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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)

2023 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Wai Chun Group Holdings Limited (the “**Company**”) hereby announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2023, together with comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	4	176,803	233,926
Cost of sales		<u>(176,236)</u>	<u>(232,829)</u>
Gross profit		567	1,097
Other income	5	41	150
Other losses, net	6	(51)	(62,908)
Impairment losses on other receivables		(7,297)	–
Administrative expenses		(18,856)	(31,499)
Finance costs		<u>(26,156)</u>	<u>(34,267)</u>
Loss before tax		(51,752)	(127,427)
Income tax expense	7	<u>–</u>	<u>–</u>
Loss for the year	8	<u>(51,752)</u>	<u>(127,427)</u>
Loss for the year attributable to:			
– Owners of the Company		(50,721)	(127,083)
– Non-controlling interests		<u>(1,031)</u>	<u>(344)</u>
		<u>(51,752)</u>	<u>(127,427)</u>
		HK cents	HK cents
Loss per share	10		
– Basic and diluted		<u>(2.37)</u>	<u>(5.94)</u>

* for identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year	<u>(51,752)</u>	<u>(127,427)</u>
Other comprehensive income, net of tax		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	<u>5,056</u>	<u>414</u>
Total comprehensive expense for the year	<u><u>(46,696)</u></u>	<u><u>(127,013)</u></u>
Total comprehensive expense for the year attributable to:		
– Owners of the Company	(45,761)	(126,612)
– Non-controlling interests	<u>(935)</u>	<u>(401)</u>
	<u><u>(46,696)</u></u>	<u><u>(127,013)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment		141	1,027
Right-of-use assets		<u>3,380</u>	<u>2,625</u>
		<u>3,521</u>	<u>3,652</u>
Current assets			
Inventories		–	804
Trade and other receivables, prepayments and deposits	11	68,365	119,847
Pledged bank deposit		300	300
Bank balances and cash		<u>9,156</u>	<u>13,890</u>
		<u>77,821</u>	<u>134,841</u>
Current liabilities			
Trade and other payables	12	74,322	116,959
Contract liabilities		3,699	14,595
Lease liabilities		1,695	2,447
Convertible bonds		<u>166,558</u>	<u>–</u>
		<u>246,274</u>	<u>134,001</u>
Net current (liabilities)/assets		<u>(168,453)</u>	<u>840</u>
Total assets less current liabilities		<u>(164,932)</u>	<u>4,492</u>

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities			
Trade and other payables	12	4,989	3,730
Loans from ultimate holding company		12,900	1,313
Amount due to a director		10,735	1,029
Lease liabilities		1,668	217
Convertible bonds		35,572	182,303
		<u>65,864</u>	<u>188,592</u>
Net liabilities		<u>(230,796)</u>	<u>(184,100)</u>
Capital and reserves			
Share capital		213,912	213,912
Reserves		(460,639)	(414,882)
Capital deficiency attributable to owners of the Company		(246,727)	(200,970)
Non-controlling interests		15,931	16,870
Capital deficiency		<u>(230,796)</u>	<u>(184,100)</u>

NOTES

For the year ended 31 March 2023

1. GENERAL

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, immediate holding company of the Company and the ultimate controlling party of the Company are Wai Chun Investment Fund (“**Wai Chun IF**”), which is a private limited company incorporated in the Cayman Islands, Ka Chun Holdings Limited (“**Ka Chun**”), which is a private limited company incorporated in the British Virgin Islands and 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 Rooms 4001-2, 40th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company. In addition, the functional currency 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. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately HK\$50,721,000 for the year ended 31 March 2023. As at 31 March 2023, the Group had net current liabilities and net liabilities of approximately HK\$168,453,000 and HK\$230,796,000, 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 on the assumptions and measures that:

- (a) As at 31 March 2023, the Company has drawn down loan of approximately HK\$12,900,000 and undrawn loan facilities of approximately HK\$187,100,000 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 until twelve months after the date of approval of the 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 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\$10,735,000 until all other third parties liabilities of the Group had been satisfied, and will not demand the repayment until twelve months after 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\$4,989,000 until all other third parties liabilities of the Group had been satisfied, and will not demand the repayment until twelve months after the date of approving the consolidated financial statements;
- (d) On 2 March 2022, convertible bonds with principal amount of HK\$152,000,000 and HK\$23,480,000 which with maturity date in August 2023 and November 2023 respectively, and the corresponding outstanding coupon interest payables have transferred to Mr. Lam, an executive director of the Company. Mr. Lam agreed to further negotiate with the Company of the extension of the repayment date of convertible bond in regard of the financial position and liquidity of the Company upon maturity date.
- (e) The Company has planned and is in negotiation with potential investors to raise sufficient funds through fund-raising arrangement; and
- (f) The executive director of the Company 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 of the Company have carried out a detailed review of the cash flow forecast of the Group 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 approval of these consolidated financial statements, 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 non-current liabilities to current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

3.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-Current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2024

Except for the new and amendments to HKFRSs mentioned below, the director of the Company anticipates that the application of all other new and amendments to HKFRSs not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

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.

Segment results mainly represented gross (loss) profit earned by each segment without allocation of unallocated corporate income and expenses, other losses, net, impairment losses under expected credit loss model, and finance costs.

Business segment

The CODM regularly reviews revenue and operating results derived from two operating divisions – sales and integration services 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, and design, consultation and production of information system software and management training services

General trading: Revenue from trading of chemicals and agricultural products

(A) Segment revenue and results

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

For the year ended 31 March 2023

	Sales and integration services <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Reportable segment revenue from external customers</i>			
Recognised at a point in time	<u>6,384</u>	<u>170,419</u>	<u>176,803</u>
SEGMENT RESULTS	<u>21</u>	<u>(1,236)</u>	(1,215)
Unallocated corporate income			41
Unallocated corporate expenses			(17,074)
Impairment losses on other receivables			(7,297)
Other losses, net			(51)
Finance costs			<u>(26,156)</u>
Loss before tax			(51,752)
Income tax expenses			<u>–</u>
Loss for the year			<u>(51,752)</u>

For the year ended 31 March 2022

	Sales and integration services <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Reportable segment revenue from external customers</i>			
Recognised at a point in time	70,835	161,733	232,568
Recognised over time	<u>1,358</u>	<u>–</u>	<u>1,358</u>
	<u>72,193</u>	<u>161,733</u>	<u>233,926</u>
SEGMENT RESULTS	<u>(750)</u>	<u>(1,605)</u>	(2,355)
Unallocated corporate income			150
Unallocated corporate expenses			(90,955)
Finance costs			<u>(34,267)</u>
Loss before tax			(127,427)
Income tax expenses			<u>–</u>
Loss for the year			<u>(127,427)</u>

(B) Segment assets and liabilities

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

At 31 March 2023

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
Segment assets	28,508	39,909	68,417
Unallocated assets			<u>12,925</u>
Consolidated assets			<u><u>81,342</u></u>
Segment liabilities	20,555	38,863	59,418
Unallocated liabilities			<u>252,720</u>
Consolidated liabilities			<u><u>312,138</u></u>

At 31 March 2022

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
Segment assets	58,496	73,618	132,114
Unallocated assets			<u>6,379</u>
Consolidated assets			<u><u>138,493</u></u>
Segment liabilities	51,600	64,620	116,220
Unallocated liabilities			<u>206,373</u>
Consolidated liabilities			<u><u>322,593</u></u>

(C) *Other information*

For the year ended 31 March 2023

	Sales and integration services <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	–	–	848	848
Depreciation on right-of-use assets	–	219	5,089	5,308

For the year ended 31 March 2022

	Sales and integration services <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	–	–	8	8
Depreciation on property, plant and equipment	–	–	847	847
Depreciation on right-of-use assets	–	429	7,590	8,019

(D) *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		Non-current assets	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	–	–	3,299	3,176
The PRC, excluding Hong Kong	176,803	233,926	222	476
	176,803	233,926	3,521	3,652

(E) **Information on major customers**

Revenue from major customers, each of whom amounting to 10% or more of the Group's revenue, is set out below:

	2023		2022	
	Revenue	Percentage	Revenue	Percentage
	HK\$'000	of revenue	HK\$'000	of revenue
General trading				
Customer A	Nil	Nil	35,795	15%
Customer B	Nil	Nil	33,813	14%
Customer C	Nil	Nil	24,009	10%
Customer D	Nil	Nil	23,430	10%
Customer F	44,895	25%	Nil	Nil
Customer G	66,026	37%	Nil	Nil
Customer H	21,895	12%	Nil	Nil
	<u>21,895</u>	<u>12%</u>	<u>Nil</u>	<u>Nil</u>
Sales and integration services				
Customer E	Nil	Nil	70,041	30%
	<u>Nil</u>	<u>Nil</u>	<u>70,041</u>	<u>30%</u>

5. OTHER INCOME

	2023	2022
	HK\$'000	HK\$'000
Bank interest income	1	1
Sundry income	40	149
	<u>41</u>	<u>150</u>

6. OTHER LOSSES, NET

	2023	2022
	HK\$'000	HK\$'000
Loss on issuance of convertible bonds	-	(12,566)
Exchange gain, net	8	-
Loss on modification of convertible bonds terms	-	(50,342)
Loss on deregistration of subsidiaries	(25)	-
Loss on disposal of property, plant and equipment	(34)	-
	<u>(51)</u>	<u>(62,908)</u>

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made since the Group did not generate any assessable profits for the years ended 31 March 2023 and 2022. PRC subsidiaries are subject to PRC Corporate Income Tax at 25%. No provision for PRC Corporate Income Tax has been made since the Group did not generate any assessable profits for the years ended 31 March 2023 and 2022.

8. LOSS FOR THE YEAR

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories recognised as an expense	176,236	231,505
Staff costs (including directors' emoluments)		
– Salaries, wages and other benefits	5,720	5,195
– Retirements benefits scheme contributions	244	367
	5,964	5,562
Depreciation of property, plant and equipment and right-of-use assets	6,156	8,866
Auditor's remuneration	400	470
Expenses related to short-term leases	1,694	62

9. DIVIDENDS

The board of directors does not recommend the payment of any dividend for the years ended 31 March 2023 and 2022.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(50,721)</u>	<u>(127,083)</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>2,139,116</u>	<u>2,139,116</u>

Basic and diluted loss per share for the years ended 31 March 2023 and 2022 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

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 of services/date of invoices:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-90 days	35,331	51,373
91-180 days	-	28,427
Over 180 days	<u>-</u>	<u>2,405</u>
	<u>35,331</u>	<u>82,205</u>

According to the contracts entered into with trade customers of sales and integration service, 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 chemicals and agricultural products are due within 0 to 90 days from the date of billing.

12. TRADE AND OTHER PAYABLES

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:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	35,228	51,274
31-180 days	–	27,513
Over 180 days	13,150	16,826
	<u>48,378</u>	<u>95,613</u>

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 31 March 2023.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, 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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to the Going Concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$50,721,000 for the year ended 31 March 2023 and as at 31 March 2023, the Group had net current liabilities and net liabilities of approximately of HK\$168,453,000 and HK\$230,796,000. These conditions indicate 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

Financial Performance

For the year ended 31 March 2023, the Group recorded overall revenue of approximately HK\$176,803,000 (2022: approximately HK\$233,926,000) representing a decrease of approximately HK\$57,123,000 or 24.42% when compared to 2022. This is largely because the sales and integration services dropped by approximately HK\$65,809,000 during the year (2022: sales and integration services of approximately HK\$72,193,000). The decrease was mainly because of the lockdown in Shanghai in the first quarter in current year and the customers in the segment of sales and integration services were located in Shanghai, the customers needed time and resources to resume the operation gradually after the lockdown. The Group has recorded revenue from the segment of sales and integration services of approximately HK\$12,767,000 as at the date of this announcement.

The gross profit of the Group for the year ended 31 March 2023 amounting to approximately HK\$567,000 (2022: approximately HK\$1,097,000). The gross profit margin for the year ended 31 March 2023 was approximately 0.32% as compared to 0.47% for the year of 2022. The decrease in gross profit margin was because the gross profit margin in the segment of sales and integration services is higher than the segment of general trading, and the revenue from sales and integration services decreased in current year.

Administrative expenses during the year under review decreased by 40.14% to approximately HK\$18,856,000 (2022: approximately HK\$31,499,000). Such decrease was mainly because the Group continued to implement tight cost control measures in current year and there was consultancy fee incurred in last year for identifying potential investment projects which did not incur in the year under review. During the year ended 31 March 2023, the finance costs decreased by 23.67% to approximately HK\$26,156,000 (2022: approximately HK\$34,267,000). The decrease in finance costs was mainly contributed by the decrease in the imputed interest expenses for the convertible bonds incurred during the year.

The Group recorded a loss attributable to owners of the Company of approximately HK\$50,721,000 for the year (2022: approximately HK\$127,083,000).

Financial Resources and Position

Total debts of the Group amounting to approximately HK\$229,128,000 (2022: approximately HK\$187,309,000), comprising convertible bonds of approximately HK\$202,130,000 (2022: HK\$182,303,000), loans from ultimate holding company of approximately HK\$12,900,000 (2022: approximately HK\$1,313,000), amount due to a director of approximately HK\$10,735,000 (2022: approximately HK\$1,029,000), lease liabilities of approximately HK\$3,363,000 (2022: HK\$2,664,000). All the above mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. All of these debts are interest bearing or carried in an interest rate implicit in the lease liabilities.

The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 270.1% (2022: approximately 125.0%), the increase of net debts to total assets ratio was mainly due to the fair value of liability components of convertible bonds increased during the year and the decrease in trade receivables as at 31 March 2023 as compared to 31 March 2022. Cash and cash equivalents amounting to approximately HK\$9,456,000 (2022: approximately HK\$14,190,000) as at 31 March 2023 which are mostly denominated in Hong Kong Dollars and Renminbi.

The Group is not exposed to significant currency risk as most of its monetary assets and monetary liabilities are denominated in the functional currency of the individual group entity.

The Group had pledged bank deposits of approximately HK\$300,000 as at 31 March 2023 (2022: approximately HK\$300,000). As at 31 March 2023, the current ratio of the Group is approximately 0.32 times (2022: approximately 1.01 times). On the basis of the undrawn loan facilities of approximately HK\$187,100,000 granted by its ultimate holding company, Wai Chun IF and the financial support from the ultimate controlling shareholder, Mr. Lam, the Directors believe that the Group has sufficient financial resources for its operations. The directors will remain cautious in the Group's liquidity management.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2023 (2022: nil).

BUSINESS REVIEW AND FUTURE PROSPECT

The Group is principally engaged in (i) general trading of chemicals and agricultural products; (ii) sales and integration services of computer and communication systems, design, consultation and production of information system software and management training service; and (iii) investment holdings.

During the year 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.

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

OTHER INFORMATION

Employees

As at 31 March 2023, the Group had a total of 15 employees, the majority of whom are situated in Hong Kong. In addition to offering competitive remuneration packages to employee, 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 lifestyle 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 in his own remuneration.

Material Acquisition and Disposal of Subsidiaries

There was no material acquisition and disposal of subsidiaries for the year ended 31 March 2023.

Purchase, Sale or Redemption of 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 31 March 2023.

Corporate Governance

During the year ended 31 March 2023, the Company complied with the code provisions as set out in the Code on Corporate Governance Practices in Appendix 14 (the "**CG Code**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except code provision C.2.1.

Under code provision C.2.1, 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 is ensured by the operation of the Board which comprised of 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 set out in Appendix 10 to the Listing Rules (the “**Model Code**”) 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 31 March 2023.

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 under review and up to the date of this announcement.

Name of Director

Details of changes

Mr. Chan Wai Dune (independent non-executive director)

Reprimand issued by the HKICPA on 5 May 2022 for breaching professional standards, in relation to the preparation of the audited consolidated financial statements of a listed company for the year ended 31 December 2005, the Reprimand is unrelated to the Group and it has or will have no adverse effects on the business and operations of the Group

Audit Committee

The Company has an audit committee (the “**Audit Committee**”) which was established 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.

A meeting of the Audit Committee was held to review the Group’s audited consolidated financial statements for the year ended 31 March 2023, in conjunction with the Group’s external auditor, CCTH CPA Limited.

Scope of work of CCTH 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 31 March 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH 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 CCTH CPA Limited on the preliminary announcement.

Publication of Annual Report

The annual report of the Company will be published on the website of the Company and the website of Hong Kong Exchanges and Clearing Limited, and dispatched to the shareholders of the Company in due course.

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 Group Holdings Limited
LAM Ching Kui
Chairman and Chief Executive Officer

Hong Kong, 30 June 2023

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

Executive Director:

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

Independent Non-executive Directors:

CHAN Wai Dune

WANG Wei

WAN Bo