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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)

SECOND INTERIM RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 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 twelve months ended 31 December 2021 together with the audited comparative figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the twelve months ended 31 December 2021

		Twelve months ended 31 December 2021 HK\$'000 (Unaudited)	Year ended 31 December 2020 HK\$'000 (Audited)
	<i>Notes</i>		
Revenue	4	495,377	567,553
Cost of sales		(457,800)	(518,623)
Gross profit		37,577	48,930
Other revenue and other gains and losses, net		(228)	(122)
Selling expenses		(11,910)	(12,179)
Administrative expenses		(24,900)	(25,519)
Reversal of impairment losses/(impairment losses) on trade and other receivables, net		1,085	(1,584)
Finance costs		(12,824)	(7,915)
(Loss) profit before tax		(11,200)	1,611
Income tax expense	5	(1,447)	(616)
(Loss) profit for the period/year	6	(12,647)	995

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)*For the twelve months ended 31 December 2021*

		Twelve months ended 31 December 2021 <i>HK\$'000</i> (Unaudited)	Year ended 31 December 2020 <i>HK\$'000</i> (Audited)
(Loss) profit for the period/year attributable to:			
– Owners of the Company		(17,027)	(8,149)
– Non-controlling interests		<u>4,380</u>	<u>9,144</u>
		<u>(12,647)</u>	<u>995</u>
Loss per share	8	<i>HK cents</i>	<i>HK cents</i>
– Basic and diluted		<u>(1.02)</u>	<u>(0.49)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the twelve months ended 31 December 2021

	Twelve months ended 31 December 2021 HK\$'000 (Unaudited)	Year ended 31 December 2020 HK\$'000 (Audited)
(Loss) profit for the period/year	<u>(12,647)</u>	<u>995</u>
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>1,838</u>	<u>3,207</u>
Other comprehensive income, net of tax	<u>1,838</u>	<u>3,207</u>
Total comprehensive (expense) income for the period/year	<u><u>(10,809)</u></u>	<u><u>4,202</u></u>
Total comprehensive (expense) income for the period/year attributable to:		
– Owners of the Company	<u>(16,090)</u>	<u>(6,513)</u>
– Non-controlling interests	<u>5,281</u>	<u>10,715</u>
	<u><u>(10,809)</u></u>	<u><u>4,202</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

		31 December 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		58,711	61,093
Right-of-use assets		<u>33,712</u>	<u>36,981</u>
		<u>92,423</u>	<u>98,074</u>
Current assets			
Inventories		48,777	52,291
Trade and bills receivables	9	19,827	13,769
Deposits, prepayments and other receivables		20,656	18,728
Tax refundable		13	13
Bank balances and cash		<u>4,644</u>	<u>5,446</u>
		<u>93,917</u>	<u>90,247</u>
Current liabilities			
Trade payables	10	39,944	43,192
Accruals and other payables		21,016	25,058
Contract liabilities		1,788	3,260
Borrowings		85,016	73,762
Lease liabilities		3,161	3,589
Loans from the ultimate holding company		<u>5,505</u>	<u>1,128</u>
		<u>156,430</u>	<u>149,989</u>
Net current liabilities		<u>(62,513)</u>	<u>(59,742)</u>
Total assets less current liabilities		<u>29,910</u>	<u>38,332</u>

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

At 31 December 2021

	<i>Note</i>	31 December 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		–	3,161
Convertible bonds		<u>53,688</u>	<u>48,140</u>
		<u>53,688</u>	<u>51,301</u>
NET LIABILITIES		<u>(23,778)</u>	<u>(12,969)</u>
Capital and reserves			
Share capital – ordinary shares	11	42,019	41,477
Share capital – convertible preference shares		–	542
Reserves		<u>(95,597)</u>	<u>(79,507)</u>
Capital deficiency attributable to owners of the Company		<u>(53,578)</u>	<u>(37,488)</u>
Non-controlling interests		<u>29,800</u>	<u>24,519</u>
CAPITAL DEFICIENCY		<u>(23,778)</u>	<u>(12,969)</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 31 December 2021, Chinese Success Limited ("**Chinese Success**"), 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.

Pursuant to a resolution of the Board of Directors of the Company dated 30 December 2021, the Company's financial year end date has been changed from 31 December to 30 June. The change is to rationalise and mobilise its resources with higher efficiency for the preparation of results announcement as well as reports, details please refer to the announcement dated on 30 December 2021.

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\$17,027,000 for the twelve months ended 31 December 2021 and as at 31 December 2021, the Group had net current liabilities and net liabilities of approximately HK\$62,513,000 and HK\$23,778,000 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 31 December 2021, the Company has drawn down loan of approximately HK\$5,505,000 and undrawn loan facilities of approximately HK\$74,495,000 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\$16,420,000 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 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. 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 years.

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:

Twelve months ended 31 December 2021

	Modified starch and other biochemical products <i>HK\$'000</i> (Unaudited)	General trading <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	<u>495,377</u>	<u>–</u>	<u>495,377</u>
Segment profit	<u>13,989</u>	<u>–</u>	<u>13,989</u>
Other revenue and other gains and losses, net			(228)
Central administration costs			(12,137)
Finance costs			<u>(12,824)</u>
Loss before tax			(11,200)
Income tax expense			<u>(1,447)</u>
Consolidated loss for the period			<u>(12,647)</u>

Year ended 31 December 2020

	Modified starch and other biochemical products <i>HK\$'000</i> (Audited)	General trading <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Revenue from external customers	<u>567,553</u>	<u>–</u>	<u>567,553</u>
Segment profit	<u>22,670</u>	<u>–</u>	<u>22,670</u>
Other revenue and other gains and losses, net			(122)
Central administration costs			(13,022)
Finance costs			<u>(7,915)</u>
Profit before tax			1,611
Income tax expense			<u>(616)</u>
Consolidated profit for the year			<u>995</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 31 December 2021

	Modified starch and other biochemical products <i>HK\$'000</i> (Unaudited)	General trading <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Assets			
Segment assets	179,181	3,201	182,382
Unallocated assets			<u>3,958</u>
Consolidated total assets			<u><u>186,340</u></u>
Liabilities			
Segment liabilities	(118,365)	(9,363)	(127,728)
Unallocated liabilities			<u>(82,390)</u>
Consolidated total liabilities			<u><u>(210,118)</u></u>

At 31 December 2020

	Modified starch and other biochemical products <i>HK\$'000</i> (Audited)	General trading <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (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

Twelve months ended 31 December 2021

	Modified starch and other biochemical products <i>HK\$'000</i> (Unaudited)	General trading <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Additions to property, plant and equipment	300	3	–	303
Depreciation on property, plant and equipment and right-of-use assets	6,500	133	3,664	10,297
Reversal of impairment losses on trade and other receivables, net	(1,085)	–	–	(1,085)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Year ended 31 December 2020

	Modified starch and other biochemical products <i>HK\$'000</i> (Audited)	General trading <i>HK\$'000</i> (Audited)	Unallocated <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Additions to property, plant and equipment and right-of-use assets	12,522	27	7,401	19,950
Depreciation on property, plant and equipment and right-of-use assets	5,627	137	611	6,375
Loss on disposal of property, plant and equipment	36	–	–	36
Impairment losses on trade and other receivables, net	1,584	–	–	1,584
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Geographical information

For the twelve months ended 31 December 2021 and year ended 31 December 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 external customers		Non-current assets	
	Twelve months ended 31 December 2021 <i>HK\$'000</i> (Unaudited)	Year ended 31 December 2020 <i>HK\$'000</i> (Audited)	31 December 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Hong Kong	–	–	3,150	6,944
PRC	495,377	567,553	89,273	91,130
	<u>495,377</u>	<u>567,553</u>	<u>92,423</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:

	Twelve months ended 31 December 2021 <i>HK\$'000</i> (Unaudited)	Year ended 31 December 2020 <i>HK\$'000</i> (Audited)
	Customer A	80,069
Customer B	79,221	87,118
Customer C	58,874	63,848

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

5. INCOME TAX EXPENSE

	Twelve months ended 31 December 2021 <i>HK\$'000</i> (Unaudited)	Year ended 31 December 2020 <i>HK\$'000</i> (Audited)
Income tax expense comprises:		
Current income tax – PRC Enterprise Income Tax		
Provision for the period/year	<u>1,447</u>	<u>616</u>

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 the period/year.

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit derived from Hong Kong for the period/year.

PRC subsidiaries are subject to PRC Enterprise Income Tax (“**EIT**”) at 25% for the period/year, 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 the period/year. 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% (year ended 31 December 2020: 12%) of the estimated assessable profits for the twelve months ended 31 December 2021. Assessable profit of the first Macau Patacas (“**MOP**”) 600,000 (equivalent to approximately HK\$583,000) (year ended 31 December 2020: MOP600,000 (equivalent to approximately HK\$583,000)) were exempted from Macau Complementary Tax.

6. (LOSS) PROFIT FOR THE PERIOD/YEAR

	Twelve months ended 31 December 2021 HK\$'000 (Unaudited)	Year ended 31 December 2020 HK\$'000 (Audited)
(Loss) profit for the period/year has been arrived at after charging (crediting):		
Cost of inventories sold	457,567	515,135
(Reversal of impairment losses)/impairment losses on trade and other receivables, net	(1,085)	1,584
Depreciation on property, plant and equipment	6,042	5,067
Depreciation on right-of-use assets	4,255	1,308
Staff costs (including directors' emoluments and retirement benefit costs)	15,484	14,737
	<u>15,484</u>	<u>14,737</u>

7. INTERIM DIVIDEND

The Board has resolved not to declare any second interim dividend for the twelve months ended 31 December 2021 (year ended 31 December 2020: Nil).

8. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the twelve months ended 31 December 2021 is based on the loss attributable to owners of the Company of approximately HK\$17,027,000 (year ended 31 December 2020: loss attributable to owners of the Company of approximately HK\$8,149,000) and the weighted average number of ordinary shares of 1,673,928,811 (year ended 31 December 2020: 1,659,068,537) in issue during the period/year.

Diluted loss per share

As the exercise of the Group's outstanding convertible bonds for the twelve months ended 31 December 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 the period/year, accordingly, the diluted loss per share is same as the basic loss per share in the period/year.

9. TRADE AND BILLS RECEIVABLES

	31 December 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables	23,761	16,796
Bills receivable	<u>–</u>	<u>882</u>
	23,761	17,678
Less: Provision for loss allowance	<u>(3,934)</u>	<u>(3,909)</u>
Carrying amount	<u>19,827</u>	<u>13,769</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:

	31 December 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0–30 days	14,522	11,083
31–60 days	3,617	1,167
61–90 days	1,409	1,150
91–180 days	<u>279</u>	<u>369</u>
Total	<u>19,827</u>	<u>13,769</u>

As at 31 December 2021, the trade and bills receivables of approximately HK\$19,827,000 (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:

	31 December 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Balance at beginning of the period/year	3,909	6,976
Increase in loss allowance	476	1,187
Reversal of allowance	(451)	(4,254)
	<hr/>	<hr/>
Balance at end of the period/year	<u>3,934</u>	<u>3,909</u>

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:

	31 December 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
0–30 days	13,415	17,909
31–60 days	10,844	15,705
61–90 days	14,189	7,951
91–180 days	330	413
Over 180 days	1,166	1,214
	<hr/>	<hr/>
Total	<u>39,944</u>	<u>43,192</u>

11. SHARE CAPITAL – ORDINARY SHARES

	Number of shares	Amount equivalent to HK\$'000
Authorised:		
Shares of the Company HK\$0.025 (At 1 January 2020: 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 31 December 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: 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 31 December 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 twelve months ended 31 December 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 22 October 2021, the Company and the holder of the 4% coupon convertible bonds due in 2023 (the “**Existing Convertible Bonds**”) agreed to amend certain terms of the Existing Convertible Bonds. For details of the amendments, please refer to the circular of the Company dated 9 December 2021.

On 22 October 2021, the Company entered into a subscription agreement with Chinese Success for the subscription of convertible bonds (the “**New Convertible Bonds**”) to be issued by the Company in the principal amount of HK\$21,000,000 under a specific mandate to be obtained from independent shareholders of the Company at a general meeting of the Company.

The proposed amendments to the Existing Convertible Bonds was approved and the specific mandate for the issue of the New Convertible Bonds was granted to the Company in an extraordinary general meeting held on 31 December 2021. The amendments to the terms of the Existing Convertible Bonds took effect on 17 January 2022 and the completion for the subscription of the New Convertible Bonds took place on 17 January 2022 following the satisfaction of all the conditions, including but not limited to the granting of listing approval by the Stock Exchange.

FINANCIAL REVIEW

Financial Performance

For the twelve months ended 31 December 2021, the Group recorded a revenue of approximately HK\$495,377,000 (year ended 31 December 2020: approximately HK\$567,553,000), representing a decrease of 12.7% as compared with the corresponding period in last year. The Group recorded a gross profit and gross profit margin of approximately HK\$37,577,000 and 7.6% respectively for the twelve months ended 31 December 2021, representing a decrease of approximately HK\$11,353,000 and a decrease of 1.0% respectively as compared with the gross profit of approximately HK\$48,930,000 and gross profit margin of 8.6% for the year ended 31 December 2020. Such decrease in gross profit was mainly due to the decrease of sales of modified starch and other biochemical products during the period because of relapse of COVID-19 in Mainland China in the second half year of 2021.

Administrative expenses decreased by 2.4% from approximately HK\$25,519,000 for the year ended 31 December 2020 to approximately HK\$24,900,000 for the twelve months ended 31 December 2021. Selling expenses recorded a decrease of 2.2% from approximately HK\$12,179,000 for the year ended 31 December 2020 to approximately HK\$11,910,000 for the twelve months ended 31 December 2021.

Loss attributable to owners of the Company amounting to approximately HK\$17,027,000 for the twelve months ended 31 December 2021 as compared with loss of approximately HK\$8,149,000 for the corresponding period in last year. The increase in loss was mainly due to the decrease in sales and the increase in interest expense of the convertible bonds of approximately HK\$7,498,000.

Financial Resources and Position

As at 31 December 2021, the Group had net current liabilities of approximately HK\$62,513,000 (31 December 2020: approximately HK\$59,742,000) and cash and cash equivalents of approximately HK\$4,644,000 (31 December 2020: approximately HK\$5,446,000).

As at 31 December 2021, the current ratio of the Group was approximately 0.60 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 76.6% (31 December 2020: approximately 66.0%).

During the twelve months ended 31 December 2021, the Group financed its operations mainly by internally generated resources and borrowings which include bank loans, loans from ultimate holding company and loans from the controlling shareholder 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\$13,989,000 (year ended 31 December 2020: segment profit of approximately HK\$22,670,000).

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 any second interim dividend for the twelve months ended 31 December 2021 (year ended 31 December 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 twelve months ended 31 December 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 twelve months ended 31 December 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 twelve months ended 31 December 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.

CHANGES IN DIRECTORS’ INFORMATION

Save as disclosed below, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the period under review and up to the date of this announcement:

Name of Directors	Details of changes
Mr. Chan Cheuk Ho <i>(independent non-executive director)</i>	Appointed as an independent non-executive director of EPS Creative Health Technology Group Limited, a company listed on the Stock Exchange (Stock Code: 3860), with effect from 9 July 2021

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 second interim financial results of the Group for the twelve months ended 31 December 2021.

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 second interim report of the Company for the twelve months ended 31 December 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, 28 February 2022

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.