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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 2023

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 2023 (the “**Year**”) together with the comparative figures for the eighteen months period ended 30 June 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2023

	Notes	Year ended 30 June 2023 HK\$'000	Eighteen months period ended 30 June 2022 HK\$'000
Revenue	5	773,654	1,007,186
Cost of sales		<u>(723,241)</u>	<u>(917,001)</u>
Gross profit		50,413	90,185
Other revenue and other gains and losses, net	7	354	(6,475)
Selling expenses		(14,792)	(22,678)
Administrative expenses		(21,082)	(39,316)
(Impairment losses) reversal of impairment losses on receivables, net		(3,477)	3,020
Finance costs	8	<u>(17,114)</u>	<u>(20,959)</u>
(Loss)profit before tax		(5,698)	3,777
Income tax expense	9	<u>(4,364)</u>	<u>(5,167)</u>
Loss for the year/period	10	(10,062)	(1,390)
(Loss)profit for the year/period attributable to:			
– Owners of the Company		(15,433)	(21,545)
– Non-controlling interests		<u>5,371</u>	<u>20,155</u>
		<u>(10,062)</u>	<u>(1,390)</u>
		HK cents	HK cents (Restated)
Loss per share	11		
– Basic and diluted		<u>(9.1)</u>	<u>(12.9)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Year ended 30 June 2023 HK\$'000	Eighteen months period ended 30 June 2022 HK\$'000
Loss for the year/period	<u>(10,062)</u>	<u>(1,390)</u>
Other comprehensive expense:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(7,324)</u>	<u>(1,863)</u>
Other comprehensive expense, net of tax	<u>(7,324)</u>	<u>(1,863)</u>
Total comprehensive expense for the year/period	<u><u>(17,386)</u></u>	<u><u>(3,253)</u></u>
Total comprehensive (expense) income for the year/period attributable to:		
– Owners of the Company	(19,168)	(22,496)
– Non-controlling interests	<u>1,782</u>	<u>19,243</u>
	<u><u>(17,386)</u></u>	<u><u>(3,253)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		82,289	67,110
Right-of-use assets		28,770	30,066
		111,059	97,176
Current assets			
Inventories		37,577	60,349
Trade and bills receivables	<i>12</i>	37,135	48,486
Deposits, prepayments and other receivables		47,788	36,421
Tax refundable		360	–
Bank balances and cash		6,312	7,520
		129,172	152,776
Current liabilities			
Trade payables	<i>13</i>	63,945	44,393
Accruals and other payables		24,715	29,479
Contract liabilities		6,697	17,287
Borrowings		59,289	83,522
Tax payable		–	1,475
Lease liabilities		1,670	1,284
Loans from the ultimate holding company		2,513	825
		158,829	178,265
Net current liabilities		(29,657)	(25,489)
Total assets less current liabilities		81,402	71,687

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 30 June 2023*

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		1,134	–
Convertible bonds		<u>69,729</u>	<u>65,650</u>
		<u>70,863</u>	<u>65,650</u>
Net assets		<u>10,539</u>	<u>6,037</u>
Capital and reserves			
Share capital	<i>14</i>	42,869	42,019
Reserves		<u>(77,874)</u>	<u>(79,744)</u>
Capital deficiency attributable to owners of the Company		(35,005)	(37,725)
Non-controlling interests		<u>45,544</u>	<u>43,762</u>
Total equity		<u>10,539</u>	<u>6,037</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 2023, 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

Pursuant to a resolution of the Board dated 30 December 2021, the Group changed its financial year end date from 31 December to 30 June commencing from financial year of 2021/2022 for the following reasons:

- (i) the Group will be able to rationalise and more efficiently use its resources for the preparation of annual results announcement and report as a better arrangement can be achieved with its auditors and other professional parties by removing the annual audit workflow resulting from the variation in the dates of the Chinese New Year holidays and avoiding the peak season of annual reporting in the first quarter of each year; and
- (ii) the financial year from 1 July to 30 June will better coincide with the seasonal operating cycle of certain principal activities of the Group, thereby providing a more meaningful basis for shareholders and investors to understand and evaluate the Group's financial results.

The comparative consolidated financial statements cover an eighteen months period ended 30 June 2022 and the current consolidated financial statements cover a twelve months year ended 30 June 2023. The comparative amounts are therefore not entirely comparable.

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 attributable to owners of the Company of approximately HK\$15,433,000 for the Year and as at 30 June 2023, the Group had net current liabilities of approximately HK\$29,657,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the consolidated financial statements on a going concern basis based on the assumptions and measures that:

- (a) As at 30 June 2023, the Company has drawn down loan of approximately HK\$2,513,000 and undrawn loan facilities of approximately HK\$67,487,000 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 2022. 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

	Year ended 30 June 2023 HK\$'000	Eighteen months period ended 30 June 2022 <i>HK\$'000</i>
Revenue from manufacturing and sale of modified starch and other biochemical products	<u>773,654</u>	<u>1,007,186</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 – Manufacture and sale of modified starch and other biochemical products

Segment profits or losses do not include other revenue and other gains and losses, net, central administration costs, finance costs and income tax expense.

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 and profit or loss

For the year ended 30 June 2023

	Modified starch and other biochemical products HK\$'000	Total HK\$'000
Revenue from external customers	<u>773,654</u>	<u>773,654</u>
Segment profit	<u>18,067</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>(10,062)</u>

For the eighteen months period ended 30 June 2022

	Modified starch and other biochemical products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>1,007,186</u>	<u>1,007,186</u>
Segment profit	<u>49,280</u>	49,280
Other revenue and other gains and losses, net		(6,475)
Central administration costs		(18,069)
Finance costs		<u>(20,959)</u>
Profit before tax		3,777
Income tax expense		<u>(5,167)</u>
Consolidated loss for the period		<u>(1,390)</u>

7. OTHER REVENUE AND OTHER GAINS AND LOSSES, NET

	Year ended 30 June 2023 <i>HK\$'000</i>	Eighteen months period ended 30 June 2022 <i>HK\$'000</i>
Bank interest income	38	35
Gain on disposal of property, plant and equipment	–	39
Government subsidies (<i>Note</i>)	–	2,036
Loss on issuance of convertible bonds	–	(1,344)
Loss on modification of convertible bonds	–	(7,018)
Others	<u>316</u>	<u>(223)</u>
Total	<u>354</u>	<u>(6,475)</u>

Note: For the eighteen months period ended 30 June 2022, a subsidiary of the Group was granted the Ecological Compensation Fund which was set up by Shandong Province Government.

8. FINANCE COSTS

	Year ended 30 June 2023 HK\$'000	Eighteen months period ended 30 June 2022 <i>HK\$'000</i>
Interest on bank loans	3,076	4,645
Interest on loans from the ultimate holding company	130	238
Interest on loan from the controlling shareholder	65	1,129
Interest on loans from independent third parties	415	388
Interest on bills payables	–	128
Interest on convertible bonds	13,388	14,047
Interest on lease liabilities	40	384
	<hr/>	<hr/>
Total	17,114	20,959

9. INCOME TAX EXPENSE

	Year ended 30 June 2023 HK\$'000	Eighteen months period ended 30 June 2022 <i>HK\$'000</i>
Current tax – PRC Enterprise Income Tax provision for the year/period	4,364	3,797
Under-provision in prior period/year	–	1,370
	<hr/>	<hr/>
	4,364	5,167

10. LOSS FOR THE YEAR/PERIOD

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

	Year ended 30 June 2023 HK\$'000	Eighteen months period ended 30 June 2022 HK\$'000
Auditor's remuneration	400	470
Cost of inventories sold	723,241	917,001
Impairment losses (reversal of impairment losses) on receivables, net	3,477	(3,020)
Depreciation on property, plant and equipment	9,522	9,668
Depreciation on right-of-use assets	4,540	6,530
Gain on disposal of property, plant and equipment	–	(39)
Staff costs (including directors' emoluments)		
Salaries, bonus and allowances	13,312	26,495
Retirement benefits scheme contributions (<i>Note</i>)	1,470	3,492
	<u>14,782</u>	<u>29,987</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\$15,433,000 (for the eighteen months period ended 30 June 2022: loss of approximately HK\$21,545,000) and the weighted average number of ordinary shares of 168,924,125 (for the eighteen months period ended 30 June 2022: 167,618,648 (restated)) in issue during the Year, as adjusted to reflect the share consolidation in March 2023.

(b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds for the Year would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's outstanding share options and convertible preference shares in the Year and the eighteen months period ended 30 June 2022, accordingly, the diluted loss per share is same as the basic loss per share in the Year and the eighteen months period ended 30 June 2022.

12. TRADE AND BILLS RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	44,958	53,371
Less: Provision for loss allowance	<u>(7,823)</u>	<u>(4,885)</u>
Carrying amount	<u><u>37,135</u></u>	<u><u>48,486</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	22,722	23,250
31–60 days	10,722	9,295
61–90 days	1,354	8,198
91–180 days	460	7,714
Over 180 days	<u>1,877</u>	<u>29</u>
Total	<u><u>37,135</u></u>	<u><u>48,486</u></u>

13. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<u>63,945</u>	<u>44,393</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	28,923	17,966
31–60 days	32,534	21,535
61–90 days	–	2,073
91–180 days	198	459
Over 180 days	<u>2,290</u>	<u>2,360</u>
Total	<u>63,945</u>	<u>44,393</u>

14. SHARE CAPITAL

	Number of shares	Amount equivalent to <i>HK\$'000</i>
Authorised:		
Share of the Company HK\$0.25 (At 1 January 2021, 30 June 2022 and 1 July 2022: HK\$0.025) each		
At 1 January 2021, 30 June 2022 and 1 July 2022	4,000,000,000	100,000
Share consolidation (<i>Note b</i>)	<u>(3,600,000,000)</u>	<u>–</u>
At 30 June 2023	<u>400,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Shares of the Company HK\$0.25 (At 1 January 2021, 30 June 2022 and 1 July 2022: HK\$0.025) each		
At 1 January 2021	1,659,068,537	41,477
Conversion of convertible preference shares (<i>Note a</i>)	<u>21,696,000</u>	<u>542</u>
At 30 June 2022 and 1 July 2022	1,680,764,537	42,019
Conversion of convertible bonds (<i>Note c</i>)	3,400,000	850
Share consolidation (<i>Note b</i>)	<u>(1,512,688,084)</u>	<u>–</u>
At 30 June 2023	<u>171,476,453</u>	<u>42,869</u>

Notes:

- (a) During the eighteen months period ended 30 June 2022 , 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.
- (b) 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.

- (c) 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 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 30 June 2023 and of its consolidated financial performance and its consolidated cash flows for the year ended 30 June 2023 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 attributable to owners of the Company of approximately HK\$15,433,000 for the year ended 30 June 2023 and as at 30 June 2023, the Group had net current liabilities of approximately HK\$29,657,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. 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

For the Year, the Group recorded revenue of approximately HK\$773.65 million (for the eighteen months period ended 30 June 2022: approximately HK\$1,007.19 million) and gross profit of approximately HK\$50.41 million (for the eighteen months period ended 30 June 2022: approximately HK\$90.19 million). The gross profit margin for the Year was approximately 6.52% (for the eighteen months period ended 30 June 2022: approximately 8.95%), the decrease in gross profit margin was mainly due to the increase in purchase price of raw materials with the loosen Covid-19 prevention measures in the mainland China which leads to higher production costs in the second half year ended 30 June 2023.

The Group recorded administrative expenses of approximately HK\$21.08 million for the Year (for the eighteen months period ended 30 June 2022: approximately HK\$39.32 million). The decrease in administrative expenses was mainly because of the decrease in staff cost, which was led by the drop in numbers of staff of the Group and the resignation of Mr. Lam Ching Kui as the chairman, chief executive officer and executive director of the Company on 18 July 2022. The numbers of staff of the Group dropped during the Year was largely because the Group implemented tight cost control management.

Loss attributable to owners of the Company for the Year was approximately HK\$15.43 million (for the eighteen months period ended 30 June 2022: loss of approximately HK\$21.55 million). The loss increased proportionately as compared to previous period was mainly due to the decrease in gross profit during the Year.

Modified Starch and Other Biochemical Products Business

All the revenue of approximately HK\$773.65 million for the Year (for the eighteen months period ended 30 June 2022: approximately HK\$1,007.19 million) was contributed by this segment. The segment generated a segment profit of approximately HK\$18.07 million in the Year (for the eighteen months period ended 30 June 2022: HK\$49.28 million).

Financial Resources and Position

As at 30 June 2023, the Group had net current liabilities of approximately HK\$29.66 million (30 June 2022: approximately HK\$25.49 million) and cash and cash equivalents of approximately HK\$6.31 million (30 June 2022: approximately HK\$7.52 million). The Group's cash and cash equivalents are mainly denominated in Hong Kong Dollars, Renminbi and United States Dollars.

Total debts of the Group amounting to approximately HK\$134.33 million as at 30 June 2023 (30 June 2022: approximately HK\$151.28 million), comprising borrowings of approximately HK\$59.29 million (30 June 2022: approximately HK\$83.52 million), loans from the ultimate holding company of approximately HK\$2.51 million (30 June 2022: approximately HK\$0.83 million), convertible bonds of approximately HK\$69.73 million (30 June 2022: approximately HK\$65.65 million) and lease liabilities of approximately HK\$2.80 million (30 June 2022: approximately HK\$1.28 million). All the above-mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. All of these borrowings are interest bearing at prevailing market interest rates. The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 53.0% (30 June 2022: approximately 57.5%).

The Group had future minimum lease payments under a non-cancellable operating lease in respect of rented premises of approximately HK\$2.8 million as at 30 June 2023 (30 June 2022: approximately HK\$1.30 million), which the lease term was within two years.

As at 30 June 2023, the Company has undrawn loan facilities of approximately HK\$67.49 million granted by Wai Chun Investment Fund, its ultimate holding company.

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 2023, the Group had not provided any financial guarantee and did not have any material contingent liabilities. As at 30 June 2023, part of the Group's right-of-use assets with carrying amount of approximately HK\$20.49 million (30 June 2022: approximately HK\$22.22 million) were pledged to secure certain bank borrowings.

Dividend

The Board has resolved not to recommend the payment of final dividend for the Year (for the eighteen months period ended 30 June 2022: nil).

BUSINESS REVIEW AND OUTLOOK

During the Year under review, the Group continued to engage in the manufacture and sale of modified starch and other biochemical products.

The business of manufacture and sales of modified starch and other biochemical products recorded segment profit of approximately HK\$18.07 million (for the eighteen months period ended 30 June 2022: approximately HK\$49.28 million) during current Year. The decrease in segment profit was primarily because of the decrease in gross profit margin and gross profit which was led by the increase in purchase price of raw materials in the second half of the Year.

The Group will continue 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 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.

OTHER INFORMATION

Employees

As at 30 June 2023, the Group had a total of 128 employees, 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, 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.

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, 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.

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
Ms. Hong Ting <i>(independent non-executive director)</i>	Appointed as an independent non-executive director in Yun Lee Marine Group Holdings Limited, a company listed on the Stock Exchange (Stock Code: 2682) with effect from 9 January 2023 Resigned as a non-executive director in Alco Holdings Limited, a company listed on the Stock Exchange (Stock Code: 328) with effect from 27 January 2023 Appointed as an independent non-executive director in World Houseware (Holdings) Limited, a company listed on the Stock Exchange (Stock Code: 713) with effect from 1 July 2023

Audit Committee

As at the date of this announcement, the Board has only two independent non-executive Directors, Mr. Wan Bo and Ms. Hong Ting. Pursuant to Rule 3.21 of the Listing Rules, every listed issuer must establish an audit committee comprising non-executive directors only and the audit committee must comprise a minimum of three members and at least one of whom must be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rules 3.10(1) and 3.21 of the Listing Rules.

To comply with Rules 3.10(1) and 3.21 of the Listing Rules, the Company is in the process of identifying suitable candidate to fill the vacancy and will continue to use its best endeavours to ensure that suitable candidate is appointed as soon as practicable and in any event within three months from 9 August 2023 as required under Rule 3.11 of the Listing Rules.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Group for the Year.

A meeting of the audit committee was held to review the Group's audited consolidated financial statements for the year ended 30 June 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 30 June 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 ended 30 June 2023. 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 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.

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, 29 September 2023

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

Executive Director:

LAM Ka Chun

Independent Non-executive Directors:

HONG Ting

WAN Bo