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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)

### ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2024

The board of directors (the “**Board**”) of Wai Chun Bio-Technology Limited (the “**Company**”) hereby announces the audited consolidated financial results of the Group for the year ended 30 June 2024 (the “**Year**”) together with the comparative figures for the year ended 30 June 2023 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	5	<b>370,069</b>	773,654
Cost of sales		<u>(335,888)</u>	<u>(723,241)</u>
<b>Gross profit</b>		<b>34,181</b>	50,413
Other revenue and other gains and losses, net	7	<b>1,271</b>	354
Selling expenses		<b>(12,428)</b>	(14,792)
Administrative expenses		<b>(20,304)</b>	(21,082)
Impairment losses on receivables, net		<b>(4,829)</b>	(3,477)
Impairment losses on property, plant and equipment		<b>(58,149)</b>	–
Finance costs	8	<u><b>(17,909)</b></u>	<u>(17,114)</u>
<b>Loss before tax</b>		<b>(78,167)</b>	(5,698)
Income tax credit/(expense)	9	<u><b>12,460</b></u>	<u>(4,364)</u>
<b>Loss for the year</b>	10	<u><b>(65,707)</b></u>	<u>(10,062)</u>
<b>Loss for the year attributable to:</b>			
– Owners of the Company		<b>(44,212)</b>	(15,433)
– Non-controlling interests		<u><b>(21,495)</b></u>	<u>5,371</u>
		<u><b>(65,707)</b></u>	<u>(10,062)</u>
	11	<b>HK cents</b>	<b>HK cents</b>
<b>Loss per share</b>			
– Basic and diluted		<u><b>(25.8)</b></u>	<u>(9.1)</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss for the year</b>	<u>(65,707)</u>	<u>(10,062)</u>
<b>Other comprehensive expense:</b>		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(72)</u>	<u>(7,324)</u>
<b>Other comprehensive expense, net of tax</b>	<u>(72)</u>	<u>(7,324)</u>
<b>Total comprehensive expense for the year</b>	<u><u>(65,779)</u></u>	<u><u>(17,386)</u></u>
<b>Total comprehensive (expense) income for the year attributable to:</b>		
– Owners of the Company	(44,248)	(19,168)
– Non-controlling interests	<u>(21,531)</u>	<u>1,782</u>
	<u><u>(65,779)</u></u>	<u><u>(17,386)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>54,272</b>	82,289
Right-of-use assets		<b>26,425</b>	28,770
Deferred tax assets		<b>14,403</b>	–
		<u><b>95,100</b></u>	<u>111,059</u>
<b>Current assets</b>			
Inventories		<b>33,711</b>	37,577
Trade receivables	<i>12</i>	<b>29,160</b>	37,135
Deposits, prepayments and other receivables		<b>49,366</b>	47,788
Tax refundable		–	360
Bank balances and cash		<b>2,161</b>	6,312
		<u><b>114,398</b></u>	<u>129,172</u>
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>99,054</b>	63,945
Accruals and other payables		<b>26,413</b>	24,715
Contract liabilities		<b>2,323</b>	6,697
Borrowings		<b>47,379</b>	59,289
Tax payable		<b>1,046</b>	–
Lease liabilities		<b>1,134</b>	1,670
Convertible bonds		<b>73,985</b>	–
Loans from the ultimate holding company		<b>2,513</b>	2,513
		<u><b>253,847</b></u>	<u>158,829</u>
<b>Net current liabilities</b>		<u><b>(139,449)</b></u>	<u>(29,657)</u>
<b>Total assets less current liabilities</b>		<u><b>(44,349)</b></u>	<u>81,402</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

		2024	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current liabilities</b>			
Lease liabilities		–	1,134
Convertible bonds		<u>10,891</u>	<u>69,729</u>
		<u>10,891</u>	<u>70,863</u>
<b>Net (liabilities)/assets</b>		<u><b>(55,240)</b></u>	<u>10,539</u>
<b>Capital and reserves</b>			
Share capital	<i>14</i>	42,869	42,869
Reserves		<u>(122,122)</u>	<u>(77,874)</u>
Capital deficiency attributable to owners of the Company		(79,253)	(35,005)
Non-controlling interests		<u>24,013</u>	<u>45,544</u>
<b>(Capital deficiency)/total equity</b>		<u><b>(55,240)</b></u>	<u>10,539</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 Rooms 4001-02, 40/F., China Resources Building, No. 26 Harbour Road, Wan Chai, 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.

In the opinion of the directors of the Company (the “**Directors**”), as at 30 June 2024, Chinese Success Limited (“**Chinese Success**”), a company incorporated in the British Virgin Islands, is the immediate holding company; Wai Chun Investment Fund (“**Wai Chun IF**”), a company incorporated in the Cayman Islands, is the ultimate holding company and Mr. Lam Ching Kui (“**Mr. Lam**”) is the ultimate controlling shareholder of the Company, who resigned as the chairman of the board of directors, chief executive officer and an executive director of the Company on 18 July 2022.

The 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 consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and by the Hong Kong Companies Ordinance.

### 3. GOING CONCERN BASIS

The Group incurred a loss of approximately HK\$65,707,000 for the Year and as at 30 June 2024, the Group had net current liabilities and net liabilities of approximately HK\$139,449,000 and HK\$55,240,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the consolidated financial statements on a going concern basis based on the assumptions and measures that:

- (a) As at 30 June 2024, the Company has drawn down loan of approximately HK\$2,513,000 and undrawn loan facilities of approximately HK\$57,487,000 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 these consolidated financial statements;
- (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 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 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 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.

#### 4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the Year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 July 2023. HKFRSs comprise HKFRSs, 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 consolidated financial statements and amounts reported for the current year and prior period.

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 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 consolidated financial position.

#### 5. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from manufacturing and sale of modified starch and other biochemical products	<u>370,069</u>	<u>773,654</u>

##### **Disaggregation of revenue from contracts with customers**

The revenue from manufacturing and sale of modified starch and other biochemical products are derived from customers in the PRC.

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

##### **Manufacturing and sale of modified starch and other biochemical products**

The Group manufactures and sells modified starch and other biochemical products to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms ranged from 30 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability. The Group would also allow longer credit period for certain customers with long term relationship.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 6. SEGMENT INFORMATION

The Group has one reportable segment as follows:

Modified starch and other biochemical products – Manufacturing and sale of modified starch and other biochemical products

The accounting policies of the operating segment are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include other income and other gains and losses, net, central administration costs, finance costs and income tax expense or credit. 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.

### Information and reconciliation of reportable segment revenue, profit or loss, assets and liabilities

#### Year ended 30 June 2024

	<b>Modified starch and other biochemical products HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from external customers	<u>370,069</u>	<u>370,069</u>
Segment loss	<u>(54,899)</u>	(54,899)
Other revenue and other gains and losses, net		1,271
Central administration costs		(6,630)
Finance costs		<u>(17,909)</u>
Loss before tax		(78,167)
Income tax credit		<u>12,460</u>
Consolidated loss for the year		<u>(65,707)</u>

	<b>Modified starch and other biochemical products HK\$'000</b>	<b>Total HK\$'000</b>
<b>At 30 June 2024</b>		
Assets		
Segment assets	206,823	206,823
Unallocated assets		<u>2,674</u>
Consolidated total assets		<u><u>209,498</u></u>
Liabilities		
Segment liabilities	(157,817)	(157,817)
Unallocated liabilities		<u>(106,921)</u>
Consolidated total liabilities		<u><u>(264,738)</u></u>
<b>Year ended 30 June 2023</b>		
	<b>Modified starch and other biochemical products HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from external customers	<u>773,654</u>	<u>773,654</u>
Segment profit	<u><u>18,067</u></u>	18,067
Other revenue and other gains and losses, net		354
Central administration costs		(7,005)
Finance costs		<u>(17,114)</u>
Loss before tax		(5,698)
Income tax expense		<u>(4,364)</u>
Consolidated loss for the year		<u><u>(10,062)</u></u>

	Modified starch and other biochemical products <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 30 June 2023</b>		
Assets		
Segment assets	235,807	235,807
Unallocated assets		<u>4,424</u>
Consolidated total assets		<u><u>240,231</u></u>
Liabilities		
Segment liabilities	(142,861)	(142,861)
Unallocated liabilities		<u>(86,831)</u>
Consolidated total liabilities		<u><u>(229,692)</u></u>

**7. OTHER REVENUE AND OTHER GAINS AND LOSSES, NET**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	<b>12</b>	38
Others	<u><b>1,259</b></u>	<u>316</u>
Total	<u><u><b>1,271</b></u></u>	<u><u>354</u></u>

## 8. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank loans	2,698	3,076
Interest on loans from the ultimate holding company	–	130
Interest on loan from the controlling shareholder	–	65
Interest on loans from independent third parties	–	415
Interest on convertible bonds	15,147	13,388
Interest on lease liabilities	<u>64</u>	<u>40</u>
Total	<u><u>17,909</u></u>	<u><u>17,114</u></u>

## 9. INCOME TAX (CREDIT)/EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – PRC Enterprise Income Tax Provision for the year	<u>2,076</u>	<u>4,364</u>
Deferred tax Increase in deferred tax assets	<u>(14,536)</u>	<u>–</u>
Income tax (credit)/expense	<u><u>(12,460)</u></u>	<u><u>4,364</u></u>

## 10. LOSS FOR THE YEAR

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration	500	400
Cost of inventories recognised as expenses	335,888	723,241
Impairment losses (reversal of impairment losses) on receivables, net	4,829	3,477
Depreciation on property, plant and equipment	9,142	9,522
Depreciation on right-of-use assets	2,217	4,540
Loss on disposals of property, plant and equipment	606	–
Staff costs (including directors' emoluments)		
Salaries, bonus and allowances	12,583	13,312
Retirement benefits scheme contributions ( <i>Note</i> )	1,211	1,470
	<u>13,794</u>	<u>14,782</u>

*Note:* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 11. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$44,212,000 (2023: approximately HK\$15,433,000) and the weighted average number of ordinary shares of 171,476,453 (2023: 168,924,125), in issue during the Year.

### (b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds for the years ended 30 June 2024 and 2023 would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's outstanding share options in the years ended 30 June 2024 and 2023, accordingly, the diluted loss per share is same as the basic loss per share in the years ended 30 June 2024 and the 2023.

## 12. TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	34,945	44,958
Less: Provision for loss allowance	<u>(5,785)</u>	<u>(7,823)</u>
Carrying amount	<u><u>29,160</u></u>	<u><u>37,135</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. As at 30 June 2023, the Group has assessed the recoverability of the receivables past due and made a provision for impairment. 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 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	16,504	22,722
31–60 days	4,408	10,722
61–90 days	1,437	1,354
91–180 days	2,920	460
Over 180 days	<u>3,891</u>	<u>1,877</u>
Total	<u><u>29,160</u></u>	<u><u>37,135</u></u>

## 13. TRADE PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<u><u>99,054</u></u>	<u><u>63,945</u></u>

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 dates, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	40,820	28,923
31–60 days	22,978	32,534
61–90 days	21,548	–
91–180 days	9,849	198
Over 180 days	<u>3,859</u>	<u>2,290</u>
Total	<u><u>99,054</u></u>	<u><u>63,945</u></u>

## 14. SHARE CAPITAL – ORDINARY SHARES

	Number of shares	Amount equivalent to HK\$'000
Authorised:		
Share of the Company HK\$0.25 (At 1 July 2022: HK\$0.025) each		
At 1 July 2022	4,000,000,000	100,000
Share consolidation ( <i>Note a</i> )	<u>(3,600,000,000)</u>	<u>–</u>
At 30 June 2023, 1 July 2023 and 30 June 2024	<u>400,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Shares of the Company HK\$0.25 (At 1 July 2022: HK\$0.025) each		
At 1 July 2022	1,680,764,537	42,019
Share consolidation ( <i>Note a</i> )	<u>(1,512,688,084)</u>	<u>–</u>
Conversion of convertible bonds ( <i>Note b</i> )	<u>3,400,000</u>	<u>850</u>
At 30 June 2023, 1 July 2023 and 30 June 2024	<u>171,476,453</u>	<u>42,869</u>

### Notes:

- (a) At the extraordinary general meeting of the Company held on 10 March 2023, an ordinary resolution was duly passed under which every 10 existing issued and unissued shares of par value of HK\$0.025 each in the share capital of the Company was consolidated into 1 share of par value of HK\$0.25 each (the “**Share Consolidation**”) and the Share Consolidation has become effective on 14 March 2023.

The authorised share capital of ordinary shares of the Company was HK\$100,000,000 divided into 4,000,000,000 existing ordinary shares with a par value of HK\$0.025 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 400,000,000 consolidated ordinary shares with a par value of HK\$0.25 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 4,000,000,000 ordinary shares to 400,000,000 ordinary shares and the total number of issued ordinary shares decreased from 1,680,764,537 ordinary shares to 168,076,453 ordinary shares, after the Share Consolidation.

- (b) On 31 March 2023, Chinese Success converted HK\$850,000 convertible bonds into 3,400,000 ordinary shares of the Company by crediting the share capital.

## **EXTRACTS FROM INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 30 June 2024.

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material Uncertainty Related to Going Concern**

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately HK\$65,707,000 for the year ended 30 June 2024 and as at 30 June 2024, the Group had net current liabilities and net liabilities of approximately HK\$139,449,000 and HK\$55,240,000, 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. Management’s arrangements to address the going concern issue are also described in note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 30 June 2024, the Group recorded a revenue of approximately HK\$370.0 million (for the year ended 30 June 2023: approximately HK\$773.7 million), representing a decrease of 52.2% as compared to the previous year. The decline in revenue was primarily attributable to weakened market demand and reduced consumption for the modified starch and other biochemical products during the reporting period. In addition, the Group has ceased certain low-performing product lines as part of its strategic restructuring to enhance overall operational efficiency. This decision also contributed to the significant drop in revenue.

### **Gross Profit**

The Group recorded a gross profit and gross profit margin of approximately HK\$34.2 million and 9.2% respectively for the year ended 30 June 2024, compared to a gross profit of approximately HK\$50.4 million and a gross profit margin of 6.5% for the year ended 30 June 2023. The improvement in gross profit margin was mainly due to the cessation of certain low-performing product lines during the year, which helped optimize the Group’s product mix. Although the gross profit margin has been improved, the decrease in revenue has resulted a decrease of gross profit by HK\$16.2 million for the current year.

## **Selling Expenses**

Selling expenses also recorded a decline of 16.0%, from approximately HK\$14.8 million for the year ended 30 June 2023 to approximately HK\$12.4 million for the year ended 30 June 2024, which is in line with the decrease in revenue.

## **Administrative Expenses**

Administrative expenses for the year have remained relatively stable, decreased slightly by 3.7% from approximately HK\$21.1 million for the year ended 30 June 2023 to approximately HK\$20.3 million for the year ended 30 June 2024. The reduction was mainly due to the Group's ongoing cost control measures in Hong Kong.

## **Impairment and Allowances**

For the year ended 30 June 2024, the Group recognised a provision for impairment loss on non-current assets, amounting to approximately HK\$51.8 million (2023: HK\$Nil). This provision is a non-recurring and non-cash item, which has been attributed to the continuous lossmaking performance of the Group's business. Furthermore, the Group has recorded an allowance for expected credit loss on receivables of HK\$4.8 million for the year ended 30 June 2024, in which an allowance of HK\$3.5 million was recognized in the comparative year.

## **Loss Attributable to Owners of the Company**

The loss attributable to owners of the Company amounted to approximately HK\$44.2 million for the year ended 30 June 2024, as compared to a loss of approximately HK\$15.4 for the year ended 30 June 2023. The increase in loss was primarily due to the recognition of impairment losses on non-financial assets during the reporting year.

## **Impairment of Non-current Assets**

During the year, the Group's business underperformed and recorded significant decrease in revenue generated from the operating segment of manufacturing and sale of modified starch and other biochemical products. Given the poorer than expected economic performance of the cash-generating unit ("CGU"), management indicated potential impairment and assessed the recoverable amounts of assets allocated to the CGU.

The value in use was calculated based on five-year cash flow projections, with a pre-tax discount rate of 12.6% and a sales growth rate of 2%, in line with industry forecasts. The impairment assessment indicated that the CGU's recoverable amount was lower than its carrying amount. The impairment loss of HK\$58.1 million was recognized, ensuring no asset's carrying amount fell below its recoverable amounts.

International Valuation Limited, an independent external valuer, has been engaged to carry out the valuation for the year ended 30 June 2024.

## **Financial Resources and Position**

As at 30 June 2024, the Group had net current liabilities of approximately HK\$139.4 million (30 June 2023: approximately HK\$29.7 million) and cash and cash equivalents of approximately HK\$2.2 million (30 June 2023: approximately HK\$6.3 million).

Total debts of the Group amounting to approximately HK\$135.9 million as at 30 June 2024 (30 June 2023: approximately HK\$134.3 million), comprising borrowings, loans from the ultimate holding company, convertible bonds and lease liabilities. The net debt (net of cash and cash equivalents) to total assets ratio of the Group was approximately 63.8% (30 June 2023: approximately 53.3%).

The Group had future minimum lease payments under a non-cancellable operating lease in respect of rented premises of approximately HK\$1.1 million as at 30 June 2024 (30 June 2023: approximately HK\$2.3 million), which the lease term was within two years.

As at 30 June 2024, the Company has undrawn loan facilities of approximately HK\$57.5 million granted by Wai Chun Investment Fund, its ultimate holding company.

During the year ended 30 June 2024, the Group financed its operations primarily through internally generated funds, loans from the ultimate holding company, and borrowings.

The Group's cash and cash equivalents were mainly denominated in Hong Kong Dollars, Renminbi, and United States Dollars, and its business transactions were conducted primarily in Renminbi and United States Dollars. The Group did not experience any significant difficulties or adverse effects on its operations due to fluctuations in currency exchange rates during the year.

## **Foreign Currency Fluctuation**

For the Year, 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 exchange rates. Accordingly, the Directors considered that the foreign exchange exposure is relatively limited and no hedging of exchange risk is required. As an internal policy, the Group continues to implement a prudent policy on financial management policy and does not participate in any high risk speculative activities. Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

## **Pledge of Assets and Contingent Liabilities**

As at 30 June 2024, the Group did not have any material contingent liabilities. As at 30 June 2024, part of the Group's right-of-use assets with carrying amount of approximately HK\$20.0 million (30 June 2023: approximately HK\$20.5 million) were pledged to secure certain bank borrowings.

## **Dividend**

The Board has resolved not to recommend the payment of final dividend for the year ended 30 June 2024 (30 June 2023: nil).

## **BUSINESS REVIEW**

During the year under review, the Group continued to engage in the manufacturing and sale of modified starch and other biochemical products. For the year ended 30 June 2024, the Group's revenue and gross profit declined significantly compared to the previous year due to weakened market demand and reduced consumption for its products. The Group also recorded a higher net loss, primarily attributable to impairment losses on non-financial assets during the reporting period.

Looking ahead, the Group will continue to pursue strategic acquisitions to capture new business opportunities in the PRC market and further strengthen its revenue and profit fundamentals. The Company has been actively identifying projects with growth potential for acquisitions or investments and is in discussions with various parties for such opportunities.

To ensure the Group's financial stability and ability to operate as a going concern, the Directors of the Company have been implementing various measures, including securing loan facilities from the ultimate holding company, negotiating with potential investors to raise sufficient funds, and closely monitoring general administrative expenses and operating costs. The Group will continue to adopt measures aimed at improving its working capital and cash flows to support its operations and future development.

## **OTHER INFORMATION**

### **Employees**

As at 30 June 2024, the Group had a total of 140 employee (30 June 2023: 128 employee), the majority of whom are situated in the PRC. In addition to offer competitive remuneration packages to employees, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group. The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his associates, and executive, is involved in dealing his own remuneration.

### **Major Acquisitions and Disposals of Subsidiaries**

For the year ended 30 June 2024, there were no major acquisitions and disposal of subsidiaries.

### **Purchase, Sale or Redemption of the Company's Listed Securities**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2024.

### **Code on Corporate Governance Practices**

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 year ended 30 June 2024, the Company has complied with the relevant code provisions set out in the CG Code except for the deviation from code provision C.2.1, which are explained below.

Code provision C.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 did not separate the roles of the chairman and chief executive officer until the resignation of Mr. Lam Ching Kui for all positions in the Group with effect from 18 July 2022. Mr. Lam was the chairman and chief executive officer of the Company, who has extensive experience in project management and securities investments and was 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.

## **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**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 throughout the year ended 30 June 2024.

## **Changes in Directors’ Information**

Save as disclosed below, there is no information required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the year ended 30 June 2024 and up to the date of this announcement.

On 9 August 2023, Mr. Hung Hoi Ming Raymond (“**Mr. Hung**”) resigned as an independent non-executive director of the Company in order to devote more time to his personal commitments. Following his resignation, Mr. Hung ceased to serve as the member of each of the audit committee, the nomination committee and the remuneration committee of the Company.

On 1 April 2024, Ms. Hong Ting (“**Ms. Hong**”) resigned as an independent non-executive director of the Company in order to devote more time to her personal commitments. Following her resignation, Ms. Hong ceased to serve as the chairlady of the audit committee and as a member of both the nomination committee and the remuneration committee of the Company.

On the same day, Mr. He Tao (“**Mr. He**”) was appointed as an independent non-executive director of the Company. Concurrently, Mr. He was appointed as the chairman of the remuneration committee and as a member of both the audit committee and the nomination committee of the Company.

Subsequently, on 4 September 2024, Ms. Kung Ying Tung (“**Ms. Kung**”) was appointed as an independent non-executive director of the Company. On the same day, Ms. Kung was further appointed as the chairlady of the audit committee and as a member of both the nomination committee and the remuneration committee of the Company.

## **Audit Committee**

As at the date of this announcement, the Board has only three independent non-executive Directors, Mr. Wan Bo, Mr. He Tao and Ms. Kung Ying Tung.

## **REVIEW OF ANNUAL RESULTS**

The audit committee of the Company has reviewed the annual results of the Group for the year ended 30 June 2024. A meeting of the audit committee was held to review the Group's audited consolidated financial statements for the year ended 30 June 2024, in conjunction with the Group's external auditor, McMillan Woods (Hong Kong) CPA Limited.

## **SCOPE OF WORK OF McMillan Woods (Hong Kong) CPA Limited**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2024. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on the preliminary announcement.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of the Company containing all the information as required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

## **Resumption of trading**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 2 October 2024.

Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 23 December 2024.

## **APPRECIATION**

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

By Order of the Board  
**Wai Chun Bio-Technology Limited**  
**LAM Ka Chun**  
*Executive Director*

Hong Kong, 20 December 2024

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

*Executive Director:*

LAM Ka Chun

*Independent Non-executive Directors:*

WAN Bo

HE Tao

KUNG Ying Tung