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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)

**INTERIM RESULTS FOR THE SIX MONTHS ENDED  
 30 SEPTEMBER 2021**

The board of directors (the “**Board**”) of Wai Chun Group Holdings 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 September 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 September 2021*

	Notes	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
<b>Revenue</b>	4	<b>124,994</b>	64,797
Cost of sales		<u>(124,715)</u>	<u>(64,593)</u>
<b>Gross profit</b>		<b>279</b>	204
Other income	5	<b>31</b>	68
Reversal of impairment losses on other receivables		–	766
Administrative expenses		<b>(10,394)</b>	(12,118)
Finance costs	6	<u><b>(17,214)</b></u>	<u>(7,056)</u>
<b>Loss before tax</b>		<b>(27,298)</b>	(18,136)
Income tax expenses	7	<u>–</u>	<u>–</u>
<b>Loss for the period</b>	8	<u><b>(27,298)</b></u>	<u>(18,136)</u>
<b>Loss for the period attributable to:</b>			
– Owners of the Company		<b>(26,866)</b>	(17,758)
– Non-controlling interests		<u><b>(432)</b></u>	<u>(378)</u>
		<u><b>(27,298)</b></u>	<u>(18,136)</u>
<b>Loss per share</b>	10	<b>HK cents</b>	<b>HK cents</b> (Restated)
– Basic and diluted		<u><b>(1.26)</b></u>	<u>(0.83)</u>

\* for identification purpose only

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

*For the six months ended 30 September 2021*

	<b>2021</b>	2020
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
<b>Loss for the period</b>	<u>(27,298)</u>	<u>(18,136)</u>
<b>Other comprehensive expense:</b>		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences arising on translating foreign operations	<u>(397)</u>	<u>(1,120)</u>
<b>Other comprehensive expense, net of tax</b>	<u>(397)</u>	<u>(1,120)</u>
<b>Total comprehensive expense for the period</b>	<u><u>(27,695)</u></u>	<u><u>(19,256)</u></u>
<b>Total comprehensive expense for the period attributable to:</b>		
– Owners of the Company	(27,237)	(17,982)
– Non-controlling interests	<u>(458)</u>	<u>(1,274)</u>
	<u><u>(27,695)</u></u>	<u><u>(19,256)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,442</b>	1,865
Right-of-use assets		<b>6,216</b>	10,215
		<b>7,658</b>	12,080
<b>Current assets</b>			
Inventories		<b>2,137</b>	2,155
Trade and other receivables, prepayments and deposits	<i>11</i>	<b>100,209</b>	122,917
Fixed deposits		<b>300</b>	300
Bank balances and cash		<b>5,051</b>	19,405
		<b>107,697</b>	144,777
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>91,616</b>	106,724
Contract liabilities		<b>2,219</b>	10,204
Borrowing	<i>13</i>	–	18,984
Lease liabilities		<b>6,290</b>	8,165
		<b>100,125</b>	144,077
<b>Net current assets</b>		<b>7,572</b>	700
<b>Total assets less current liabilities</b>		<b>15,230</b>	12,780

		<b>30 September</b>	31 March
		<b>2021</b>	2021
		<b>Unaudited</b>	Audited
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current liabilities</b>			
Trade and other payables		<b>1,813</b>	1,813
Loans from ultimate holding company		<b>16,011</b>	7,498
Amount due to a director		<b>17,802</b>	6,918
Lease liabilities		<b>364</b>	2,297
Convertible bonds		<b>96,634</b>	83,953
		<u><b>132,624</b></u>	<u>102,479</u>
<b>NET LIABILITIES</b>		<u><b>(117,394)</b></u>	<u>(89,699)</u>
<b>Capital and reserves</b>			
Share capital	<i>14</i>	<b>213,912</b>	213,912
Reserves		<u><b>(348,119)</b></u>	<u>(320,882)</u>
Capital deficiency attributable to owners of the Company		<b>(134,207)</b>	(106,970)
Non-controlling interests		<u><b>16,813</b></u>	<u>17,271</u>
<b>CAPITAL DEFICIENCY</b>		<u><b>(117,394)</b></u>	<u>(89,699)</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## 1. GENERAL INFORMATION

Wai Chun Group Holdings Limited (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 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 registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is 13/F., Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong.

The principal activities of the Group are the provision of solutions software and service, consultancy service and trading of chemicals raw materials and agricultural products.

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 (“**HKAS 34**”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure 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 2021 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 March 2021.

The Group incurred a loss attributable to owners of the Company of approximately HK\$26,866,000 for the six months ended 30 September 2021 and as at 30 September 2021, the Group had net liabilities of approximately HK\$117,394,000. 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 based on going concern on the assumptions and measures that:

- (a) As at 30 September 2021, the Company has drawn down loan of approximately HK\$16,011,000 and undrawn loan facilities of approximately HK\$133,989,000 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 earlier than twelve months from the date of approving the condensed 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 approving the condensed 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 a director amounting to approximately HK\$17,802,000 until all other third parties liabilities of the Group had been satisfied, and will not demand the repayment earlier than twelve months from the date of approving 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\$1,813,000 until all other third parties liabilities of the Group had been satisfied, and will not demand the repayment earlier than twelve months from the date of approving the condensed consolidated financial statements;
- (d) The Company has planned and is in negotiation with potential investors to raise sufficient funds through fund-raising arrangement; and
- (e) 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 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 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. PRINCIPAL ACCOUNTING POLICIES

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 April 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 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 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.

#### Business segments

The CODM regularly reviews revenue and operating results derived from three operating divisions – sales and integration services, services income 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 services provision of integration services of computer and communication systems
Services income:	Income from design, consultation and production of information system software and management training services
General trading:	Revenue from trading of mobiles, electronic components, plastic resins, chemicals and agricultural products

## Segment revenues and results

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

### Six months ended 30 September 2021 (unaudited)

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Recognised at a point in time	41,238	–	83,756	124,994
Recognised over time	–	–	–	–
<b>Reportable segment revenue from external customers</b>	<b><u>41,238</u></b>	<b><u>–</u></b>	<b><u>83,756</u></b>	<b><u>124,994</u></b>
<b>Reportable segment results</b>	<b><u>92</u></b>	<b><u>(975)</u></b>	<b><u>(869)</u></b>	<b>(1,752)</b>
Unallocated corporate income				19
Unallocated corporate expenses				(8,351)
Finance costs				<u>(17,214)</u>
Loss before tax				(27,298)
Income tax expense				<u>–</u>
<b>Consolidated loss for the period</b>				<b><u>(27,298)</u></b>

### Six months ended 30 September 2020 (unaudited)

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Recognised at a point in time	–	–	64,797	64,797
Recognised over time	–	–	–	–
<b>Reportable segment revenue from external customers</b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>64,797</u></b>	<b><u>64,797</u></b>
<b>Reportable segment results</b>	<b><u>(69)</u></b>	<b><u>(69)</u></b>	<b><u>(271)</u></b>	<b>(409)</b>
Unallocated corporate income				–
Unallocated corporate expenses				(10,671)
Finance costs				<u>(7,056)</u>
Loss before tax				(18,136)
Income tax expense				<u>–</u>
<b>Consolidated loss for the period</b>				<b><u>(18,136)</u></b>



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

### Segment assets and liabilities

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

#### At 30 September 2021 (unaudited)

	<b>Sales and integration services <i>HK\$'000</i></b>	<b>Services income <i>HK\$'000</i></b>	<b>General trading <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Segment assets	2,349	26,260	70,946	99,555
Unallocated assets				<u>15,800</u>
Consolidated assets				<u><u>115,355</u></u>
Segment liabilities	2,171	24,277	60,593	87,041
Unallocated liabilities				<u>145,708</u>
Consolidated liabilities				<u><u>232,749</u></u>

#### At 31 March 2021 (audited)

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	4,143	46,292	91,074	141,509
Unallocated assets				<u>15,348</u>
Consolidated assets				<u><u>156,857</u></u>
Segment liabilities	3,898	43,544	82,269	129,711
Unallocated liabilities				<u>116,845</u>
Consolidated liabilities				<u><u>246,556</u></u>

## Other information

### Six months ended 30 September 2021 (unaudited)

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation on property, plant and equipment	-	-	-	423	423
Depreciation on right-of-use assets	-	-	211	3,788	3,999

### Six months ended 30 September 2020 (unaudited)

	Sales and integration services <i>HK\$'000</i>	Services income <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Addition to property, plant and equipment	-	-	-	6	6
Depreciation on property, plant and equipment	-	-	-	423	423
Addition to right-of-use assets	-	-	755	-	755
Depreciation on right-of-use assets	-	-	2,078	-	2,078
Impairment losses on other receivables	(383)	(383)	-	-	(766)

## 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 operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers for the six months ended 30 September		Non-current assets	
	2021 Unaudited <i>HK\$'000</i>	2020 Unaudited <i>HK\$'000</i>	30 September 2021 Unaudited <i>HK\$'000</i>	31 March 2021 Audited <i>HK\$'000</i>
Hong Kong	-	4,369	7,387	11,606
PRC	124,994	60,428	271	474
	<u>124,994</u>	<u>64,797</u>	<u>7,658</u>	<u>12,080</u>

## 5. OTHER INCOME

	Six months ended 30 September	
	2021	2020
	Unaudited HK\$'000	Unaudited HK\$'000
Bank interest income	–	2
Other interest income	<u>31</u>	<u>66</u>
	<u><b>31</b></u>	<u><b>68</b></u>

## 6. FINANCE COSTS

	Six months ended 30 September	
	2021	2020
	Unaudited HK\$'000	Unaudited HK\$'000
Interest on lease liabilities	264	240
Imputed interest on convertible bonds	<b>16,191</b>	1,042
Interests expenses on:		
– amount due to ultimate holding company	297	870
– amount due to a non-controlling interests of a subsidiary	–	633
– other payables to related parties	8	4,126
– amount due to a director	<u>454</u>	<u>145</u>
	<u><b>17,214</b></u>	<u><b>7,056</b></u>

## 7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2021	2020
	Unaudited HK\$'000	Unaudited HK\$'000
Current tax – Hong Kong Profits Tax	–	–
Current tax – PRC Enterprise Income Tax	–	–
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

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 of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the condensed consolidated financial statements.

No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits in Hong Kong for the six months ended 30 September 2021 and 2020.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods. No provision for PRC Enterprise Income Tax had been made as the Group had no assessable profit in the PRC for the six months ended 30 September 2021. No provision for PRC Enterprise Income Tax had been made as the Group has unused tax losses for offsetting against assessable profits in the PRC for the six months ended 30 September 2020.

No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams of the Group.

## 8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2021	2020
	Unaudited HK\$'000	Unaudited HK\$'000
Loss for the period has been arrived at after charging (crediting):		
Depreciation on property, plant and equipment	423	423
Depreciation on right-of-use assets	3,999	2,078
Staff costs (including directors' emoluments)	2,792	3,544
And after crediting:		
Bank interest income	–	(2)
Reversal of impairment losses on other receivables	–	(766)
	<u>–</u>	<u>(766)</u>

## 9. INTERIM DIVIDEND

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

## 10. LOSS PER SHARE

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

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss</b>		
Loss for the period for the purpose of calculating basic and diluted loss per share	<u>26,866</u>	<u>17,758</u>
	<b>'000</b>	<b>'000</b>
		(Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>2,139,116</u>	<u>2,139,116</u>

Basic and diluted loss per share for the six month ended 30 September 2021 and 2020 were the same because all potential dilutive ordinary shares would decrease the loss per share, therefore, is anti-dilutive.

## 11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

According to the contracts entered into with trade customers of sales and integration services, and services income, 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 general trading of mobiles and electronic components and chemicals are within 0–90 days from the date of billing.

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Trade receivables	<b>106,948</b>	117,733
Less: Impairment allowance	<b>(40,303)</b>	(39,599)
	<u><b>66,645</b></u>	<u>78,134</u>
Other receivables	<b>32,595</b>	35,591
Prepayments	<b>117</b>	8,323
Deposits	<b>852</b>	869
	<u><b>33,564</b></u>	<u>44,783</u>
Total	<u><b>100,209</b></u>	<u>122,917</u>

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 services/date of invoices:

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
0–90 days	<b>41,270</b>	61,647
91–180 days	<b>15,238</b>	10,225
Over 180 days	<b>10,137</b>	6,262
	<u><b>66,645</b></u>	<u>78,134</u>

Movements in the impairment allowance on trade receivables:

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Balance at beginning of the period/year	39,599	46,041
Foreign currency exchange differences	704	3,497
Reversal of impairment losses	—	(9,939)
	<u>          </u>	<u>          </u>
Balance at end of the period/year	<b><u>40,303</u></b>	<b><u>39,599</u></b>

As at 30 September 2021, trade receivables of approximately HK\$66,645,000 (31 March 2021: approximately HK\$16,486,000) were past due but not impaired. These relate to a number of independent debtors for whom there is no recent history of default and/or a substantial portion of the carrying amount is subsequently settled. The Group does not hold any collateral as security over these debtors. The aging analysis of the trade receivables which are past due but not impaired is as follows:

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
0–90 days	41,270	61,647
91–180 days	15,238	10,225
Over 180 days	10,137	6,262
	<u>          </u>	<u>          </u>
	<b><u>66,645</u></b>	<b><u>78,134</u></b>

## 12. TRADE AND OTHER PAYABLES

	<b>30 September 2021 Unaudited HK'000</b>	31 March 2021 Audited HK'000
Trade payables ( <i>note i</i> )	<u>46,487</u>	<u>93,149</u>
Accruals and other payables		
Convertible bonds coupon payable	7,350	3,840
Other payables/accrued rental expenses payables to related parties	1,813	1,813
Receipt in advance	30,021	–
Other accrued salaries in Hong Kong and the PRC	73	280
Other tax payables in PRC	3,961	3,899
Others	<u>3,724</u>	<u>5,556</u>
	<u>46,942</u>	<u>15,388</u>
	<u><b>93,429</b></u>	<u><b>108,537</b></u>
Analysis of:		
Current liabilities	91,616	106,724
Non current liabilities	<u>1,813</u>	<u>1,813</u>
	<u><b>93,429</b></u>	<u><b>108,537</b></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:

	<b>30 September 2021 Unaudited HK'000</b>	31 March 2021 Audited HK'000
Within 30 days	25,568	61,516
Over 30 days and within 180 days	14,411	9,933
Over 180 days	<u>6,508</u>	<u>21,700</u>
	<u><b>46,487</b></u>	<u><b>93,149</b></u>

### Notes:

- (i) At 30 September 2021, trade payables of RMB6,563,000 (approximately HK\$7,926,000) (31 March 2021: RMB6,563,000 (approximately: HK\$7,787,000)) involved lawsuits filed against a major subsidiary of the Company, Beijing HollyBridge System Integration Company Limited (“**Beijing HollyBridge**”).

The Directors consider the carrying amounts of trade and other payables approximate their fair values.



### 13. BORROWING

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Interest-free borrowing ( <i>note i</i> )	–	18,894

*Note:*

- (i) The amount is unsecured and repayable within one month and non-interest bearing. The borrowing was fully settled during the period.

### 14. SHARE CAPITAL – ORDINARY SHARES

	<b>Number of shares '000</b>	<b>Amount equivalent to HK\$'000</b>
<b>Authorised:</b>		
Shares of the Company HK\$0.1 (At 1 April 2020: HK\$0.01) each		
At 1 April 2020	89,000,000	890,000
Share consolidation ( <i>Note a</i> )	<u>(80,100,000)</u>	<u>N/A</u>
At 31 March 2021, 1 April 2021 and 30 September 2021	<u>8,900,000</u>	<u>890,000</u>
Convertible preference shares of HK\$0.1 (At 1 April 2020: HK\$0.01) each		
At 1 April 2020	11,000,000	110,000
Share consolidation ( <i>Note b</i> )	<u>(9,900,000)</u>	<u>N/A</u>
At 31 March 2021, 1 April 2021 and 30 September 2021	<u>1,100,000</u>	<u>110,000</u>
<b>Issued and fully paid</b>		
Ordinary shares of HK\$0.1 (At 1 April 2020: HK\$0.01) each		
At 1 April 2020	21,391,163	213,912
Share consolidation ( <i>Note a</i> )	<u>(19,252,047)</u>	<u>N/A</u>
At 31 March 2021, 1 April 2021 and 30 September 2021	<u>2,139,116</u>	<u>213,912</u>

*Note (a):*

At the special 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\$0.01 each in the share capital of the Company was consolidated into 1 share of par value of HK\$0.1 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\$890,000,000 divided into 89,000,000,000 existing ordinary shares with a par value of HK\$0.01 each before the Share Consolidation. After the Share Consolidation, the authorised share capital of ordinary shares of the Company became HK\$890,000,000 divided into 8,900,000,000 consolidated ordinary shares with a par value of HK\$0.1 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 89,000,000,000 ordinary shares to 8,900,000,000 ordinary shares and the total number of issued ordinary shares decreased from 21,391,162,483 ordinary shares to 2,139,116,248 ordinary shares, after the Share Consolidation.

*Note (b):*

As mentioned in note (a) about the Share Consolidation, the authorised share capital of preference shares of the Company was HK\$110,000,000 divided into 11,000,000,000 existing preference shares with a par value of HK\$0.01 each before the Share Consolidation. After the Share Consolidation, the authorised share capital of preference shares of the Company became HK\$110,000,000 divided into 1,100,000,000 consolidated preference shares with a par value of HK\$0.1 each. There was no change on the amount of authorised and issued share capital of preference shares.

The total number of authorised preference shares of the Company decreased from 11,000,000,000 preference shares to 1,100,000,000 preference shares after the Share Consolidation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Performance

For the six months ended 30 September 2021, the Group recorded a turnover of approximately HK\$124,994,000 (six months ended 30 September 2020: approximately HK\$64,797,000), representing an increase of 93% as compared with the corresponding period last year. The significant increase in turnover was mainly due to the revival of the sales and integration services business because of the recovery from the impact of COVID-19, and the Group has expanded the general trading in agricultural products since the second half year of 2021. The sales and integration service business achieved a turnover of approximately HK\$41,238,000 and the general trading segment revenue by trading agricultural products recorded approximately HK\$27,031,000, whereas no turnover on sales and integration services business and general trading in agricultural products in corresponding period last year. The Group recorded a gross profit and gross profit margin of approximately HK\$279,000 and 0.2% respectively for the six months ended 30 September 2021, representing an increase of approximately HK\$75,000 and a decrease of 0.1% respectively as compared with the gross profit of approximately HK\$204,000 and the gross margin of 0.3% for the corresponding period last year. The decrease in gross margin was due to the keen competition of the general trading business.

Administrative expenses decreased by 14.2% to approximately HK\$10,394,000 for the six months ended 30 September 2021 from approximately HK\$12,118,000 for the corresponding period last year, which resulted from the success of a tighter cost control. Finance costs increased by 144% to approximately HK\$17,214,000 for the six months ended 30 September 2021 from approximately HK\$7,056,000 for the corresponding period last year. The increase was mainly due to the interest expenses for the convertible bonds incurred.

The Group recorded a loss attributable to owners of the Company of approximately HK\$26,866,000 for the six months ended 30 September 2021 (for the six months ended 30 September 2020: approximately HK\$17,758,000).

### Financial Resources and Liquidity

Total debts of the Group amounted to approximately HK\$137,101,000 (31 March 2021: approximately HK\$127,815,000), mainly comprising convertible notes of approximately HK\$96,634,000 (31 March 2021: HK\$83,953,000), loans from ultimate holding company of approximately HK\$16,011,000 (31 March 2021: approximately HK\$7,498,000), amount due to a director of approximately HK\$17,802,000 (31 March 2021: HK\$6,918,000), lease liabilities of approximately HK\$6,654,000 (31 March 2021: approximately HK\$10,462,000) and borrowing of nil (31 March 2021: approximately HK\$18,984,000). All the above-mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. Except borrowings, all of these debt are interest bearing or carried in an interest rate implicit in the lease liabilities. The Group had no

assets pledged as at 30 September 2021. The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 114.2% (31 March 2021: approximately 68.9%), representing an increase of approximately 45.3% as compared to last financial year end date. The current ratio of the Group was approximately 1.08 times (31 March 2021: approximately 1.00 times). Cash and cash equivalents of approximately HK\$5,351,000 (31 March 2021: approximately HK\$19,705,000) which are mostly denominated in Hong Kong Dollars and Renminbi. As the Group's businesses are conducted in the PRC, the Group does not expect to be exposed to any material foreign exchange risks.

In view of the liquidity issues of the Group, the directors will consider to improve the financial position of the Group and to enlarge the capital base of the Company by conducting fund raising exercises such as share placement or loan capitalisation when necessary.

### **Business Review and Future Prospects**

The Group is principally engaged in (i) general trading; (ii) network and system integration by the production of software and provision of solutions and related services; (iii) investment holdings; and (iv) the provision of telecommunications infrastructure solution services.

During the period 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. On the other hand, the Group strived for a new business into trading of agricultural products since the second half of year in 2021.

Looking forward, to turn the Group back to a profitable position, the Company (i) will 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 independent third 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.

## **INTERIM DIVIDEND**

The board resolved not to declare an interim dividend for the six months ended 30 September 2021 (30 September 2020: Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2021.

## **CORPORATE GOVERNANCE**

During the six months ended 30 September 2021, the Company complied with all the relevant code provisions as set out in the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Listing Rules except for the deviation from code provisions A.2.1.

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.

On 12 October 2021, Ms. Chen Dairong resigned as an independent non-executive director of the Company from the Board. Following the resignation of Ms. Chen Dairong, there is a vacancy in the position of the member of the Audit Committee of the Company and the Company only has two independent non-executive directors, thus the number of independent non-executive directors and the number of the Audit Committee of the Company falls below the minimum number requirement under Rules 3.10 (1) and 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange. The Board will identify an appropriate person to fill the vacancy of independent non-executive director and a member of the Audit Committee within three months from the date of resignation of Ms. Chen Dairong pursuant to Rule 3.11 and Rule 3.23 of the Listing Rules.

## **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 two independent non-executive Directors, namely, Mr. Chan Wai Dune and Dr. Wang Wei. The Audit Committee has reviewed the unaudited interim financial results of the Group for the six months ended 30 September 2021.

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

The interim results announcement of the Company for the six months ended 30 September 2021 is published on both the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.1013.hk](http://www.1013.hk)). The interim report of the Company for the six months ended 30 September 2021 containing all the information as required in Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contribution during the period. 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 Ching Kui**  
*Chairman and Chief Executive Officer*

Hong Kong, 15 October 2021

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

*Executive Director:*

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

*Independent Non-executive Directors:*

Mr. Chan Wai Dune

Dr. Wang Wei