



**偉俊集團控股有限公司\***  
**Wai Chun Group Holdings Limited**

(Incorporated in Bermuda with limited liability)

Stock Code: 1013

**INTERIM REPORT**  
**2023**

## CONTENTS

	Page
Corporate Information	2
Management Discussion and Analysis	4
Other Information	9
Condensed Consolidated Statement of Profit or Loss	17
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Condensed Consolidated Statement of Financial Position	19
Condensed Consolidated Statement of Changes in Equity	21
Condensed Consolidated Statement of Cash Flows	22
Notes to the Condensed Consolidated Financial Statements	23

# CORPORATE INFORMATION

## EXECUTIVE DIRECTOR

Lam Ka Chun (*Chairman and Chief Executive Officer*) (*appointed on 27 October 2023*)

Lam Ching Kui  
(*Chairman and Chief Executive Officer*)  
(*resigned on 27 October 2023*)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Chan Wai Dune  
(*resigned on 22 August 2023*)

Wang Wei  
Wan Bo

## AUTHORISED REPRESENTATIVES

Lam Ka Chun  
(*appointed on 27 October 2023*)

He Xiaoping (*appointed on 14 July 2023*)  
Lam Ching Kui (*resigned on 27 October 2023*)  
Fenn David (*resigned on 14 July 2023*)

## COMPANY SECRETARY

He Xiaoping (*appointed on 14 July 2023*)  
Fenn David (*resigned on 23 July 2023*)

## AUDIT COMMITTEE

Chan Wai Dune (*Chairman*) (*resigned on 22 August 2023*)

Wang Wei  
Wan Bo

## REMUNERATION COMMITTEE

Wang Wei (*Chairman*)  
Lam Ka Chun (*appointed on 27 October 2023*)

Lam Ching Kui (*resigned on 27 October 2023*)  
Chan Wai Dune (*resigned on 22 August 2023*)  
Wan Bo

## NOMINATION COMMITTEE

Lam Ka Chun (*Chairman*) (*appointed on 27 October 2023*)

Lam Ching Kui (*Chairman*) (*resigned on 27 October 2023*)

Wang Wei  
Chan Wai Dune (*resigned on 22 August 2023*)  
Wan Bo

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

40/F., Rooms 4001-02,  
China Resources Building  
26 Harcourt Road, Wanchai  
Hong Kong

# CORPORATE INFORMATION

## AUDITOR

CCTH CPA Limited  
15/F, Tower 2, Kowloon Commerce Centre  
51 Kwai Cheong Road  
Kwai Chung  
New Territories, Hong Kong

## SHARE REGISTRAR IN BERMUDA

Codan Services Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## REGISTRAR IN HONG KONG

Union Registrars Limited  
Suites 3301-04  
33/F., Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

## PRINCIPAL BANKER

Hang Seng Bank Limited

## STOCK CODE

1013

## COMPANY WEBSITE

[www.1013.hk](http://www.1013.hk)

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is principally engaged in (i) general trading of chemicals and agricultural products; (ii) 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; and (iii) investment holdings.

During the period under review, the management continued to devote its effort to enhance the operational efficiency of the sale and integration services segment through stringent project selection and tighter cost control measures, and negotiate new contract(s) for such business segment. On the other hand, the Group continued to enhance customer base and supply chain for its general trading business in respect of trading of chemical and agricultural products.

## Results of operation

The sale and integration services segment was under-performed during the period under review. On the other hand, the general trading business segment reported a growth in revenue during the period under review as compared to the corresponding period in last year while the gross margin was moderately improved. Both business segments reported an increase in segment loss during the period under review as compared to the corresponding period in last year.

## FINANCIAL PERFORMANCE

For the six months ended 30 September 2023, the Group recorded total revenue of approximately HK\$152,384,000 (for six months ended 30 September 2022: approximately HK\$105,468,000), representing an increase of approximately 44% as compared with the corresponding period in last year. The Group recorded an increase of revenue in general trading business from approximately HK\$105,468,000 for the six months ended 30 September 2022 to approximately HK\$120,248,000 for the six months ended 30 September 2023 mainly contributed by the increase in sales quantity of chemical products during the period. The Group recorded revenue from sales and integration services business of approximately HK\$32,136,000 for the six months ended 30 September 2023 (for the six months ended 30 September 2022: Nil). After the relaxation of the anti-pandemic measures of COVID-19 in the mainland China since the fourth quarter of 2022, the Group's operating team has resumed its normal operation and reconnected with their existing customers and potential customers. The sales and integration service business has been recovering from the worst situation and the Group has been building up its project pipelines. The Group

## MANAGEMENT DISCUSSION AND ANALYSIS

recorded gross profit and gross profit margin of approximately HK\$1,058,000 (six months ended 30 September 2022: approximately HK\$247,000) and approximately 0.7% (six months ended 30 September 2022: approximately 0.2%) respectively for the six months ended 30 September 2023. The Group had been negotiating with current customers for higher gross profit margin for the segment of general trading during the period under review.

The segment loss of the general trading has been reduced to approximately HK\$287,000 during the six months ended 30 September 2023 (segment loss of approximately HK\$4,062,000 for the six months ended 30 September 2022). The sales and integration service business recorded segment profit of approximately HK\$577,000 for the six months ended 30 September 2023 as compared to the segment loss of HK\$1,292,000 for the six months ended 30 September 2022. The Group recorded net segment profit of approximately HK\$290,000 for the six months ended 30 September 2023 as compared to the total segment loss of approximately HK\$5,354,000 for the six months ended 30 September 2022.

Administrative expenses decreased by approximately 27.1% to approximately HK\$7,068,000 for the six months ended 30 September 2023 from approximately HK\$9,690,000 for the corresponding period in last year, which mainly resulted from the success of a tighter cost control. Finance costs increased by approximately 1.3% to approximately HK\$12,677,000 for the six months ended 30 September 2022 from approximately HK\$12,513,000 for the corresponding period in last year. The increase in finance costs was mainly due to the increase in interest expenses on amount due to ultimate holding company.

The Group recorded a loss attributable to owners of the Company of approximately HK\$18,969,000 for the six months ended 30 September 2023 (for the six months ended 30 September 2022: approximately HK\$25,856,000).

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL RESOURCES AND LIQUIDITY

Total debts of the Group amounted to approximately HK\$274,853,000 (31 March 2023: approximately HK\$229,128,000), mainly comprising convertible notes of approximately HK\$211,764,000 (31 March 2023: HK\$202,130,000), loans from ultimate holding company of approximately HK\$13,434,000 (31 March 2023: approximately HK\$12,900,000), amount due to a previous director of approximately HK\$14,676,000 (31 March 2023: HK\$10,735,000), lease liabilities of approximately HK\$2,688,000 (31 March 2023: approximately HK\$3,363,000) and borrowings of approximately HK\$32,291,000 (31 March 2023: nil). All the above-mentioned borrowings are denominated in Hong Kong Dollars or Renminbi. Except for borrowings, all of these debt are interest bearing or carried in an interest rate implicit in the lease liabilities. The Group had no assets pledged as at 30 September 2023 (31 March 2023: nil). The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 200.7% (31 March 2023: approximately 270.1%), representing an decrease of approximately 69.4% as compared to last financial year end date. The current ratio of the Group was approximately 0.39 times (31 March 2023: approximately 0.32 times) as at 30 September 2023. Cash and cash equivalents were approximately HK\$32,204,000 (31 March 2023: approximately HK\$9,156,000) as at 30 September 2023, which are mostly denominated in Hong Kong Dollars or Renminbi. As the Group's businesses are conducted in the PRC, the Group does not expect to be exposed to any material foreign exchange risks.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONVERTIBLE BONDS AND BORROWINGS

An analysis of the maturity of convertible bonds is set out below.

	<b>30 September 2023 Unaudited HK\$'000</b>	<b>31 March 2023 Audited HK\$'000</b>
Within one year	<b>174,186</b>	166,558
Over one year but less than two years	<b>37,578</b>	35,572
	<b>211,764</b>	202,130

As at 30 September 2023 and 31 March 2023, the convertible bonds were denominated in Hong Kong Dollars and bearing coupon interest at 2% per annum. As at 30 September 2023 and 31 March 2023, the effective interest rates of the convertible bonds were in the range from 13.50% to 14.48% per annum.

The Company has obtained the listing approval regarding the propose alteration to the terms of the Existing First Convertible Bonds in the principal amount of HK\$152,000,000 and the Existing Second Convertible Bonds in the principal amount of HK\$23,480,000 (the “**Alteration of Terms**”) on 7 November 2023, and the relevant ordinary resolutions were passed at the special general meeting of the Company held on 13 November 2023, the Alteration of Terms was completed and effective on 15 November 2023. Upon the completion of the Alteration of Terms, the maturity dates of the Existing First Convertible Bonds and the Existing Second Convertible Bonds shall be extended to 31 August 2025 which will improve the net current liabilities position of the Group as the Convertible Bonds approximately of HK\$174,186,000 will be classified to non-current liabilities.

As at 30 September 2023, the unsecured and non-interest bearing borrowings is approximately HK\$32,291,000 (31 March 2023: Nil) as set out in note 13 to the unaudited condensed consolidated financial statements were denominated in Renminbi and will be matured within one month.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FOREIGN CURRENCY RISK

As the Group's businesses are conducted in the PRC, the Group does not expect to be exposed to any material foreign exchange risks. The Group has currently not implemented any foreign currency hedging policy. The management will consider hedging against significant foreign exchange exposure should the need arise.

## CAPITAL EXPENDITURE AND COMMITMENTS

There were no material capital commitments for the Group as at 30 September 2023.

## CHARGE ON ASSETS

There was no charge on the Group's assets as at 30 September 2023 (31 March 2023: Nil).

## CONTINGENT LIABILITIES

Save as disclosed in note 12 to the unaudited condensed consolidated financial statements, there were no material contingent liabilities for the Group as at 30 September 2023.

## FUTURE PROSPECTS

Looking forward, to turn the Group back to a profitable position, the Company (i) will enhance operational efficiency by removing duplication and bottlenecks through standardisation of work procedures and simplification of operation process; and (ii) will further tighten its budgetary control by vigorously implementing measures for cost and expense control, optimising cost analysis and appraisal mechanism, and constantly strengthening cost management. In addition, the Group is monitoring closely the latest trends and the development of the global economy and to take advantage of all business opportunities.

## INTERIM DIVIDEND

The board resolved not to declare an interim dividend for the six months ended 30 September 2023 (30 September 2022: Nil).

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2023, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which were required pursuant to: (a) Divisions 7 to 8 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) to be notified to the Company and the Stock Exchange, were as follows:

#### Interests in shares of the Company

Name of Director	Nature of Interest	Long position/ Short position	Number of ordinary shares/ underlying shares	Approximate percentage of shareholding in the Company <i>(Note 2)</i>
Mr. Lam Ching Kui	Beneficial owner	Long position	3,694,314,332 <i>(Note 1)</i>	172.70%
	Interest of controlled corporations	Long position	2,443,921,933 <i>(Note 1)</i>	114.25%

#### Notes:

- Mr. Lam Ching Kui directly holds 38,481,000 shares of the Company and is the beneficial owner of Wai Chun Investment Fund which is deemed to be interested in (i) 1,554,338,600 shares of the Company held by Ka Chun Holdings Limited, a wholly-owned subsidiary of Wai Chun Investment Fund; and (ii) 889,583,333 shares to be issued by the Company upon full exercise of the conversion rights under the 2% coupon convertible bonds in the principal amount of HK\$42,700,000 held by Ka Chun Holdings Limited. Mr. Lam Ching Kui is also the holder of (i) 2% coupon convertible bonds in the principal amount of HK\$152,000,000 under which 3,166,666,666 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned 2% coupon convertible bonds; and (ii) 2% coupon convertible bonds in the principal amount of HK\$23,480,000 under which 489,166,666 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned 2% coupon convertible bonds.
- This percentage is based on 2,139,116,248 ordinary shares of the Company issued as at 30 September 2023.

## OTHER INFORMATION

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executive of the Company or their respective associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he has taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 30 September 2022, so far as the Directors or chief executive of the Company are aware, the interests or short positions of every person, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were set out as follows:

Name of Shareholders	Nature of Interest	Long position/ Short position	Number of ordinary shares/ underlying shares	Approximate percentage of shareholding in the Company <i>(Note 2)</i>
Lam Ching Kui	Beneficial owner	Long position	3,694,314,332 <i>(Note 1)</i>	172.70%
	Interests of controlled corporation	Long position	2,443,921,933 <i>(Note 1)</i>	114.25%
Ka Chun Holdings Limited	Beneficial owner	Long position	2,443,921,933 <i>(Note 1)</i>	114.25%
Wai Chun Investment Fund	Interests of controlled corporation	Long position	2,443,921,933 <i>(Note 1)</i>	114.25%

## OTHER INFORMATION

### Notes:

1. Mr. Lam Ching Kui, the chairman and Executive Director of the Company, directly holds 38,481,000 shares of the Company and is the beneficial owner of the entire issued share capital of Wai Chun Investment Fund. Ka Chun Holdings Limited, which is wholly owned by Wai Chun Investment Fund, holds 1,554,338,600 shares of the Company and is the holder of 2% coupon convertible bonds in the principal amount of HK\$42,700,000, under which 889,583,333 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned 2% coupon convertible bonds. Therefore, Wai Chun Investment Fund is deemed to be interested in all the interests held by Ka Chun Holdings Limited under the SFO. Mr. Lam Ching Kui is also the holder of (i) 2% coupon convertible bonds in the principal amount of HK\$152,000,000 under which 3,166,666,666 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned 2% coupon convertible bonds; and (ii) 2% coupon convertible bonds in the principal amount of HK\$23,480,000 under which 489,166,666 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned 2% coupon convertible bonds. Mr Lam Ching Kui is the director of Ka Chun Holdings Limited and Wai Chun Investment Fund.
2. This percentage is based on 2,139,116,248 ordinary shares of the Company issued as at 30 September 2023.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 September 2023.

### SHARE OPTION SCHEME

Pursuant to a share option scheme adopted by the shareholders of the Company on 25 September 2015 (the “**Share Option Scheme**”), the Company may, at its discretion, invite executive or non-executive Directors, employee (whether full-time or part-time), chief executive, substantial shareholder, consultant, professional and other advisers to take up options. The purpose is to provide incentives or rewards and recognise the contribution of such eligible persons to the growth of the Group.

The subscription price of the Share Option Scheme will be a price not less than the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date on which an option is granted; (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share.

## OTHER INFORMATION

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme of the Group shall not in aggregate exceed 10% of the total number of shares in issue as at the adoption date (i.e. 213,911,624 ordinary shares after the share consolidation on 25 November 2020). Besides, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme of the Company in issue shall not exceed 30% of the relevant class of the shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period shall not exceed 1% of the total number of shares in issue.

Options granted under the Share Option Scheme must be taken up within 14 days of the grant upon payment of HK\$1.00 per grant.

No option was granted, exercised, cancelled or lapsed during the six months ended 30 September 2023. The Company had no options outstanding as at 30 September 2023.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 September 2023, was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of shares in, or debt securities, including debentures, of the Company or any other body corporate.

### EMPLOYEES

As at 30 September 2023, the Group had a total of 11 (31 March 2023: 11) employees, the majority of whom are situated in Hong Kong. The staff costs (including directors' emoluments) for the six months ended 30 September 2023 was approximately HK\$2,552,000 (for the six months ended 30 September 2022: HK\$2,503,000). 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.

## OTHER INFORMATION

### MATERIAL ACQUISITION AND DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 September 2023.

### SIGNIFICANT INVESTMENTS AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this report, the Group did not have any significant investments or any other plans for material investments or capital assets as at 30 September 2023.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2023.

### CORPORATE GOVERNANCE

During the six months ended 30 September 2023, the Company complied with all the relevant code provisions as set out in the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules except for the deviation from code provision C.2.1.

Code provision C.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Company did not at present separate the roles of the chairman and chief executive officer during the period under review. Mr. Lam Ching Kui was the chairman and chief executive officer of the Company and resigned on 27 October 2023. He has extensive experience in projects 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.

## OTHER INFORMATION

### DISCLOSURE UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the directors of the Company, since the date of the Company's annual report for the year ended 31 March 2023 are set out below:

Mr. Fenn David resigned as the Authorised Representative and Company Secretary of the Company on 14 July 2023. Ms. He Xiaoping was appointed as the Authorised Representative and Company Secretary of the Company on 14 July 2023.

Mr. Chan Wai Dune resigned as an independent non-executive director of the Company, and ceased to be the Chairman of the Company's Audit Committee, and the members of the Company's Remuneration Committee and Nomination Committee of the Company on 22 August 2023.

Mr. Lam Ching Kui resigned as the Executive Director and Chairman of the Company, and ceased to be the members of the Company's Remuneration Committee and the Chairman of the Company's Nomination Committee on 27 October 2023. Mr. Lam Ka Chun was appointed as the Executive Director and Chairman of the Company, and a member of the Company's Remuneration Committee and the Chairman of the Company's Nomination Committee on 27 October 2023.

### AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2023.

## OTHER INFORMATION

As at the date of this announcement, the Board has only two independent non-executive Directors, Mr. Wan Bo and Dr. Wang Wei. 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 should appoint an additional independent non-executive director and the chairman of the Audit Committee within three months after failing to meet the requirements under Rules 3.10(1) and 3.21 of the Listing Rules (i.e. on or before 21 November 2023).

The Company has taken practicable steps to identify suitable candidates to act as independent non-executive director for the purpose of complying with the abovementioned Listing Rules requirements including but not limited to identifying candidates in accordance with the Company's director nomination policy; however, as additional time was required for the Company to identify suitable candidate and complete the selection, recruitment and nomination procedures, the Company will apply to The Stock Exchange of Hong Kong Limited for a waiver from strict compliance with Rules 3.10(1) and 3.21 of the Listing Rules for filling the vacancies.

The Company will use its best endeavour to appoint a suitable candidate to fill the vacancy of independent non-executive director and the above-mentioned board committees of the Company.

### **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this report, the Group does not have any material events affecting the Group's financial performance and/or financial position significantly that have occurred since 30 September 2023 and up to the date of this report.

## OTHER INFORMATION

### APPRECIATION

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

By Order of the Board  
**Wai Chun Group Holdings Limited**  
**Lam Ka Chun**  
*Chairman and Chief Executive Officer*

Hong Kong, 30 November 2023

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

	Notes	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
<b>Revenue</b>	4	<b>152,384</b>	105,468
Cost of sales		<b>(151,326)</b>	(105,221)
<b>Gross profit</b>		<b>1,058</b>	247
Other income	5	<b>1</b>	131
Impairment losses on other receivables		<b>-</b>	(4,663)
Administrative expenses		<b>(7,068)</b>	(9,690)
Finance costs	6	<b>(12,677)</b>	(12,513)
<b>Loss before tax</b>		<b>(18,686)</b>	(26,488)
Income tax expenses	7	<b>-</b>	-
<b>Loss for the period</b>	8	<b>(18,686)</b>	(26,488)
<b>Loss for the period attributable to:</b>			
- Owners of the Company		<b>(18,969)</b>	(25,856)
- Non-controlling interests		<b>283</b>	(632)
		<b>(18,686)</b>	(26,488)
		<b>HK cents</b>	HK cents
<b>Loss per share</b>			
- Basic and diluted	10	<b>(0.89)</b>	(1.21)

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

For the six months ended 30 September 2023

	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
<b>Loss for the period</b>	<b>(18,686)</b>	(26,488)
<b>Other comprehensive expense:</b>		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences arising on translating foreign operations	<b>(8,352)</b>	(1,138)
<b>Other comprehensive expense, net of tax</b>	<b>(8,352)</b>	(1,138)
<b>Total comprehensive expense for the period</b>	<b>(27,038)</b>	(27,626)
<b>Total comprehensive expense for the period attributable to:</b>		
– Owners of the Company	<b>(27,471)</b>	(27,210)
– Non-controlling interests	<b>433</b>	(416)
	<b>(27,038)</b>	(27,626)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		<b>30 September 2023 Unaudited HK\$'000</b>	31 March 2023 Audited HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<b>34</b>	141
Right-of-use assets		<b>2,628</b>	3,380
		<b>2,662</b>	3,521
<b>Current assets</b>			
Trade receivables	11	<b>54,896</b>	35,331
Other receivables, prepayments and deposits		<b>30,788</b>	33,034
Fixed deposits		–	300
Bank balances and cash		<b>32,504</b>	9,156
		<b>118,188</b>	77,821
<b>Current liabilities</b>			
Trade payables	12	<b>65,532</b>	48,378
Other payables and accruals		<b>29,670</b>	25,944
Contract liabilities		<b>3,484</b>	3,699
Borrowings	13	<b>32,291</b>	–
Lease liabilities		<b>1,772</b>	1,695
Convertible bonds		<b>174,186</b>	166,558
		<b>306,935</b>	246,274
<b>Net current (liabilities) assets</b>		<b>(188,747)</b>	(168,453)
<b>Total assets less current liabilities</b>		<b>(186,085)</b>	(164,932)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		<b>30 September 2023</b>	31 March 2023
	<i>Note</i>	<b>Unaudited HK\$'000</b>	Audited HK\$'000
<b>Non-current liabilities</b>			
Other payables		5,145	4,989
Loans from ultimate holding company		13,434	12,900
Amount due to a director		14,676	10,735
Lease liabilities		916	1,668
Convertible bonds		37,578	35,572
		<b>71,749</b>	65,864
<b>NET LIABILITIES</b>		<b>(257,834)</b>	(230,796)
<b>Capital and reserves</b>			
Share capital	14	213,912	213,912
Reserves		(488,110)	(460,639)
Capital deficiency attributable to owners of the Company		(274,198)	(246,727)
Non-controlling interests		16,364	15,931
<b>CAPITAL DEFICIENCY</b>		<b>(257,834)</b>	(230,796)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company							Total
	Share capital	Share premium	Convertible bonds reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023 (audited)	213,912	5,000	105,899	2,866	(574,404)	(246,727)	15,931	(230,796)
Loss for the period	-	-	-	-	(18,969)	(18,969)	283	(18,686)
Other comprehensive (expenses) income for the period	-	-	-	(8,502)	-	(8,502)	150	(8,352)
Total comprehensive expenses for the period	-	-	-	(8,502)	(18,969)	(27,471)	433	27,038
At 30 September 2023 (unaudited)	213,912	5,000	105,899	(5,636)	(593,373)	(274,198)	16,364	(257,834)
At 1 April 2022 (audited)	213,912	5,000	105,899	(2,094)	(523,687)	(200,970)	16,870	(184,100)
Loss for the period	-	-	-	-	(25,856)	(25,856)	(632)	(26,488)
Other comprehensive (expenses) income for the period	-	-	-	(1,354)	-	(1,354)	216	(1,138)
Total comprehensive expenses for the period	-	-	-	(1,354)	(25,856)	(27,210)	(416)	(27,626)
At 30 September 2022 (unaudited)	213,912	5,000	105,899	(3,448)	(549,543)	(228,180)	16,454	(211,726)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
<b>Operating activities</b>		
Net cash used in operating activities	(8,315)	(13,997)
<b>Investing activities</b>		
Interest received	1	1
<b>Net cash generated from investing activities</b>	1	1
<b>Financing activities</b>		
New borrowings raised	32,291	11,032
Loans from ultimate holding company	534	1,881
Repayment of loans from ultimate holding company	-	(286)
<b>Net cash generated from financing activities</b>	32,825	12,627
<b>Net (increase)/decrease in cash and cash equivalents</b>	24,511	(1,369)
<b>Effect of foreign exchange rate changes</b>	(1,163)	(1,260)
<b>Cash and cash equivalents at beginning of the period</b>	9,156	14,190
<b>Cash and cash equivalents at end of the period</b>	32,504	11,561
<b>Analysis of the balances of cash and cash equivalents</b>		
Fixed deposits	-	-
Bank balances and cash	32,504	11,561
	(32,504)	11,561

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 1. GENERAL INFORMATION

Wai Chun Group Holdings Limited (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). In the opinion of the directors of the Company, the immediate holding company and ultimate holding company of the Company is Ka Chun Holdings Limited (“**Ka Chun**”) and Wai Chun Investment Fund (“**Wai Chun IF**”), which are private limited companies incorporated in the British Virgin Islands and Cayman Islands respectively. Its ultimate controlling party is Mr. Lam Ching Kui (“**Mr. Lam**”), who was the chairman of the board of directors (the “**Board**”) and an executive director of the Company and resigned on 27 October 2023. 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 4001-02, 40/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company.

The condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2023. The accounting policies and methods of computation used in the preparation of the condensed consolidated financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2023.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 2. BASIS OF PREPARATION (Continued)

The Group incurred a loss attributable to owners of the Company of approximately HK\$18,969,000 for the six months ended 30 September 2023, and as at 30 September 2023, the Group had net current liabilities of approximately HK\$188,747,000 and net liabilities of approximately HK\$257,834,000. 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 of the Company have prepared the condensed consolidated financial statements on a going concern basis based on the assumptions and measures that:

- (a) As at 30 September 2023, the Company has drawn down loan of approximately HK\$13,434,000 and undrawn loan facilities of approximately HK\$186,566,000 granted by Wai Chun IF, its ultimate holding company. Wai Chun IF will not demand the Company for repayment of such loans nor cancel the undrawn loan facilities until all other liabilities of the Group have been satisfied, and will not demand the repayment earlier than twelve months from the date of approving the condensed consolidated financial statements;
- (b) In addition to the loan facilities granted by Wai Chun IF as stated above, Mr. Lam has also undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of approving the condensed consolidated financial statements. Also, Mr. Lam agreed not to request the Group, whenever necessary, to settle the balance due to him recorded in amount due to a previous director amounting to approximately HK\$14,676,000 until all other third parties liabilities of the Group had been satisfied, and will not demand the repayment earlier than twelve months from the date of approving the consolidated financial statements;
- (c) Wai Chun Holdings Group Limited, a related company controlled by Mr. Lam and his spouse, has also agreed not to request the Group, whenever necessary, to settle the balance due recorded in other payables amounting to approximately HK\$7,329,000 until all other third parties liabilities of the Group had been satisfied, and will not demand the repayment earlier than twelve months from the date of approving the condensed consolidated financial statements;

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 2. BASIS OF PREPARATION (Continued)

- (d) The Company has planned and is in negotiation with potential investors to raise sufficient funds through fund-raising arrangement; and
- (e) The directors 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 for the twelve-month period from the date of this report after taking into account the impact of above measures, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the date of this report, and accordingly, are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amount, to provide for future liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in the condensed consolidated financial statements.

As set out in the paragraphs above, the Group intends to pursue strategic acquisitions that can enable the Company to capture new business opportunities in the People's Republic of China (the "PRC") market and to strengthen the revenue and profit fundamentals. The Company has been actively identifying projects with growth potential for acquisitions or investments and has engaged in discussions with various parties for such acquisitions or investments.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 3. PRINCIPAL ACCOUNTING POLICIES

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 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 financial statements and amounts reported for the current period and prior year.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and condensed consolidated financial position.

## 4. REVENUE AND SEGMENT INFORMATION

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies in conformity with HKFRSs, that are regularly reviewed by the executive director of the Company, being the Chief Operating Decision Maker (the “**CODM**”) of the Group. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

### Business segments

The CODM regularly reviews revenue and operating results derived from 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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment revenues and results

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

#### Six months ended 30 September 2023 (unaudited)

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
Recognised at a point in time	32,136	120,248	152,384
Reportable segment revenue from external customers	230,136	120,248	152,384
Reportable segment results	577	(287)	290
Unallocated corporate income			1
Unallocated corporate expenses			(6,300)
Finance costs			(12,677)
Loss before tax			(18,686)
Income tax expense			-
Consolidated loss for the period			(18,686)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment revenues and results (Continued)

Six months ended 30 September 2022 (unaudited)

	Sales and integration services <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Recognised at a point in time	–	105,468	105,468
Reportable segment revenue from external customers	–	105,468	105,468
Reportable segment results	(1,292)	(4,062)	(5,354)
Unallocated corporate income			131
Unallocated corporate expenses			(8,752)
Finance costs			(12,513)
Loss before tax			(26,488)
Income tax expense			–
Consolidated loss for the period			(26,488)

There was no inter-segment sales for both periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

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

#### At 30 September 2023 (unaudited)

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
Segment assets	41,650	69,514	111,164
Unallocated assets			9,686
<b>Consolidated total assets</b>			<b>120,850</b>
Segment liabilities	42,024	78,686	120,710
Unallocated liabilities			257,974
<b>Consolidated total liabilities</b>			<b>378,684</b>

#### At 31 March 2023 (audited)

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### Other information

Six months ended 30 September 2023 (unaudited)

	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	-	-	105	105
Depreciation on right-of-use assets	-	77	576	653

Six months ended 30 September 2022 (unaudited)

	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	-	-	430	430
Depreciation on right-of-use assets	-	128	3,321	3,449

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical segments

The Group's operations are located in Hong Kong and the PRC. Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers for the six months ended 30 September		Non-current assets	
	2023	2022	30 September 2023	31 March 2023
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Audited HK\$'000
Hong Kong	-	-	2,541	3,299
PRC	152,384	105,468	121	222
	<b>152,384</b>	<b>105,468</b>	<b>2,662</b>	<b>3,521</b>

## 5. OTHER INCOME

	Six months ended 30 September	
	2023	2022
	Unaudited HK\$'000	Unaudited HK\$'000
Bank interest income	1	1
Government subsidy (note)	-	108
Other interest income	-	20
Sundry income	-	2
	<b>1</b>	<b>131</b>

*Note:* For the six months ended 30 September 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, which was set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 6. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest on lease liabilities	96	112
Interest on convertible bonds	11,572	12,026
Interests expenses on:		
– amount due to ultimate holding company	399	67
– other payables to related parties	161	260
– amount due to a director	119	39
– other payables	330	9
	<b>12,677</b>	<b>12,513</b>

## 7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	–	–
Current tax – PRC Enterprise Income Tax	–	–
	<b>–</b>	<b>–</b>

Hong Kong profits tax is calculated at the rate of 16.5% on the estimated assessable profit for both periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 7. INCOME TAX EXPENSES (Continued)

No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits in Hong Kong for the six months ended 30 September 2023 and 2022.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods. No provision for PRC Enterprise Income Tax had been made as the Group had no assessable profit in the PRC for the six months ended 30 September 2023 and 2022.

## 8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Loss for the period has been arrived at after charging:		
Depreciation on property, plant and equipment	105	430
Depreciation on right-of-use assets	653	3,449
Staff costs (including directors' emoluments)		
Salaries, bonus and allowance	1,982	2,031
Retirement benefit scheme contributions	570	472
	<b>2,552</b>	2,503

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

## 9. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 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:

	For the six months ended 30 September	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
<b>Loss</b>		
Loss for the period attributable to the owners of the Company for the purpose of calculating basic and diluted loss per share	<b>18,969</b>	25,856
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<b>2,139,116</b>	2,139,116

Basic and diluted loss per share for the six month ended 30 September 2023 and 2022 were the same because all potential dilutive ordinary shares would decrease the loss per share, and therefore, would not have dilutive effect.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 11. TRADE RECEIVABLES

According to the contracts entered into with trade customers of sales and integration services, 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 within 0-90 days from the date of billing.

	<b>30 September 2023 Unaudited HK\$'000</b>	31 March 2023 Audited HK\$'000
Trade receivables	<b>93,037</b>	73,472
Less: Impairment allowance	<b>(38,141)</b>	(38,141)
	<b>54,896</b>	35,331

The following is an aging analysis of trade receivables net of impairment allowance presented based on the date of receipt of customers' acceptance/date of rendering services/date of invoices:

	<b>30 September 2023 Unaudited HK\$'000</b>	31 March 2023 Audited HK\$'000
0-30 days	<b>37,473</b>	35,331
31-90 days	<b>17,423</b>	-
	<b>54,896</b>	35,331

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 12. TRADE 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:

	<b>30 September 2023 Unaudited HK\$'000</b>	31 March 2023 Audited HK\$'000
0-30 days	<b>37,182</b>	35,228
31-90 days	<b>28,350</b>	13,150
	<b>65,532</b>	48,378

## 13. BORROWINGS

As at 30 September 2023, the amount is unsecured, repayable within one year and non-interest bearing.

## 14. SHARE CAPITAL

	<b>Number of shares '000</b>	<b>Amount equivalent to HK\$'000</b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.1 (2022: HK\$0.01) each At 1 April 2022, 30 September 2022, 31 March 2023 and 30 September 2023	<b>8,900,000</b>	<b>890,000</b>
Convertible preference shares of HK\$0.1 (2022: HK\$0.01) each At 1 April 2022, 30 September 2022, 31 March 2023 and 30 September 2023	<b>1,100,000</b>	<b>110,000</b>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.1 (2022: HK\$0.01) each At 1 April 2022, 30 September 2022, 31 March 2023 and 30 September 2023	<b>2,139,116</b>	<b>213,912</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 15. RELATED PARTIES TRANSACTIONS AND BALANCES

### (a) Related party transactions

In addition to those related party transactions disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period:

	For the six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Acquisition of right-of-use asset from a close member of the family of a director of the Company	2,893	2,893
Lease interest expenses to a related company	–	46
Lease interest expenses to a close member of the family of a director of the Company	161	56
Salaries expenses to close members of the family of a director of the Company	291	257

As at 30 September 2023, loan facilities granted by the ultimate holding company to the Company amounted to approximately HK\$210,000,000 (31 March 2023: approximately HK\$210,000,000).

As at 30 September 2023, the convertible bonds amounting to approximately HK\$174,185,000 (31 March 2023: approximately HK\$144,839,000) were held by Mr. Lam, and the convertible bonds amounting to approximately HK\$37,578,000 (31 March 2023: approximately HK\$57,290,000) were held by Ka Chun Holdings Limited, the immediate holding company of the Company.

### (b) Key management personnel remuneration

	For the six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Directors' fee	180	180
Basic salaries, other allowance and benefit in kind	980	1,200
Retirement benefits scheme contributions	11	9
	1,171	1,389

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual report for the year ended 31 March 2023.

There have been no changes in the risk management policies during the six months ended 30 September 2023.

## 17. EVENTS AFTER THE REPORTING PERIOD

- (a) References are made to the announcement of the Company dated 29 August 2023 and the circular of the Company dated 20 October 2023 in relation to, among other things, the propose alteration to the terms of the Existing First Convertible Bonds and the Existing Second Convertible Bonds (the "**Alteration of Terms**"). The Company has obtained the listing approval regarding the Alteration of Terms and relevant ordinary resolutions were passed at the special general meeting of the Company held on 13 November 2023, the Alteration of Terms was completed and effective on 15 November 2023. Upon the completion of the Alteration of Terms, the maturity dates of the Existing First Convertible Bonds and the Existing Second Convertible Bonds shall be extended to 31 August 2025 which will improve the net current liabilities position of the Group as the Convertible Bonds approximately of HK\$174,186,000 will be classified to non-current liabilities.
- (b) On 10 October 2023, the Company proposed share consolidation on the basis that (i) every eight (8) issued and unissued Existing Ordinary Shares of HK\$0.1 each in the share capital of the Company into one (1) Consolidated Ordinary Share of HK\$0.8; and (ii) every eight (8) unissued Existing Preference Shares of HK\$0.1 each in the share capital of the Company into one (1) Consolidated Preference Share of HK\$0.8 (the "**Share Consolidation**"). The Company also proposes to change the board lot size for trading from 20,000 Existing Ordinary Shares to 10,000 Consolidated Ordinary Shares upon the Share Consolidation becoming effective. The above proposed share consolidation was approved at the special general meeting on 13 November 2023, and will be effective in two business days after the special general meeting.