



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: 0660)

2024 / 25

Interim Report

CONTENTS

	Page
Corporate Information	2
Management Discussion and Analysis	3
Other Information	6
Condensed Consolidated Statement of Profit or Loss	11
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	16
Notes to the Condensed Consolidated Financial Statements	17

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Lam Ka Chun

Independent Non-Executive Directors

Wan Bo

He Tao

Kung Ying Tung

*(appointed on 4 September 2024
and resigned on 14 February 2025)*

AUTHORISED REPRESENTATIVES

Lam Ka Chun

FENN David *(appointed on 16 September
2024 and resigned on 17 October 2024)*

Chin Ying Ying

*(appointed on 18 October 2024
and resigned on 18 December 2024)*

COMPANY SECRETARY

FENN David *(appointed on 1 June 2024
and resigned on 17 October 2024)*

Chin Ying Ying

*(appointed on 18 October 2024
and resigned on 18 December 2024)*

AUDIT COMMITTEE

Kung Ying Tung *(Chairman,
appointed on 4 September 2024
and resigned on 14 February 2025)*

Wan Bo

He Tao

REMUNERATION COMMITTEE

He Tao *(Chairman)*

Lam Ka Chun

Wan Bo

Kung Ying Tung

*(appointed on 4 September 2024
and resigned on 14 February 2025)*

NOMINATION COMMITTEE

Wan Bo *(Chairman)*

Lam Ka Chun

He Tao

Kung Ying Tung

*(appointed on 4 September 2024
and resigned on 14 February 2025)*

REGISTERED OFFICE

P.O. Box 31119

Grand Pavilion

Hisbiscus Bay

802 West Bay Road

Grand Cayman KY1-1205

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 4001-02, 40/F.

China Resources Building

26 Harbour Road, Wanchai

Hong Kong

AUDITOR

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

24/F., Siu On Centre

188 Lockhart Road

Wan Chai, Hong Kong

SHARE REGISTRAR IN HONG KONG

Union Registrars Limited

Room 3301-04, 33/F.

Two Chinachem Exchange Square

338 King's Road

North Point

Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Changle Rural Commercial Bank

STOCK CODE

Hong Kong Stock Exchange: 0660

COMPANY WEBSITE

<http://www.0660.hk>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial Performance

For the six months ended 31 December 2024, the Group recorded a revenue of approximately HK\$161,056,000 (for the six months ended 31 December 2023: approximately HK\$190,330,000), representing a decrease of 15.4% as compared with that of for the six months ended 31 December 2023. The decrease in revenue was due to the decrease in market consumption and demand during the period. The Group recorded a gross profit and gross profit margin of approximately HK\$21,130,000 and 13.1% respectively for the six months ended 31 December 2024, representing an increase of approximately HK\$4,335,000 and an increase of 4.3% respectively as compared with the gross profit of approximately HK\$16,795,000 and gross profit margin of 8.8% for the six months ended 31 December 2023.

Administrative expenses increased by 28.8% from approximately HK\$9,412,000 for the six months ended 31 December 2023 to approximately HK\$12,126,000 for the six months ended 31 December 2024. The increased in administrative expenses was mainly because of the increase in depreciation on property, plant and equipment in the PRC. Selling expenses recorded a decrease of 27.7% from approximately HK\$6,938,000 for the six months ended 31 December 2023 to approximately HK\$5,432,000 for the six months ended 31 December 2024.

Loss attributable to owners of the Company amounting to approximately HK\$13,661,000 for the six months ended 31 December 2024 as compared with the loss attributable to owners of the Company amounting to approximately HK\$6,734,000 for the six months ended 31 December 2023. The increase in loss attributable to owners of the Company was mainly due to recognition of impairment losses on trade receivables, the increase in depreciation on property, plant and equipment and finance cost during the period under review.

Financial Resources and Position

As at 31 December 2024, the Group had net current liabilities of approximately HK\$144,540,000 (30 June 2024: approximately HK\$139,449,000) and cash and cash equivalents of approximately HK\$1,784,000 (30 June 2024: approximately HK\$2,161,000).

Total debts of the Group amounting to approximately HK\$146,879,000 as at 31 December 2024 (30 June 2024: approximately HK\$135,902,000), comprising borrowings, loans from the ultimate holding company, convertible bonds and the lease liabilities.

The net debt (net of cash and cash equivalents) to total assets ratio of the Group was approximately 80.5% (30 June 2024: approximately 63.8%).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, the Company has undrawn loan facilities of approximately HK\$65,562,000 granted by Wai Chun Investment Fund, its ultimate holding company (30 June 2024: approximately HK\$57,487,000).

During the period under review, the Group financed its operations primarily through internally generated funds, loan from the ultimate holdings company and borrowings.

BUSINESS REVIEW AND OUTLOOK

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

During the period under review, the business of manufacturing and sales of modified starch and biochemical products recorded segment profit of approximately HK\$4,522,000 (for the six months ended 31 December 2023: segment profit of approximately HK\$7,959,000).

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 (the "Directors") 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.

PLEDGE OF ASSETS

Certain of the Group's right-of-use assets were pledged to secure certain bank borrowings granted to the Group.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2024 (as at 30 June 2024: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2024, the Group did not have any significant investments.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures, which would have been required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), for the six months ended 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the capital expenditure on property, plant and equipment as may be required by the Group's business operations, as at 31 December 2024, the Group did not have any plans for material investments and capital assets. Such capital expenditure will generally be funded by internal generated cash flows and borrowings.

INTERIM DIVIDEND

The board of directors (the "Board") resolved not to recommend the payment of any interim dividend for the six months ended 31 December 2024 (for the six months ended 31 December 2023: Nil).

OTHER INFORMATION

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

As at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) as recorded in the register of interests required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions) which they are taken or deemed to have taken under such provisions of the SFO and pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2024, so far as was known to the Directors or chief executive of the Company, the Company had not been notified by any persons (other than the Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Long positions in the shares of the Company (the "Shares")

Name of shareholder	Capacity/nature of interest	Number of Shares/underlying Shares held	Approximate percentage of the number issued Shares (Note 5)
Mr. Lam Ching Kui (Note 1 and 2)	Beneficial owner Interest of controlled corporation	268,072,400 (L) 221,150,243 (L)	156.33% 128.97%
Wai Chun Investment Fund (Note 1)	Interest of controlled corporation	221,150,243 (L)	128.97%
Chinese Success Limited ("Chinese Success") (Note 1)	Beneficial owner	221,150,243 (L)	128.97%
Onward Global Investments Limited ("Onward Global") (Note 3)	Beneficial owner	12,863,500 (L)	7.50%
Wan Yuzhen (Note 3)	Beneficial owner Interest of controlled corporation	100 (L) 12,863,500 (L)	0.00% 7.50%

OTHER INFORMATION

Name of shareholder	Capacity/nature of interest	Number of Shares/underlying Shares held	Approximate percentage of the number issued Shares (Note 5)
Fair Concourse Limited ("Fair Concourse") (Note 4)	Beneficial owner	14,127,040 (L)	8.24%
Chen Guanyu (Note 4)	Interest of controlled corporation	14,127,040 (L)	8.24%
South Bright Holdings Limited ("South Bright") (Note 5)	Beneficial owner	10,172,337 (L)	5.93%
Wan Qian Yi (Note 5)	Interest of controlled corporation	10,172,337 (L)	5.93%

The Letter "L" denotes the long position in the Shares or underlying Shares

Notes:

- 136,600,000 Shares refer to the Shares which may fall to be allotted and issued pursuant to the convertible bonds in principal amount of HK\$20,150,000 and the convertible bonds in principal amount of HK\$14,000,000 at the conversion price of HK\$0.25, the remaining 84,550,243 Shares refer to the Shares held by Chinese success as at 31 December 2024, which is wholly-owned by Wai Chun Investment Fund and in turn wholly-owned by Mr. Lam Ching Kui.
- 268,000,000 Shares refer to the Shares which may fall to be allotted and issued pursuant to the convertible bonds in principal amount of HK\$67,000,000 at the conversion price of HK\$0.25, the remaining 72,400 Shares refers to the Shares held by Mr. Lam Ching Kui as beneficial owner as at 31 December 2024.
- 12,863,500 Shares were held by Onward Global which is wholly owned by Wan Yuzhen. For the purpose of the SFO, Wan Yuzhen is deemed to be interested in these 12,863,500 Shares held by Onward Global. Wan Yuzhen also directly holds 100 Shares.
- 14,127,040 Shares were held by Fair Concourse which is wholly owned by Chen Guanyu. For the purpose of the SFO, Chen Guanyu is deemed to be interested in these 14,127,040 Shares held by Fair Concourse.
- The approximate percentages of shareholding are calculated based on 171,476,453 Shares issued by the Company as at 31 December 2024.

OTHER INFORMATION

SHARE OPTION SCHEME

Pursuant to a share option scheme adopted by the shareholders of the Company on 22 July 2015 (the “Share Option Scheme”), the Company may, at their discretion, invite executive or non-executive director, employee (whether full-time or part-time), chief executive, substantial shareholder, consultant, professional and other adviser to take up options.

The subscription price of the Share Option Scheme will be determined at 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.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group shall not in aggregate exceed 10% of the total number of shares in issue as at the adoption date. 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 and any other share option schemes of the Group 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 30 days of the grant upon payment of HK\$1.00 per grant.

All share options granted under the Share Option Scheme was lapsed.

EMPLOYEES

As at 31 December 2024, the Group had a total of 123 (30 June 2024: 140) employees. The majority of the Group’s employees are situated in the PRC. The staff costs (including directors’ emoluments) for the six months ended 31 December 2024 was approximately HK\$4,189,000 (for the six months ended 31 December 2023: HK\$3,591,000). In addition to offering 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 lifestyle and provides a good working environment for its employees to maximise their potential and contribution to the Group.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 31 December 2024 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.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 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 as set out in the Model Code during the six months ended 31 December 2024.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. During the six months ended 31 December 2024, the Company has complied with the relevant code provisions set out in the CG Code except for the deviation from code provision C.2.1, which is 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 during the period under review. Mr. Lam Ka Chun is the Chairman and Chief Executive Officer of the Company with effect from 1 November 2023. Mr. Lam Ka Chun has extensive experience in project investment and management and is responsible for the overall corporate strategies, planning and business development of the Group. The balance of power and authorities are ensured by the operation of the Board which comprises experienced and high caliber individuals with sufficient number thereof being Independent Non-Executive Directors.

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 are set out below:

Name of Director	Date of change	Details of change
Ms. Kung Ying Tung	4 September 2024 and 14 February 2025 respectively	Appointed and then ceased to serve as an independent non-executive Director, a chairman and member of the audit committee, a member of each of nomination committee and remuneration committee of the Company

OTHER INFORMATION

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The terms of reference of the Audit Committee is currently made available on the Stock Exchange’s website and the Company’s website.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and overseeing the Company’s financial reporting system (including the adequacy of resources, qualifications and experience of staff in charge of the Company’s financial reporting function and their training arrangement and budget) and the internal control procedures.

The Audit Committee currently comprises two independent non-executive Directors, namely Mr. Wan Bo and Mr. He Tao. The Audit Committee has reviewed the unaudited interim financial results of the Group and interim report of the Company for the six months ended 31 December 2024.

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 Rule 3.10(2) of the Listing Rules. Upon the resignation of Ms. Kung Ying Tung on 14 February 2025, the number of members of the Audit Committee is still less than three which is below the minimum requirement prescribed under Rule 3.21 of the Listing Rules and no member of the Audit Committee possesses appropriate professional qualifications or accounting or related financial management expertise.

To comply with Rules 3.10(2) and 3.21 of the Listing Rules, the Company is in the process of identifying the 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 14 February 2025 as required under Rule 3.11 of the Listing Rules.

On behalf of the Board

Wai Chun Bio-Technology Limited

Lam Ka Chun

Chairman and Chief Executive Officer

Hong Kong, 28 February 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2024

		Six months ended 31 December 2024		2023
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	
Revenue	4	161,056	190,330	
Cost of sales		(139,926)	(173,535)	
Gross profit		21,130	16,795	
Other revenue and other gains and losses, net		(130)	126	
Selling expenses		(5,432)	(6,938)	
Administrative expenses		(12,126)	(9,412)	
Impairment losses on trade and other receivables, net		(4,271)	5,413	
Finance costs		(10,373)	(8,829)	
Loss before tax		(11,202)	(2,845)	
Income tax expense	5	(1,852)	(1,185)	
Loss for the period	6	(13,054)	(4,030)	
Loss for the period attributable to:				
– Owners of the Company		(13,661)	(6,734)	
– Non-controlling interests		607	2,704	
		(13,054)	(4,030)	
Loss per share	8	HK cents	HK cents	
– Basic and diluted		(7.97)	(3.93)	

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

	Six months ended 31 December 2024		2023
	HK\$'000		HK\$'000
	(Unaudited)		(Unaudited)
Loss for the period	(13,054)		(4,030)
Other comprehensive (loss) income:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations	(510)		5,530
Other comprehensive (loss) income, net of tax	(510)		5,530
Total comprehensive (loss) income for the period	(13,564)		1,500
Total comprehensive (loss) income for the period attributable to:			
– Owners of the Company	(13,921)		(3,914)
– Non-controlling interests	357		5,414
	(13,564)		1,500

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment		48,106	54,272
Right-of-use assets		25,101	26,425
Deferred tax assets		14,261	14,403
		87,468	95,100
Current assets			
Inventories		29,865	33,711
Trade receivables	9	23,111	29,160
Deposits, prepayments and other receivables		38,110	49,366
Bank balances and cash		1,784	2,161
		92,870	114,398
Current liabilities			
Trade payables	10	67,987	99,054
Accruals and other payables		30,484	26,413
Contract liabilities		2,747	2,323
Borrowings		48,453	47,379
Tax payable		1,045	1,046
Lease liabilities		279	1,134
Convertible bonds		81,977	73,985
Loans from the ultimate holding company		4,438	2,513
		237,410	253,847
Net current liabilities		(144,540)	(139,449)
Total assets less current liabilities		(57,072)	(44,349)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Non-current liabilities		
Convertible bonds	11,732	10,891
Net liabilities	(68,804)	(55,240)
Capital and reserves		
Share capital	42,869	42,869
Reserves	(136,043)	(122,122)
Capital deficiency attributable to owners of the Company	(93,174)	(79,253)
Non-controlling interests	(24,370)	24,013
Total equity	(68,804)	(55,240)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2024

	Attributable to owners of the Company										Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve (Note) HK\$'000	Convertible bonds reserve HK\$'000	Share option reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Sub- total HK\$'000	Non- controlling interests HK\$'000	
At 1 July 2024 (audited)	42,869	209,982	6,906	10,366	-	10,085	(2,126)	(357,335)	(79,253)	24,013	(55,240)
(Loss) profit for the period	-	-	-	-	-	-	-	(13,661)	(13,661)	607	(13,054)
Other comprehensive expense for the period:											
Exchange differences on translating of foreign operations	-	-	-	-	-	-	(260)	-	(260)	(250)	(510)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	-	-	-	-
Lapse of share option	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2024 (unaudited)	42,869	209,982	6,906	10,366	-	10,085	(2,386)	(370,996)	(93,174)	24,370	(68,084)
At 1 July 2023 (audited)	42,869	209,982	6,906	10,366	39,864	10,085	(2,090)	(352,987)	(35,005)	45,544	10,539
(Loss) profit for the period	-	-	-	-	-	-	-	(6,734)	(6,734)	2,704	(4,030)
Other comprehensive expense for the period:											
Exchange differences on translating of foreign operations	-	-	-	-	-	-	2,820	-	2,820	2,710	5,530
Total comprehensive (loss) income for the period	-	-	-	-	-	-	2,820	(6,734)	(3,914)	5,414	1,500
Lapse of share option	-	-	-	-	(39,864)	-	-	39,864	-	-	-
At 31 December 2023 (unaudited)	42,869	209,982	6,906	10,366	-	10,085	730	(319,857)	(38,919)	50,958	12,039

Note: Other reserve represents the share of a subsidiary's share premium arising from the allotment and issue of shares and deemed contribution from owners of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2024

	Six months ended 31 December 2024		2023
	HK\$'000		HK\$'000
	(Unaudited)		(Unaudited)
Net cash generated from operating activities	52		24,665
Cash flows from investing activities			
Purchase of property, plant and equipment	—		(24,245)
Interest received	10		3
Net cash used in investing activities	10		(24,242)
Net cash (used in) generated from financing activities	435		(1,413)
Net (decrease) increase in cash and cash equivalents	497		(990)
Effects of foreign exchange rate changes	(874)		113
Cash and cash equivalents at beginning of the period	2,161		6,312
Cash and cash equivalents at end of the period, represented by bank balances and cash	1,784		5,435

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

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 Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The address of its principal place of business is Rooms 4001-02, 40th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group are manufacturing and sale of modified starch and other biochemical products.

In the opinion of the directors of the Company (the "Directors"), as at 31 December 2024, Chinese Success Limited, 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 party of the Company, who resigned as the chairman of the Board (the "Chairman"), the chief executive officer of the Company (the "CEO") and an executive Director of the Company on 18 July 2022. Mr. Lam is the father of Mr. Lam Ka Chun, who is an executive Director, the Chairman and the CEO from 1 November 2023.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

2. BASIS OF PREPARATION

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

The condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2024. 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 30 June 2024.

The Group incurred a loss attributable to owners of the Company of approximately HK\$13,661,000 for the six months ended 31 December 2024 and as at 31 December 2024, the Group had net current liabilities of approximately HK\$144,540,000. 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 condensed consolidated financial statements based on going concern on the assumptions and measures that:

- (a) As at 31 December 2024, the Company has drawn down loan of approximately HK\$4,438,000 and undrawn loan facilities of approximately HK\$65,562,000 granted by Wai Chun IF, its ultimate holding company;
- (b) In addition to the loan facilities granted by Wai Chun IF as stated above, Mr. Lam has also undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of approving the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

2. BASIS OF PREPARATION (Continued)

- (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 report 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 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 31 December 2024

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2023. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated financial statements and amounts reported for the current period and prior period.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group does not expect that the application of these new and revised HKFRSs would have material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

Revenue from manufacturing and sale of modified starch and other biochemical products for the six months ended 31 December 2024 were approximately HK\$161,056,000 (for the six months ended 31 December 2023: approximately HK\$190,330,000).

Disaggregation of revenue from contracts with customers

For the six months ended 31 December 2024, the revenue from manufacturing and sale of modified starch and other biochemical products are derived from customers in the PRC and Russia in the aggregate amounts of approximately HK\$161,056,000 (for the six months ended 31 December 2023: approximately HK\$190,330,000).

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

The Group has one reportable segment as follows:

Modified starch and other biochemical products	– Manufacturing and sale of modified starch and other biochemical products
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Segment profits or losses do not include other revenue and other gains and losses, net, central administration costs, finance costs and income tax expenses.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the six months ended 31 December 2024

	Modified starch and other biochemical products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	161,056	161,056
Segment profit	4,522	4,522
Other revenue and other gains and losses, net		(130)
Central administration costs		(5,221)
Finance costs		(10,373)
Loss before tax		(11,202)
Income tax expense		(1,852)
Consolidated loss for the period		(13,054)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 31 December 2023

	Modified starch and other biochemical products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	190,330	190,330
Segment profit	7,959	7,959
Other revenue and other gains and losses, net		126
Central administration costs		(2,101)
Finance costs		(8,829)
Loss before tax		(2,845)
Income tax expense		(1,185)
Consolidated loss for the period		(4,030)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

5. INCOME TAX EXPENSE

	Six months ended 31 December 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
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Income tax expense comprises:

Current income tax – PRC Enterprise

Income Tax

Provision for the period

1,852

1,185

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit derived from Hong Kong for both periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax (“EIT”) at 25% for both periods, except for the following subsidiary of the Company.

A Company’s subsidiary was exempted from PRC income taxes for both periods. According to the Implementation Regulation of the EIT Law and the EIT exemptions regulation set out in the Circular of the Ministry of Finance and the State Administration on Releasing the Primary Processing Ranges of Agricultural Products Entitled to Preferential Policies on Enterprise Income Tax (Trial Implementation) (Cai Shui [2008] No. 149), and the requirements of Article 86 of the Implementation Regulation of the EIT Law, the income from primary processing for agriculture products are exempted from EIT.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

6. LOSS FOR THE PERIOD

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting):		
Cost of inventories sold	139,926	173,535
Impairment loss (Reversal of impairment losses) on trade and other receivables, net	4,271	(5,413)
Depreciation on property, plant and equipment	6,585	3,691
Depreciation on right-of-use assets	1,566	1,959
Staff costs (including directors' emoluments and retirement benefit costs)	4,189	3,591

7. INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 31 December 2024 (for the six months ended 31 December 2023: Nil).

8. LOSS PER SHARE

Loss per share

The calculation of basic loss per share attributable to owners of the Company for the six months ended 31 December 2024 is based on the loss attributable to owners of the Company of approximately HK\$13,661,000 (for the six months ended 31 December 2023: loss attributable to owners of the Company of approximately HK\$6,734,000) and the weighted average number of ordinary shares of 171,476,453 (for the six months ended 31 December 2023: adjusted 171,476,453) in issue during the period as adjusted to reflect the effect of the share consolidation. Comparative figures have also been adjusted on the assumption that above consolidation had been effective in prior period.

Diluted loss per share

As the exercise of the Group's outstanding convertible bonds for the six months ended 31 December 2024 and for the six months ended 31 December 2023 would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's outstanding share options and convertible preference shares in both periods, accordingly, the diluted loss per share is same as the basic loss per share in both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

9. TRADE RECEIVABLES

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Trade receivables	25,064	34,945
Less: Provision for loss allowance	(1,953)	(5,785)
Carrying amount	23,111	29,160

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. 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 receivables and the provision for impairment directly. The Group does not hold any collateral over these balances.

The aging analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
0-30 days	13,611	16,504
31-60 days	5,083	4,408
61-90 days	991	1,437
91-180 days	1,300	2,920
Over 180 days	2,126	3,891
Total	23,111	29,160

As at 31 December 2024, trade receivables of approximately HK\$20,985,000 (30 June 2024: approximately HK\$25,269,000) are not past due and regarded as having low default risk by the management of the Company based on regular repayment history in the expected credit loss assessment. As at 31 December 2024, no trade receivables (30 June 2024: HK\$Nil) were pledged to secure bank borrowings.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

10. TRADE PAYABLES

The average credit period on purchases of goods ranges from 30 to 180 days. The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe. The aging analysis of trade payables based on the invoice date, is as follows:

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
0-30 days	23,479	23,612
31-60 days	24,770	21,780
61-90 days	7,395	21,548
91-180 days	9,390	27,056
Over 180 days	2,953	5,058
Total	67,987	99,054

11. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their respective fair value.

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 Group's annual financial statements for the year ended 30 June 2024.

There have been no changes in the risk management policies since 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

12. RELATED PARTY TRANSACTIONS

(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 periods:

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on loans from the ultimate holding company	139	78
Interest expenses on loan from Mr. Lam	—	—
Salaries to the spouse of Mr. Lam	—	—
Salaries to Mr. Lam Ka Chun	600	120

As at 31 December 2024, the Company has drawn down loan of approximately HK\$4,438,000 (30 June 2024: approximately HK\$2,513,000) granted by its ultimate holding company.

(b) Related party balances

In addition to those related party balances disclosed elsewhere in the unaudited consolidated financial statements, the Group had the following balances with its related parties as at the period/year ended:

	31 December 2024	30 June 2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Loan facilities granted by the ultimate holding company to the Group	70,000	60,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

12. RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel remuneration

The remuneration of the Directors and other members of key management personnel during the periods are as follows:

	Six months ended 31 December 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries and allowances	600	253
Retirement benefit scheme contributions	18	9
Total	618	262

13. EVENTS AFTER THE REPORTING PERIOD

References are made to the announcements of the Company dated 27 December 2024 and 6 February 2025 in relation to the proposed capital reduction and share sub-division and the proposed alteration of terms to the existing convertible bonds. The issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.25 on each of the then issued existing ordinary shares such that the par value of each issued existing ordinary share will be reduced from HK\$0.25 to HK\$0.01 upon the proposed capital reduction becoming effective. Immediately following the capital reduction, each of the authorised but unissued shares of par value of HK\$0.25 each (including the authorized but unissued shares arising from the capital reduction) be sub-divided into twenty-five (25) new ordinary shares of par value of HK\$0.01 each. The Company and the existing bondholders have entered into alteration consent letters and conditionally agreed to amend certain terms of the existing convertible bonds, including but not limited to the conversion price and the maturity dates, details please refer to the announcement of the Company dated 27 December 2024. As at the date of this report, the proposed capital reduction and share sub-division and the proposed alteration of terms to the existing convertible bonds have not yet been completed.