai Chun IF;

(ii) 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 approving the condensed consolidated financial statements;

(iii) The Company has planned and is in negotiation with potential investors to raise sufficient funds through fund-raising arrangements; and

(iv) The Directors will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

The Directors have carried out a detailed review of the cash flow forecast of the Group for the twelve months from the date of this announcement, taking into account impact of the 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 this announcement, and accordingly, are satisfied that it is appropriate to prepare the condensed 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 amounts, to provide for future liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated financial statements.

As set out in the paragraphs above, the 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. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The condensed consolidated financial statements have been prepared on the historical basis except for financial instruments which are measured at fair value at the end of each reporting period.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in current period and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

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

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

Modified starch and other biochemical products	–	Manufacture and sale of modified starch and other biochemical products
General trading	–	Trading of electronic parts, components and electrical appliances

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs and these reports are regularly reviewed by the CODM of the Company.

All of the revenue are recognised when the goods are transferred at a point in time. The performance obligation is satisfied upon delivery of goods.

Segment results represents loss incurred or profit earned by each segment without allocation of other revenue, gain on disposal of subsidiaries, central administration costs (including directors' salaries) and finance costs.

Business segments

Segment revenue and results

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

Six months ended 30 June 2020

	Modified starch and other biochemical products *HK$'000* (Unaudited)	General trading *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue from contracts with customers within the scope of HKFRS 15				
External sales	247,104	–	–	247,104
Inter – segment sales	–	–	–	–
Total	247,104	–	–	247,104
Segment results	17,435	–		17,435
Central administration costs				(5,939)
Finance costs				(3,737)
Profit before tax				7,759
Income tax expense				–
Profit for the period				7,759

Six months ended 30 June 2019

	Modified starch and other biochemical products *HK$'000* (Unaudited)	General trading *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue from contracts with customers within the scope of HKFRS 15				
External sales	248,406	20,888	–	269,294
Inter – segment sales	8	–	(8)	–
Total	248,414	20,888	(8)	269,294
Segment results	6,163	101		6,264
Gain on disposal of subsidiaries				67
Central administration costs				(6,573)
Finance costs				(3,249)
Loss before tax				(3,491)
Income tax expense				(77)
Loss for the period				(3,568)

Segment assets and liabilities

At 30 June 2020

	Modified starch and other biochemical products *HK$'000* (Unaudited)	**General trading** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)
Assets			
Segment assets	**186,237**	**1,070**	**187,307**
Unallocated assets			**896**
Consolidated assets			**188,203**
Liabilities			
Segment liabilities	**(143,517)**	**(14,468)**	**(157,985)**
Unallocated liabilities			**(60,097)**
Consolidated liabilities			**(218,082)**
Geographical assets			
Hong Kong			**1,966**
PRC			**186,237**
			188,203

At 31 December 2019

	Modified starch and other biochemical products *HK$'000* (Audited)	General trading *HK$'000* (Audited)	Total *HK$'000* (Audited)
Assets			
Segment assets	174,782	1,131	175,913
Unallocated assets			264
Consolidated assets			176,177
Liabilities			
Segment liabilities	(146,612)	(12,451)	(159,063)
Unallocated liabilities			(53,626)
Consolidated liabilities			(212,689)
Geographical assets			
Hong Kong			1,395
PRC			174,782
			176,177

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

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

Other segment information

Six months ended 30 June 2020

	Modified starch and other biochemical products *HK$'000* (Unaudited)	**General trading** *HK$'000* (Unaudited)	**Unallocated** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)
Additions to property, plant and equipment	**3,700**	**–**	**–**	**3,700**
Depreciation of property, plant and equipment and right-of-use assets	**2,400**	**–**	**–**	**2,400**
Loss on write-off of property, plant and equipment	**35**	**–**	**–**	**35**
Reversal of impairment loss on trade and bills receivables	**(2,181)**	**–**	**–**	**(2,181)**

Six months ended 30 June 2019

	Modified starch and other biochemical products *HK$'000* (Unaudited)	General trading *HK$'000* (Unaudited)	Unallocated *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Additions to property, plant and equipment	2,342	–	–	2,342
Depreciation of property, plant and equipment and right-of-use assets	2,504	67	–	2,571
Impairment loss on trade and bills receivables	1,080	–	–	1,080

Geographical information

For the six months ended 30 June 2020 and 2019, the Group's operations were principally located in Hong Kong (country of domicile) and the PRC with revenue and profits from its operations.

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

	Revenue from external customers for the six months ended 30 June		Non-current assets	
			30 June	31 December
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong	**–**	20,888	**262**	262
PRC	**247,104**	248,406	**79,819**	78,641
	247,104	269,294	**80,081**	78,903

Information on major customers

Revenues from customers from manufacturing and sale of modified starch and other biochemical products of the corresponding years contributing over 10% of the total turnover of the Group are as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A	**32,188**	N/A[1]
Customer B	**25,158**	N/A[2]
Customer C	**24,746**	N/A[1]
Customer D	**N/A[1]**	50,524
Customer E	**N/A[1]**	47,377

1 The corresponding revenue did not contribute over 10% of the total turnover of the Group.

2 Contributed no revenue for the period ended 30 June 2019.

No other single customer contributes 10% or more to the Group's turnover.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Income tax expense comprises:		
Current income tax:		
PRC Enterprise Income Tax	**–**	77

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2019 and 2020. No provision for Hong Kong Profits Tax has been made as its subsidiaries of the Company in Hong Kong incurred tax loss for the six months ended 30 June 2019 and 2020.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

A Company's subsidiary was exempted from PRC income taxes during 2019 and 2020. According to the Implementation Regulation of the EIT Law and the EIT exemptions regulation set out in the Circular of the Ministry of Finance and the State Administration on Releasing the Primary Processing Ranges of Agricultural Products Entitled to Preferential Policies on Enterprise Income Tax (Trial Implementation) (Cai Shui [2008] No. 149), and the requirements of Article 86 of the Implementation Regulation of the EIT Law, the income from primary processing for agriculture products are exempted from EIT.

The provision for Macau Complementary Tax is calculated at 12% (six months ended 30 June 2019: 12%) of the estimated assessable profits for the period. Assessable profit of the first Macau Patacas ("MOP") 600,000 (equivalent to approximately HK$583,000) (six months ended 30 June 2019: MOP600,000 (equivalent to approximately HK$583,000) are exempted from Macau Complementary Tax.

At the end of current interim period, the Group has unused tax losses of approximately HK$140,451,000 (31 December 2019: approximately HK$149,251,000) available to offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams of the Group.

There was no unrecognised deferred tax liabilities, relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries in both periods, as the Directors consider that the timing for reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total unused tax losses of these PRC subsidiaries as at 30 June 2020 amounted to approximately HK$11,464,000 (31 December 2019: approximately HK$20,264,000).

6. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	**221,468**	252,095
Interest expenses	**3,737**	3,249
Reversal of impairment loss (impairment loss), net	**(2,181)**	1,080
Depreciation of property, plant and equipment	**2,128**	2,218
Depreciation of right-of-use assets	**272**	353
Staff costs (including directors' emoluments and retirement benefit costs)	**3,924**	3,994

7. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

8. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share

The calculation of the basic earnings per share for six months ended 30 June 2020 is based on the Group's profit attributable to owners of the Company of approximately HK$77,000 (six months ended 30 June 2019: loss attributable to owners of the Company of approximately HK$5,547,000) and the number of 16,590,685,376 ordinary shares (six months ended 30 June 2019: 16,590,685,376 ordinary shares) in issue.

Diluted earnings (loss) per share

Diluted earnings (loss) per share is calculated by adjusting the number of ordinary shares outstanding due to the effect of all dilutive potential ordinary shares and the Group's profit (loss) attributable to owners of the Company.

The Company has dilutive potential ordinary shares attributable to share options and convertible preference shares. For share options, the calculation of diluted earnings per share in the current period does not assume the exercise of the share options because the exercise prices of those options were higher than the average market price of shares. For convertible preference shares, they are assumed to have been converted into ordinary shares and will have a dilutive effect. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 16,590,685,376 in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of convertible preference shares of 216,960,000 assumed the conversion of all dilutive convertible preference shares into ordinary shares.

The calculation of diluted loss per share for six months ended 30 June 2019 does not assume the exercise of the share options and the conversion of convertible preference shares since their exercise would result in a decrease in loss per share. Accordingly, the diluted loss per share is the same as the basic loss per share.

9. TRADE AND BILLS RECEIVABLES

	30 June 2020 *HK$'000* (Unaudited)	31 December 2019 *HK$'000* (Audited)
Trade receivables	**18,218**	33,690
Bills receivables	**327**	901
	18,545	34,591
Less: Provision for impairment	**(4,795)**	(6,976)
Total	**13,750**	27,615

The Group allows average credit period of 30 to 180 days to its customers. Receivables that were current relate to customers for whom there was no recent history of default. The provision for impairment is made unless the Group has concluded that recovery is remote, in which case the unrecovered loss is written off against trade and bills receivables and the provision for impairment directly. The Group does not hold any collateral over these balances.

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

	30 June 2020 *HK$'000* (Unaudited)	31 December 2019 *HK$'000* (Audited)
0-30 days	**9,867**	21,555
31-60 days	**1,281**	4,667
61-90 days	**174**	358
91-180 days	**224**	1,035
181-365 days	**2,204**	–
Total	**13,750**	27,615

The balance of trade and bills receivables included debtors (see below for aging analysis) who are past due as at the reporting date for which the Group has not provided for impairment due to no significant change in the creditworthiness of these debtors and, hence, the amounts are still considered recoverable. Trade and bills receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. The management of the Group have assessed the expected credit loss of all trade and bills receivables and made impairment when they considered as appropriate.

Aging of trade and bills receivables which are past due but not impaired

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Overdue by:		
1 to 90 days	**2,204**	–

The movements in the provision for impairment of trade and bills receivables are as follows:

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Balance at beginning of the period/year	**6,976**	5,692
Provision for impairment	**–**	1,496
Reversal of impairment	**(2,181)**	(212)
Balance at end of the period/year	**4,795**	6,976

10 TRADE PAYABLES

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Trade payables	**59,525**	74,822

The average credit period on purchases of goods ranges from 30 to 180 days (31 December 2019: 30 to 180 days). The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe. The following is an aging analysis of trade payables based on the invoice date:

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
0-30 days	**20,285**	27,306
31-60 days	**18,477**	31,341
61-90 days	**8,330**	12,988
91-180 days	**11,515**	2,078
Over 180 days	**918**	1,109
Total	**59,525**	74,822

11. SHARE CAPITAL – ORDINARY SHARES

	Number of ordinary shares of HK$0.0025 each	Amount
		HK$'000
Authorised:		
Balances as at 1 January 2019, 31 December 2019 and 30 June 2020	40,000,000,000	100,000
Issued and fully paid:		
Balance as at 1 January 2019, 31 December 2019 and 30 June 2020	16,590,685,376	41,477

12. PLEDGE OF ASSETS

Part of the Group's right-of-use assets in the PRC with carrying amounts of approximately HK$17,757,000 have been pledged to secure the bank loans to the Group (31 December 2019: approximately HK$18,228,000).

13. EVENTS AFTER THE REPORTING PERIOD

(a) Memorandum of understanding in respect of intended investment in projects related to coronavirus vaccines

On 8 July 2020, a subsidiary of the Company, as the intended investor, entered into the non-legally binding memorandum of understanding with 深圳市倚鋒投資管理企業（有限合夥）, as the intended investee, which is a third party independent from the Company and is not a connected person, pursuant to which the proposed investor intends to invest in three biological projects related to three types of coronavirus vaccines.

(b) Memorandum of understanding in respect of intended fund investment

On 9 July 2020, the Company has received a non-legally binding investment term sheet from GEM Global Yield LLC SCS ("**GEM Investment Fund**") which is a third party independent from the Company and is not a connected person, pursuant to which the GEM Investment Fund has expressed interest to invest in the form of a share subscription facility in the Company. The total investment funding facility will be HK$1,162,520,000.

(c) Proposed issue of convertible bonds

On 28 July 2020, the Company entered into the subscription agreement with subscriber pursuant to which the subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue the convertible bonds in the principal amount of HK$67,000,000. Based on the aggregate principal amount of the convertible bonds of HK$67,000,000, the convertible bonds are convertible into a total of 3,045,454,545 conversion shares at the initial conversion price of HK$0.022 per conversion share (subject to adjustments). The proposed issue of convertible bonds has not yet been completed up to the date of this announcement.

FINANCIAL REVIEW

Financial Performance

For the six months ended 30 June 2020, the Group recorded a turnover of approximately HK$247,104,000 (six months ended 30 June 2019: approximately HK$269,294,000), representing a decrease of approximately 8.2% as compared with the corresponding period last year. The Group recorded a gross profit and gross profit margin of approximately HK$25,165,000 and 10.2% respectively for the six months ended 30 June 2020, representing increases of approximately HK$8,109,000 and of 3.9% respectively as compared with the gross profit of approximately HK$17,056,000 and gross profit margin of 6.3% in the first half year of 2019. Such increases were mainly contributed by the well control on production cost of modified starch and other biochemical products during the period.

Administrative expenses decreased by 5.2% from approximately HK$10,849,000 in the first half year of 2019 to approximately HK$10,284,000 for the corresponding period in this year. Such decrease is mainly due to the tighter cost control measures employed by the management.

Profit attributable to owners of the Company amounting to approximately HK$77,000 for the six months ended 30 June 2020 as compared with loss of approximately HK$5,547,000 for the corresponding period in last year. The turnaround from loss to profit was mainly attributed by the increase in gross profit mentioned above and the reversal of impairment loss of approximately HK$2,181,000 on trade and bills receivables.

Financial Resources and Position

As at 30 June 2020, the Group had net current liabilities of approximately HK$109,960,000 (31 December 2019: approximately HK$71,807,000) and cash and cash equivalents of approximately HK$19,462,000 (31 December 2019: approximately HK$5,409,000).

As at 30 June 2020, the current ratio of the Group was approximately 0.50 times (31 December 2019: approximately 0.58 times). The net debts (net of cash and cash equivalents) to total assets ratio of the Group was approximately 52.0% (31 December 2019: approximately 53.3%). Total borrowings of the Group amounting to approximately HK$117,229,000, comprising secured bank loan of approximately HK$47,171,000, loans from immediate holding company of approximately HK$67,488,000 and loans from an independent third party of approximately HK$2,570,000. All the borrowings are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing at prevailing market interest rates.

During the six months ended 30 June 2020, the Group financed its operations mainly by internally generated resources and borrowings which include bank borrowings, loans from immediate holding company and undrawn loan facilities from ultimate holding company. The Group's cash and cash equivalents are mainly denominated in Hong Kong Dollars, Renminbi and United States Dollars. As the Group's businesses are conducted in Hong Kong and the PRC, the Group is not exposed to any material foreign exchange risk.

BUSINESS REVIEW AND OUTLOOK

During the period under review, the Group continued to engage in the manufacture and sale of modified starch and other biochemical products and general trading.

During the period under review, the business of manufacture and sales of modified starch and biochemical products recorded segment profits of approximately HK$17,435,000 (six months ended 30 June 2019: segment profits of approximately HK$6,163,000). Such increase was mainly due to the well control on production cost of the modified starch and other biochemical products business. The business of general trading did not record any turnover and profit during the period (six months ended 30 June 2019: segment profit of approximately HK$101,000).

The Group will continue 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 been in discussions with various parties for such acquisitions or investments.

In order to ensure the Group's financial ability to operate as a going concern, the Directors of the Company have been implementing various measures including the provision of loan facilities by the ultimate holding company, conducting negotiation with potential investors to raise sufficient funds; and 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.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2020.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2020, the Company has complied with the relevant code provisions set out in the CG Code except for the deviation from code provision A.2.1, which is explained below.

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

AUDIT COMMITTEE

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

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

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chan Chun Wai, Tony (Chairman), Mr. Hau Pak Man and Mr. Li Jinyuan. The Audit Committee have reviewed the unaudited interim financial results of the Group for the six months ended 30 June 2020.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.0660.hk). The interim report of the Company for the six months ended 30 June 2020 will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Wai Chun Bio-Technology Limited
Lam Ching Kui
Chairman and Chief Executive Officer

Hong Kong, 28 August 2020

As at the date of this announcement, the Board comprises one executive director, namely Mr. Lam Ching Kui (Chairman and Chief Executive Officer), and three independent non-executive directors, namely Mr. Chan Chun Wai, Tony, Mr. Hau Pak Man and Mr. Li Jinyuan.