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# 偉俊生物科技有限公司

## Wai Chun Bio-Technology Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 660)**

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the “**Board**”) of Wai Chun Bio-Technology Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2021*

|   |      | Six months ended 30 June |                  |
|---|------|--------------------------|------------------|
|   |      | 2021                     | 2020             |
|   | Note | HK\$'000                 | HK\$'000         |
|   |      | (Unaudited)              | (Unaudited)      |
| <b>Revenue</b>                                    | 4    | <b>287,873</b>           | 247,104          |
| Cost of sales                                     |      | <u>(259,129)</u>         | <u>(221,939)</u> |
| <b>Gross profit</b>                               |      | <b>28,744</b>            | 25,165           |
| Other revenue and other gains and losses, net     |      | (320)                    | 355              |
| Selling expenses                                  |      | (6,423)                  | (5,921)          |
| Administrative expenses                           |      | (13,960)                 | (10,284)         |
| Reversal of impairment losses on receivables, net |      | 1,106                    | 2,181            |
| Finance costs                                     |      | <u>(6,284)</u>           | <u>(3,737)</u>   |
| <b>Profit before tax</b>                          |      | <b>2,863</b>             | 7,759            |
| Income tax expense                                | 5    | <u>(1,072)</u>           | —                |
| <b>Profit for the period</b>                      | 6    | <u><b>1,791</b></u>      | <u>7,759</u>     |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)***For the six months ended 30 June 2021*

|  |             | <b>Six months ended 30 June</b> |                        |
|--|-------------|---------------------------------|------------------------|
|  |             | <b>2021</b>                     | <b>2020</b>            |
|  | <i>Note</i> | <b><i>HK\$'000</i></b>          | <b><i>HK\$'000</i></b> |
|  |             | <b>(Unaudited)</b>              | <b>(Unaudited)</b>     |
| <b>(Loss) profit for the period attributable to:</b> |             |                                 |                        |
| – Owners of the Company                              |             | <b>(4,474)</b>                  | <b>77</b>              |
| – Non-controlling interests                          |             | <b>6,265</b>                    | <b>7,682</b>           |
|  |             | <b>1,791</b>                    | <b>7,759</b>           |
| <b>(Loss) earnings per share</b>                     |             |                                 |                        |
|  | <b>8</b>    | <b><i>HK cents</i></b>          | <b><i>HK cents</i></b> |
|  |             |                                 | <b>(Restated)</b>      |
| – Basic and diluted                                  |             | <b>(0.2684)</b>                 | <b>0.0046</b>          |

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

|   | Six months ended 30 June |                     |
|---|--------------------------|---------------------|
|   | 2021                     | 2020                |
|   | HK\$'000                 | HK\$'000            |
|   | (Unaudited)              | (Unaudited)         |
| <b>Profit for the period</b>                                      | <u>1,791</u>             | <u>7,759</u>        |
| <b>Other comprehensive income (expense):</b>                      |                          |                     |
| <i>Item that may be reclassified to profit or loss:</i>           |                          |                     |
| Exchange differences on translating foreign operations            | <u>1,097</u>             | <u>(1,126)</u>      |
| <b>Other comprehensive income (expense), net of tax</b>           | <u>1,097</u>             | <u>(1,126)</u>      |
| <b>Total comprehensive income for the period</b>                  | <u><u>2,888</u></u>      | <u><u>6,633</u></u> |
| <b>Total comprehensive income for the period attributable to:</b> |                          |                     |
| – Owners of the Company   | (3,914)                  | (498)               |
| – Non-controlling interests                                       | <u>6,802</u>             | <u>7,131</u>        |
|   | <u><u>2,888</u></u>      | <u><u>6,633</u></u> |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

|  | Note | 30 June<br>2021<br><i>HK\$'000</i><br>(Unaudited) | 31 December<br>2020<br><i>HK\$'000</i><br>(Audited) |
|--|------|---|---|
| <b>Non-current assets</b>                    |      |   |   |
| Property, plant and equipment                |      | 61,672  | 61,093  |
| Right-of-use assets                          |      | <u>35,229</u>                                     | <u>36,981</u>                                       |
|  |      | <u>96,901</u>                                     | <u>98,074</u>                                       |
| <b>Current assets</b>                        |      |   |   |
| Inventories                                  |      | 47,768  | 52,291  |
| Trade and bills receivables                  | 9    | 31,071  | 13,769  |
| Deposits, prepayments and other receivables  |      | 28,273  | 18,728  |
| Tax refundable                               |      | 18  | 13  |
| Bank balances and cash                       |      | <u>4,127</u>                                      | <u>5,446</u>  |
|  |      | <u>111,257</u>                                    | <u>90,247</u>                                       |
| <b>Current liabilities</b>                   |      |   |   |
| Trade payables                               | 10   | 54,781  | 43,192  |
| Accruals and other payables                  |      | 22,283  | 25,058  |
| Contract liabilities                         |      | 2,550   | 3,260   |
| Borrowings                                   |      | 78,952  | 73,762  |
| Lease liabilities                            |      | 3,699   | 3,589   |
| Loans from the ultimate holding company      |      | <u>3,887</u>                                      | <u>1,128</u>  |
|  |      | <u>166,152</u>                                    | <u>149,989</u>                                      |
| <b>Net current liabilities</b>               |      | <u>(54,895)</u>                                   | <u>(59,742)</u>                                     |
| <b>Total assets less current liabilities</b> |      | <u>42,006</u>                                     | <u>38,332</u>                                       |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONTINUED)**

*At 30 June 2021*

|  | <i>Note</i> | <b>30 June<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | <b>31 December<br/>2020<br/>HK\$'000<br/>(Audited)</b> |
|--|-------------|--|--|
| <b>Non-current liabilities</b>                           |             |  |  |
| Lease liabilities  |             | <b>1,284</b>   | 3,161  |
| Convertible bonds  |             | <u><b>50,803</b></u>                                 | <u>48,140</u>  |
|  |             | <u><b>52,087</b></u>                                 | <u>51,301</u>  |
| <b>NET LIABILITIES</b>                                   |             | <u><u><b>(10,081)</b></u></u>                        | <u><u>(12,969)</u></u>                                 |
| <b>Capital and reserves</b>                              |             |  |  |
| Share capital – ordinary shares                          | <i>11</i>   | <b>42,019</b>  | 41,477   |
| Share capital – convertible preference shares            |             | –  | 542  |
| Reserves   |             | <u><b>(83,421)</b></u>                               | <u>(79,507)</u>  |
| Capital deficiency attributable to owners of the Company |             | <b>(41,402)</b>                                      | (37,488)   |
| Non-controlling interests                                |             | <u><b>31,321</b></u>                                 | <u>24,519</u>  |
| <b>CAPITAL DEFICIENCY</b>                                |             | <u><u><b>(10,081)</b></u></u>                        | <u><u>(12,969)</u></u>                                 |

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is P.O. Box 31119, Grand Pavilion, Hibiscus Bay, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The address of its principal place of business is 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

In the opinion of the directors of the Company (the “**Directors**”), as at 30 June 2021, Chinese Success Limited, a company incorporated in the British Virgin Islands, is the immediate parent; Wai Chun Investment Fund (“**Wai Chun IF**”), a company incorporated in the Cayman Islands, is the ultimate parent and Mr. Lam Ching Kui (“**Mr. Lam**”) is the ultimate controlling party of the Company, who is also the chairman of the Board, the chief executive officer and an executive director of the Company.

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.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements should be read in conjunction with the 2020 annual financial statements. The accounting policies and methods of computation used in the preparation of the condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020.

The Group incurred a loss attributable to owners of the Company of approximately HK\$4,474,000 for the six months ended 30 June 2021 and as at 30 June 2021, the Group had net current liabilities and net liabilities of approximately HK\$54,895,000 and HK\$10,081,000 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 condensed consolidated financial statements based on going concern on the assumptions and measures that:

- (a) As at 30 June 2021, the Company has drawn down loan of approximately HK\$3,887,000 and undrawn loan facilities of approximately HK\$66,113,000 granted by Wai Chun IF, its ultimate holding company;
- (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 approving the condensed consolidated financial statements. Also, Mr. Lam agreed not to request the Group, whenever necessary, to settle the related party balance recorded in borrowings amounting to approximately HK\$11,692,000 until all other third parties liabilities of the Group had been satisfied;
- (c) The Company has planned and is in negotiation with potential investors to raise sufficient funds through fund-raising arrangement; and
- (d) 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-month period from the date of this announcement after taking into account the impact of above measures, the Directors 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 report, 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 amount, 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 the 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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the current period and prior year.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The application of these new and revised HKFRSs will not have material impact on the condensed consolidated financial statements of the Group. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and condensed consolidated financial position.

### 4. REVENUE AND SEGMENT INFORMATION

The Group has two reportable segments as follows:

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

The Group’s reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include other income and other gains and losses, net, central administration costs, finance costs and income tax expenses. Segment assets do not include other assets for central administration purpose. Segment liabilities do not include convertible bonds and other liabilities for central administration purpose.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.



## 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 2021

|  | Modified<br>starch and<br>other<br>biochemical<br>products<br><i>HK\$'000</i><br>(Unaudited) | General<br>trading<br><i>HK\$'000</i><br>(Unaudited) | Total<br><i>HK\$'000</i><br>(Unaudited) |
|--|--|--|---|
| Revenue from external customers                  | <u>287,873</u>   | <u>–</u>   | <u>287,873</u>                          |
| Segment profit                                   | <u>15,801</u>  | <u>–</u>   | 15,801                                  |
| Other revenue and other gains and<br>losses, net |  |  | (320)                                   |
| Central administration costs                     |  |  | (6,334)                                 |
| Finance costs                                    |  |  | <u>(6,284)</u>                          |
| Profit before tax                                |  |  | 2,863                                   |
| Income tax expense                               |  |  | <u>(1,072)</u>                          |
| Consolidated profit for the period               |  |  | <u>1,791</u>                            |

Six months ended 30 June 2020

|   | Modified<br>starch and<br>other<br>biochemical<br>products<br><i>HK\$'000</i><br>(Unaudited) | General<br>trading<br><i>HK\$'000</i><br>(Unaudited) | Total<br><i>HK\$'000</i><br>(Unaudited) |
|---|--|--|---|
| Revenue from external customers               | <u>247,104</u>   | <u>–</u>   | <u>247,104</u>                          |
| Segment profit                                | <u>17,435</u>  | <u>–</u>   | 17,435                                  |
| Other revenue and other gains and losses, net |  |  | 355                                     |
| Central administration costs                  |  |  | (6,294)                                 |
| Finance costs                                 |  |  | <u>(3,737)</u>                          |
| Profit before tax                             |  |  | 7,759                                   |
| Income tax expense                            |  |  | <u>–</u>                                |
| Consolidated profit for the period            |  |  | <u>7,759</u>                            |

The Group recognised revenue disaggregated from contracts with customers when their products are transferred to the customers at a point in time.

# Segment assets and liabilities

At 30 June 2021

|                                       | Modified<br>starch and<br>other<br>biochemical<br>products<br><i>HK\$'000</i><br>(Unaudited) | General<br>trading<br><i>HK\$'000</i><br>(Unaudited) | Total<br><i>HK\$'000</i><br>(Unaudited) |
|---------------------------------------|--|--|---|
| <b>Assets</b>                         |  |  |   |
| Segment assets                        | 202,258  | 126  | 202,384                                 |
| Unallocated assets                    |  |  | <u>5,774</u>                            |
| <b>Consolidated total assets</b>      |  |  | <u><u>208,158</u></u>                   |
| <b>Liabilities</b>                    |  |  |   |
| Segment liabilities                   | (138,336)  | (2,644)  | (140,980)                               |
| Unallocated liabilities               |  |  | <u>(77,259)</u>                         |
| <b>Consolidated total liabilities</b> |  |  | <u><u>(218,239)</u></u>                 |

At 31 December 2020

|                                | Modified<br>starch and<br>other<br>biochemical<br>products<br><i>HK\$'000</i><br>(Audited) | General<br>trading<br><i>HK\$'000</i><br>(Audited) | Total<br><i>HK\$'000</i><br>(Audited) |
|--------------------------------|--|--|---------------------------------------|
| Assets                         |  |  |                                       |
| Segment assets                 | 180,339  | 241  | 180,580                               |
| Unallocated assets             |  |  | <u>7,741</u>                          |
| Consolidated total assets      |  |  | <u><u>188,321</u></u>                 |
| Liabilities                    |  |  |                                       |
| Segment liabilities            | (130,300)  | (2,211)  | (132,511)                             |
| Unallocated liabilities        |  |  | <u>(68,779)</u>                       |
| Consolidated total liabilities |  |  | <u><u>(201,290)</u></u>               |

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 2021

|   | Modified<br>starch and<br>other<br>biochemical<br>products<br><i>HK\$'000</i><br>(Unaudited) | General<br>trading<br><i>HK\$'000</i><br>(Unaudited) | Unallocated<br><i>HK\$'000</i><br>(Unaudited) | Total<br><i>HK\$'000</i><br>(Unaudited) |
|---|--|--|---|---|
| Additions to property, plant and equipment                            | 214  | –  | –   | 214                                     |
| Depreciation on property, plant and equipment and right-of-use assets | 3,083  | 66   | 1,832   | 4,981                                   |
| Reversal of impairment losses on receivables, net                     | <u>(1,106)</u>   | <u>–</u>   | <u>–</u>                                      | <u>(1,106)</u>                          |

### Six months ended 30 June 2020

|   | Modified<br>starch and<br>other<br>biochemical<br>products<br><i>HK\$'000</i><br>(Unaudited) | General<br>trading<br><i>HK\$'000</i><br>(Unaudited) | Unallocated<br><i>HK\$'000</i><br>(Unaudited) | Total<br><i>HK\$'000</i><br>(Unaudited) |
|---|--|--|---|---|
| Additions to property, plant and equipment                            | 3,700  | –  | –   | 3,700                                   |
| Depreciation on property, plant and equipment and right-of-use assets | 2,400  | –  | –   | 2,400                                   |
| Loss on disposal of property, plant and equipment                     | 35   | –  | –   | 35                                      |
| Reversal of impairment losses on receivables, net                     | <u>(2,181)</u>   | <u>–</u>   | <u>–</u>                                      | <u>(2,181)</u>                          |

## Geographical information

For the six months ended 30 June 2021 and 2020, 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<br>external customers for the<br>six months ended 30 June |  | Non-current assets                                |   |
|-----------|--|--|---|---|
|           | 2021<br><i>HK\$'000</i><br>(Unaudited)                                 | 2020<br><i>HK\$'000</i><br>(Unaudited) | 30 June<br>2021<br><i>HK\$'000</i><br>(Unaudited) | 31 December<br>2020<br><i>HK\$'000</i><br>(Audited) |
| Hong Kong | –  | –                                      | 5,049   | 6,944   |
| PRC       | <u>287,873</u>   | <u>247,104</u>                         | <u>91,852</u>                                     | <u>91,130</u>                                       |
|           | <u><b>287,873</b></u>  | <u>247,104</u>                         | <u><b>96,901</b></u>                              | <u>98,074</u>                                       |

In preparing the geographical information, revenue is based on the locations of the customers.

## Information on major customers

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

|            | Six months ended 30 June               |  |
|------------|--|--|
|            | 2021<br><i>HK\$'000</i><br>(Unaudited) | 2020<br><i>HK\$'000</i><br>(Unaudited) |
| Customer A | N/A <sup>1</sup>                       | 32,188                                 |
| Customer B | 57,153                                 | 25,158                                 |
| Customer C | 36,412                                 | 24,746                                 |
| Customer D | 33,013                                 | N/A <sup>1</sup>                       |

<sup>1</sup> These customers contributed less than 10% to the Group's revenue for the periods.

No other single customer contributes 10% or more to the Group's revenue for the periods.

## 5. INCOME TAX EXPENSE

### Six months ended 30 June

| 2021        | 2020        |
|-------------|-------------|
| HK\$'000    | HK\$'000    |
| (Unaudited) | (Unaudited) |

Income tax expense comprises:

Current income tax – PRC Enterprise Income Tax

Provision for the period

|              |   |
|--------------|---|
| <b>1,072</b> | – |
|--------------|---|

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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%. The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit derived from Hong Kong for both periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax (“**EIT**”) at 25% for both periods, except for the following subsidiary of the Company which were taxed at the local applicable income tax rate.

A Company’s subsidiary was exempted from PRC income taxes for both periods. 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 was calculated at 12% of the estimated assessable profits for the six months ended 30 June 2020. Assessable profit of the first Macau Patacas (“**MOP**”) 600,000 (equivalent to approximately HK\$583,000) were exempted from Macau Complementary Tax.

## 6. PROFIT FOR THE PERIOD

|  | Six months ended 30 June |                         |
|--|--------------------------|-------------------------|
|  | 2021                     | 2020                    |
|  | HK\$'000<br>(Unaudited)  | HK\$'000<br>(Unaudited) |
| Profit for the period has been arrived at after charging (crediting):      |                          |                         |
| Cost of inventories sold   | 258,871                  | 221,468                 |
| Reversal of impairment losses on receivables, net                          | (1,106)                  | (2,181)                 |
| Depreciation on property, plant and equipment                              | 2,952                    | 2,128                   |
| Depreciation on right-of-use assets  | 2,029                    | 272                     |
| Staff costs (including directors' emoluments and retirement benefit costs) | 8,046                    | 3,924                   |

## 7. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 8. (LOSS) EARNINGS PER SHARE

### Basic (loss) earnings per share

The calculation of basic (loss) earnings per share attributable to owners of the Company for the six months ended 30 June 2021 is based on the loss attributable to owners of the Company of approximately HK\$4,474,000 (six months ended 30 June 2020: profit attributable to owners of the Company of approximately HK\$77,000) and the weighted average number of ordinary shares of 1,666,979,786 (six months ended 30 June 2020: 1,659,068,537, as adjusted to reflect the share consolidation in November 2020) in issue during the period.

### Diluted (loss) earnings per share

As the exercise of the Group's outstanding convertible bonds for the six months ended 30 June 2021 would be anti-dilutive and there was no dilutive potential ordinary shares for the Company's outstanding share options and convertible preference shares in both periods, accordingly, the diluted (loss) earnings per share is same as the basic (loss) earnings per share in both periods.



## 9. TRADE AND BILLS RECEIVABLES

|                                    | 30 June<br>2021<br><i>HK\$'000</i><br>(Unaudited) | 31 December<br>2020<br><i>HK\$'000</i><br>(Audited) |
|------------------------------------|---|---|
| Trade receivables                  | 34,557  | 16,796  |
| Bills receivable                   | —   | 882   |
|                                    | <u>34,557</u>                                     | <u>17,678</u>                                       |
| Less: Provision for loss allowance | <u>(3,486)</u>                                    | <u>(3,909)</u>                                      |
| Carrying amount                    | <u><u>31,071</u></u>                              | <u><u>13,769</u></u>                                |

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 allowance, is as follows:

|             | 30 June<br>2021<br><i>HK\$'000</i><br>(Unaudited) | 31 December<br>2020<br><i>HK\$'000</i><br>(Audited) |
|-------------|---|---|
| 0–30 days   | 17,381  | 11,083  |
| 31–60 days  | 7,009   | 1,167   |
| 61–90 days  | 6,681   | 1,150   |
| 91–180 days | —   | 369   |
| Total       | <u><u>31,071</u></u>                              | <u><u>13,769</u></u>                                |

As at 30 June 2021, the trade and bills receivables of approximately HK\$31,071,000 (unaudited) (31 December 2020: approximately HK\$13,769,000 (audited)) are not past due and regarded as having low default risk by the management of the Company based on regular repayment history in the expected credit loss assessment.

Reconciliation of loss allowance for trade and bills receivables:

|   | <b>30 June<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | <b>31 December<br/>2020<br/>HK\$'000<br/>(Audited)</b> |
|---|--|--|
| Balance at beginning of the period/year | <b>3,909</b>   | 6,976  |
| Increase in loss allowance              | <b>19</b>  | 1,187  |
| Reversal of allowance                   | <b>(442)</b>   | (4,254)  |
|   | <hr/>  | <hr/>  |
| Balance at end of the period/year       | <b><u>3,486</u></b>                                  | <b><u>3,909</u></b>                                    |

## 10. TRADE PAYABLES

The average credit period on purchases of goods ranges from 30 to 180 days. The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe. The aging analysis of trade payables based on the invoice date, is as follows:

|               | <b>30 June<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | <b>31 December<br/>2020<br/>HK\$'000<br/>(Audited)</b> |
|---------------|--|--|
| 0–30 days     | <b>16,547</b>  | 17,909   |
| 31–60 days    | <b>7,793</b>   | 15,705   |
| 61–90 days    | <b>28,765</b>  | 7,951  |
| 91–180 days   | <b>297</b>   | 413  |
| Over 180 days | <b>1,379</b>   | 1,214  |
|               | <hr/>  | <hr/>  |
| Total         | <b><u>54,781</u></b>                                 | <b><u>43,192</u></b>                                   |

# 11. SHARE CAPITAL – ORDINARY SHARES

|   | Number of<br>shares     | Amount<br>equivalent to<br>HK\$'000 |
|---|-------------------------|-------------------------------------|
| Authorised:   |                         |                                     |
| Shares of the Company HK\$0.025 (At 1 January 2020:<br>HK\$0.0025) each |                         |                                     |
| At 1 January 2020   | 40,000,000,000          | 100,000                             |
| Share consolidation ( <i>Note a</i> )                                   | <u>(36,000,000,000)</u> | <u>–</u>                            |
| At 31 December 2020, 1 January 2021 and 30 June 2021                    | <u>4,000,000,000</u>    | <u>100,000</u>                      |
| Issued and fully paid:  |                         |                                     |
| Shares of the Company HK\$0.025 (At 1 January 2020:<br>HK\$0.0025) each |                         |                                     |
| At 1 January 2020   | 16,590,685,376          | 41,477                              |
| Share consolidation ( <i>Note a</i> )                                   | <u>(14,931,616,839)</u> | <u>–</u>                            |
| At 31 December 2020 and 1 January 2021                                  | 1,659,068,537           | 41,477                              |
| Conversion of convertible preference shares ( <i>Note b</i> )           | <u>21,696,000</u>       | <u>542</u>                          |
| At 30 June 2021   | <u>1,680,764,537</u>    | <u>42,019</u>                       |

*Notes:*

- (a) At the extraordinary general meeting of the Company held on 25 November 2020, an ordinary resolution was duly passed under which every 10 existing issued and unissued shares of par value of HK\$0.0025 each in the share capital of the Company was consolidated into 1 share of par value of HK\$0.025 each (the “**Share Consolidation**”) and the Share Consolidation has become effective on 27 November 2020.

The authorised share capital of ordinary shares of the Company was HK\$100,000,000 divided into 40,000,000,000 existing ordinary shares with a par value of HK\$0.0025 each before the Share Consolidation. After the Share Consolidation, the authorised share capital of ordinary shares of the Company became HK\$100,000,000 divided into 4,000,000,000 consolidated ordinary shares with a par value of HK\$0.025 each. There was no change on the amount of authorised and issued share capital of ordinary shares.

The total number of authorised ordinary shares of the Company decreased from 40,000,000,000 ordinary shares to 4,000,000,000 ordinary shares and the total number of issued ordinary shares decreased from 16,590,685,376 ordinary shares to 1,659,068,537 ordinary shares, after the Share Consolidation.

- (b) During the six months ended 30 June 2021, 21,696,000 of the convertible preference shares were converted into 21,696,000 ordinary shares of the Company by crediting the share capital of HK\$542,000.

## **12. EVENTS AFTER THE REPORTING PERIOD**

On 2 July 2021, Weifang Century-Light Biology Science Company Limited (“**Weifang Century-Light**”) entered into the Memorandum of Understanding (the “**MOU**”) with Qingdao Yunqi Technology Company Limited in respect of a possible disposal (the “**Possible Disposal**”) of the entire registered capital of Weifang Century-Light in Weifang Jia You You Zhi Company Limited, a company wholly-owned by Weifang Century-Light and which is indirectly held 51% of the registered capital by the Company.

Pursuant to the MOU, the parties expressed non-binding intention to effect, subject to due diligence, further negotiations between the parties on key terms such as pricing, entry into definitive documentation and regulatory approvals. If the Possible Disposal materialises, it will constitute a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Company will make further announcements on this as and when appropriate or required under applicable laws and regulations.

## **FINANCIAL REVIEW**

### **Financial Performance**

For the six months ended 30 June 2021, the Group recorded a revenue of approximately HK\$287,873,000 (six months ended 30 June 2020: approximately HK\$247,104,000), representing an increase of 16.5% as compared with the corresponding period in last year. The Group recorded a gross profit and gross profit margin of approximately HK\$28,744,000 and 10.0% respectively for the six months ended 30 June 2021, representing an increase of approximately HK\$3,579,000 and a decrease of 0.2% respectively as compared with the gross profit of approximately HK\$25,165,000 and gross profit margin of 10.2% in the first half year of 2020. Such increase in gross profit was mainly contributed by the increase of sales of modified starch and other biochemical products during the period.

Administrative expenses increased by 35.7% from approximately HK\$10,284,000 in the first half year of 2020 to approximately HK\$13,960,000 for the corresponding period in this year. Selling expenses recorded an increase of 8.5% from approximately HK\$5,921,000 in the first half year of 2020 to approximately HK\$6,423,000 for the corresponding period in this year.

Loss attributable to owners of the Company amounting to approximately HK\$4,474,000 for the six months ended 30 June 2021 as compared with profit of approximately HK\$77,000 for the corresponding period in last year. The turnaround from profit to loss was mainly due to the increase in interest expense of the convertible bonds of approximately HK\$4,002,000 and the increase in income tax expense of approximately HK\$1,072,000.

### **Financial Resources and Position**

As at 30 June 2021, the Group had net current liabilities of approximately HK\$54,895,000 (31 December 2020: approximately HK\$59,742,000) and cash and cash equivalents of approximately HK\$4,127,000 (31 December 2020: approximately HK\$5,446,000).

As at 30 June 2021, the current ratio of the Group was approximately 0.67 times (31 December 2020: approximately 0.60 times). The net debts (net of cash and cash equivalents) to total assets ratio of the Group was approximately 64.6% (31 December 2020: approximately 66.0%).

During the six months ended 30 June 2021, the Group financed its operations mainly by internally generated resources and borrowings which include borrowings, loans from ultimate holding company and undrawn loan facilities from ultimate holding company and convertible bonds. The Group's cash and cash equivalents are mainly denominated in Hong Kong Dollars, Renminbi and United States Dollars. The Group conducted its business transactions principally in Renminbi and United States Dollars. The Group has not experienced any material difficulties or negative impact on its operations as a result of fluctuations in currency exchanges rates.

## **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 profit of approximately HK\$15,801,000 (six months ended 30 June 2020: segment profit of approximately HK\$17,435,000).

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 2021 (30 June 2020: 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 2021.

## **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 2021.

## **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 2021, 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 Cheuk Ho (Chairman), Mr. Wan Bo and Mr. Hau Pak Man. The Audit Committee have reviewed the unaudited interim financial results of the Group for the six months ended 30 June 2021.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.0660.hk](http://www.0660.hk)). The interim report of the Company for the six months ended 30 June 2021 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, 31 August 2021

*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 Cheuk Ho, Mr. Wan Bo and Mr. Hau Pak Man.*