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## **WANJIA GROUP HOLDINGS LIMITED**

### **萬嘉集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 401)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board of directors (the “**Board**”, and the members of the Board, the “**Directors**”) of Wanjia Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”) with the unaudited comparative figures for the corresponding period in 2023. The Group’s interim results for the Period are unaudited, but have been reviewed by the audit committee of the Company.

### **FINANCIAL HIGHLIGHTS**

- Revenue for the Period was approximately HK\$83.695 million (2023: approximately HK\$93.373 million), representing a decrease of approximately 10.36% as compared with the corresponding period in 2023. The decrease was driven by the decrease in revenue from the Hemodialysis Business.
- Profit for the Period from operations attributable to owners of the Company was approximately HK\$1.256 million (2023: loss approximately HK\$3.050 million).
- The Group had total cash and cash equivalents of approximately HK\$32.062 million as at 30 September 2024 (31 March 2024: approximately HK\$18.228 million).
- The basic and diluted profit per share attributable to owners of the Company was approximately HK\$0.22 cents (2023: loss approximately HK\$0.54 cents).
- The Board does not recommend the payment of an interim dividend (2023: Nil).

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

		Six months ended 30 September	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
<b>Revenue</b>	4 & 5	<b>83,695</b>	93,373
Cost of sales		<u>(57,262)</u>	<u>(66,704)</u>
<b>Gross profit</b>		<b>26,433</b>	26,669
Other revenue and income		<b>14</b>	3,011
Selling and distribution expenses		<b>(15,075)</b>	(19,791)
Administrative expenses		<u>(9,056)</u>	<u>(11,883)</u>
<b>Profit/(loss) from operations</b>	6	<b>2,316</b>	(1,994)
Finance costs	7	<u>(738)</u>	<u>(893)</u>
<b>Profit/(loss) before taxation</b>		<b>1,578</b>	(2,887)
Taxation	8	<u>(256)</u>	<u>(146)</u>
<b>Profit/(loss) for the period</b>		<b>1,322</b>	(3,033)
<b>Other comprehensive income/(expense) for the period, net of tax</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>1,469</u>	<u>(4,385)</u>
<b>Total comprehensive income/(expense) for the period</b>		<u><b>2,791</b></u>	<u><b>(7,418)</b></u>

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

		Six months ended 30 September	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Notes	(Unaudited)	(Unaudited)	(Unaudited)
<b>Profit/(loss) for the period attributable to:</b>			
	Owners of the Company	1,256	(3,050)
	Non-controlling interests	66	17
		1,322	(3,033)
<b>Total comprehensive income/(expense)</b>			
<b>for the period attributable to:</b>			
	Owners of the Company	2,726	(7,419)
	Non-controlling interests	65	1
		2,791	(7,418)
<b>Profit/(loss) per share attributable to</b>			
<b>owners of the Company</b>			
	– Basic and diluted ( <i>HK cents per share</i> )	0.22	(0.54)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At <b>30 September</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 March 2024 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>19,778</b>	22,295
Right-of-use asset		<b>10,866</b>	11,919
Goodwill		<b>24,495</b>	24,495
		<u><b>55,139</b></u>	<u>58,709</u>
<b>Current assets</b>			
Inventories		<b>7,577</b>	7,982
Trade and other receivables and deposits	<i>11</i>	<b>26,394</b>	32,182
Tax recoverable		<b>15</b>	–
Cash and cash equivalents		<b>32,062</b>	18,228
		<u><b>66,048</b></u>	<u>58,392</u>
<b>Total assets</b>		<u><b>121,187</b></u>	<u>117,101</u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>28,011</b>	28,011
Reserves		<b>48,938</b>	45,477
<b>Equity attributable to owners of the Company</b>		<b>76,949</b>	73,488
<b>Non-controlling interests</b>		<b>1,772</b>	1,707
<b>Total equity</b>		<u><b>78,721</b></u>	<u>75,195</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At <b>30 September</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 March 2024 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>16,887</b>	17,742
Lease liabilities		<b>2,395</b>	2,364
Amount due to a director	<i>14</i>	<b>12,260</b>	8,450
Borrowings	<i>15</i>	<b>307</b>	1,691
Tax payables		<u>–</u>	<u>114</u>
		<b><u>31,849</u></b>	<u>30,361</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u><b>10,617</b></u>	<u>11,545</u>
		<b><u>10,617</u></b>	<u>11,545</u>
<b>Total equity and liabilities</b>		<b><u><u>121,187</u></u></b>	<b><u><u>117,101</u></u></b>
<b>Net current assets</b>		<b><u><u>34,199</u></u></b>	<b><u><u>28,031</u></u></b>
<b>Total assets less current liabilities</b>		<b><u><u>89,338</u></u></b>	<b><u><u>86,740</u></u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>(Note (a))</i>	Share option reserve HK\$'000 <i>(Note (b))</i>	Contribution reserve HK\$'000 <i>(Note (c))</i>	Translation reserve HK\$'000 <i>(Note (d))</i>	Statutory reserve HK\$'000 <i>(Note (e))</i>	Accumulated losses HK\$'000			
At 1 April 2023 (audited)	28,011	60,299	(2,878)	5,641	866,811	2,412	22,223	(864,322)	118,197	2,030	120,227
(Loss)/profit for the period	-	-	-	-	-	-	-	(3,050)	(3,050)	17	(3,033)
Other comprehensive expense for the period	-	-	-	-	-	(4,369)	-	-	(4,369)	(16)	(4,385)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(4,369)	-	(3,050)	(7,419)	1	(7,418)
Share-based payment	-	-	-	176	-	-	-	-	176	-	176
At 30 September 2023 (unaudited)	<u>28,011</u>	<u>60,299</u>	<u>(2,878)</u>	<u>5,817</u>	<u>866,811</u>	<u>(1,957)</u>	<u>22,223</u>	<u>(867,372)</u>	<u>110,954</u>	<u>2,031</u>	<u>112,985</u>
At 1 April 2024 (audited)	28,011	60,299	(2,878)	6,815	866,811	(3,494)	22,325	(904,401)	73,488	1,707	75,195
Profit for the period	-	-	-	-	-	-	-	1,256	1,256	66	1,322
Other comprehensive income/(expense) for the period	-	-	-	-	-	1,470	-	-	1,470	(1)	1,469
Total comprehensive income for the period	-	-	-	-	-	1,470	-	1,256	2,726	65	2,791
Share-based payment	-	-	-	735	-	-	-	-	735	-	735
At 30 September 2024 (unaudited)	<u>28,011</u>	<u>60,299</u>	<u>(2,878)</u>	<u>7,550</u>	<u>866,811</u>	<u>(2,024)</u>	<u>22,325</u>	<u>(903,145)</u>	<u>76,949</u>	<u>1,772</u>	<u>78,721</u>

### Notes:

#### (a) Other reserve

The other reserve represented the difference between the Company's shares of nominal value of the paid-up capital of subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under common control upon the reorganisation and deemed acquisition of a subsidiary's equity interest.

#### (b) Share option reserve

The reserve represents the fair value of the actual or estimated number of unexercised share options grants to eligible persons, including any full-time and part-time employee, director, consultant or advisor of the Company and its subsidiaries recognised in accordance with the share option scheme.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### (c) Contribution reserve

Capitalisation of the outstanding amount of approximately HK\$866,811,000 due from Timely Hero Enterprises Limited (“**Timely Hero**”) to Hua Xia Healthcare Holdings Limited (“**Hua Xia**”) on 3 September 2013 in consideration of (i) the allotment and issue 1 share of US\$1 in the share capital of Timely Hero to Luxuriant Expand Global Investment Limited (“**Luxuriant Expand**”), credited as fully paid up, at the direction of Hua Xia; and (ii) the allotment and issue of a total of 100 shares of US\$1 each in the share capital of Luxuriant Expand, all credited as fully paid up, to Hua Xia in consideration of its receipt of 1 share in Timely Hero at the direction of Hua Xia. Details of the reorganisation were set out in the paragraph headed “The Reorganisation” in the section headed “Corporate history, development and Reorganisation” in the prospectus dated 30 September 2013.

### (d) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3.

### (e) Statutory reserve

As stipulated by the relevant laws and regulations of the PRC, the subsidiaries of the Company establishing in the PRC shall set aside 10% of its net profit after taxation for the statutory surplus reserve fund (except where the reserve balances has reached 50% of the subsidiaries’ paid up capital). The reserve fund can only be used, upon approval by the Board of Directors and by the relevant authority, to offset accumulated losses or increase capital.

### (f) Distributable reserve

Pursuant to applicable statutory provisions of the Cayman Islands, the Company did not have reserve available for distribution to the shareholders of the Company for the Period.

The accompanying notes form an integral part of these consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash from operating activities	11,159	10,056
Net cash from/(used in) investing activities	26	(254)
Net cash from financing activities	<u>1,630</u>	<u>1,384</u>
Net increase in cash and cash equivalents	12,815	11,186
Cash and cash equivalents at 1 April	18,228	9,876
Effect of foreign currency exchange rate changes on cash and cash equivalents	<u>1,019</u>	<u>(5,297)</u>
Cash and cash equivalents at 30 September	<u><u>32,062</u></u>	<u><u>15,765</u></u>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. General information

Wanjia Group Holdings Limited (the “**Company**”) was incorporated as an exempted Company with limited liabilities in the Cayman Islands. The Company’s immediate holding company and ultimate holding company is Power King Investment Development Limited, a company incorporated in British Virgin Islands (the “**BVI**”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The address of the registered office of the Company is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is located at Suite 1801, 18/F, Tower 1 The Gateway, Harbour City, 25 Canton Road, Kowloon, Hong Kong.

The Company is an investment holding Company and its subsidiaries (together with the Company, the “**Group**”) are principally engaged in pharmaceutical wholesale and distribution business, and hemodialysis treatment and consultancy service business in the People’s Republic of China (the “**PRC**”).

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as functional currency of the Company, and the functional currency of the most of the subsidiaries are Renminbi (“**RMB**”). The Board of Directors considered that it is more appropriate to present the unaudited condensed consolidated financial statements in HK\$ as the shares of the Company are listed on the Stock Exchange. All values are rounded to the nearest thousands (HK\$’000), unless otherwise stated.

## 2. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2024 (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) of the Stock Exchange.

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the Interim Financial Statements are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2024.

These unaudited condensed consolidated financial statements should be read in conjunction with the 2024 consolidated financial statements for the year ended 31 March 2024.

### 3. Significant Accounting Policies

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of these new and amendments to HKFRSs has had no material impact on the Group's financial position and financial performance for the current and/or prior periods and/or on the disclosures set out in the Interim Financial Statements.

The Group has not applied any new and amendments to HKFRSs that have been issued but not yet effective. The application of these new HKFRSs will not have material impact on the condensed consolidated financial statement of the Group.

### 4. Revenue

The principal activities of the Group are pharmaceutical wholesale and distribution business and provides hemodialysis treatment and consultancy service business in the PRC and the revenue from contract with customers recognised at a point in time.

## 5. Segment information

Information reported internally to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group organised into two operating divisions: (a) pharmaceutical wholesale and distribution business and (b) hemodialysis treatment and consultancy service business in the PRC. These divisions are the bases on which the Group reports its segment information.

Information regarding the Group's reportable segments is presented below.

	<b>Pharmaceutical wholesale and distribution business <i>HK\$'000</i></b>	<b>Hemodialysis treatment and consultancy service business <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
<b><i>Six months ended 30 September 2024 (Unaudited)</i></b>			
<b>Revenue</b>			
Revenue from external customers	<u>27,232</u>	<u>56,463</u>	<u>83,695</u>
<b>Results</b>			
Segment results	<u>225</u>	<u>7,080</u>	7,305
Unallocated corporate income and expenses, net			<u>(4,989)</u>
Profit from operations			2,316
Finance costs			<u>(738)</u>
Profit before taxation			1,578
Taxation			<u>(256)</u>
Profit for the period			<u>1,322</u>

	Pharmaceutical wholesale and distribution business <i>HK\$'000</i>	Hemodialysis treatment and consultancy service business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Six months ended 30 September 2023 (Unaudited)</b>			
<b>Revenue</b>			
Revenue from external customers	<u>25,139</u>	<u>68,234</u>	<u>93,373</u>
<b>Results</b>			
Segment results	<u>126</u>	<u>2,473</u>	2,599
Unallocated corporate income and expenses, net			<u>(4,593)</u>
Loss from operations			(1,994)
Finance costs			<u>(893)</u>
Loss before taxation			(2,887)
Taxation			<u>(146)</u>
Loss for the period			<u><u>(3,033)</u></u>

*Note:*

No inter-segment sales under pharmaceutical wholesale and distribution business and hemodialysis treatment and consultancy service business for the Period (2023: Nil). Inter-segment sales are charged at arm's length and fully eliminated under consolidation.

***Segment assets and liabilities***

	<b>Pharmaceutical wholesale and distribution business <i>HK\$'000</i></b>	<b>Hemodialysis treatment and consultancy service business <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
<b><i>As at 30 September 2024 (Unaudited)</i></b>			
<b>Assets</b>			
Segment assets	<b>20,850</b>	<b>97,179</b>	<b>118,029</b>
Unallocated corporate assets			<u><b>3,158</b></u>
Consolidated total assets			<u><u><b>121,187</b></u></u>
<b>Liabilities</b>			
Segment liabilities	<b>8,156</b>	<b>18,430</b>	<b>26,586</b>
Unallocated corporate liabilities			<u><b>15,880</b></u>
Consolidated total liabilities			<u><u><b>42,466</b></u></u>
<b><i>As at 31 March 2024 (Audited)</i></b>			
<b>Assets</b>			
Segment assets	19,532	95,083	114,615
Unallocated corporate assets			<u>2,486</u>
Consolidated total assets			<u><u>117,101</u></u>
<b>Liabilities</b>			
Segment liabilities	7,522	22,365	29,887
Unallocated corporate liabilities			<u>12,019</u>
Consolidated total liabilities			<u><u>41,906</u></u>

## 6. Profit/(loss) from operations

The Group's profit/(loss) for the period has been arrived at after charging:

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	2,827	4,368
Depreciation of right-of-use assets	1,266	1,490
Expense relating to short-term leases	135	224
Cost of inventories recognised as expenses	57,262	66,704
Staff costs (including directors' remuneration)	<u>13,360</u>	<u>14,477</u>

## 7. Finance costs

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
– Lease liabilities	414	513
– Bank loans	45	380
– Amount due to a director	<u>279</u>	<u>–</u>
	<u>738</u>	<u>893</u>

## 8. Taxation

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Enterprise Income Tax	<u>256</u>	<u>146</u>

The Group was not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands during the Period (2023: Nil).

No provision for Hong Kong profits tax had been provided as the Group had no estimated assessable profit arising in Hong Kong during the Period (2023: Nil).

The Ministry of Finance (“MOF”) and State Administration of Taxation (“SAT”) on 17 January 2019 jointly issued Cai Shui 2019 No.13. This clarified that from 1 January 2019 to 31 December 2021, eligible small enterprises whose RMB1,000,000 of annual taxable income is eligible for a 75% reduction on a rate of 20% (i.e., effective rate is 5%) and the income between RMB1,000,000 and RMB3,000,000 is eligible for 50% reduction on a rate of 20% (i.e. effective rate is 10%). On 14 March 2022, MOF and SAT further jointly issued Cai Shui 2022 No. 13, which clarified that from 1 January 2022 to 31 December 2022, eligible small enterprises whose income between RMB1,000,000 and RMB3,000,000 is eligible for 75% reduction on a rate of 20% (i.e. effective rate is 5%). Thus, the Group’s subsidiaries in the PRC were subject to Enterprise Income Tax at the rate of 5% based on the estimated assessable profit during the Period (2023: 5%).

## 9. Profit/(loss) per share attributable to owners of the Company

The calculation of basic profit per share for the Period was based on the profit attributable to owners of the Company of approximately HK\$1,256,000 (2023: loss approximately HK\$3,050,000) and on the ordinary share of 560,222,136 shares (2023: ordinary shares of 560,222,136).

There were no diluted potential shares in existence during the Period (2023: Nil).

## 10. Property, plant and equipment

During the Period, the Group had no property, plant and equipment acquired (2023: approximately HK\$291,000) and had no property, plant and equipment disposed (2023: approximately HK\$24,000).

## 11. Trade and other receivables

Payment terms with customers from the pharmaceutical wholesale and distribution business and hemodialysis treatment and consultancy service business are mainly on credit. Invoices are normally payable from 30 to 90 days of issuance. The following is an aged analysis of the gross amount of trade receivables based on invoice date at the end of the reporting period:

	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 to 90 days	<b>21,285</b>	25,154
91 to 180 days	<b>1,879</b>	4,289
181 to 365 days	<b>3,823</b>	4,526
Over 365 days	<b>7,547</b>	3,938
	<b>34,534</b>	37,907

## 12. Share capital

	At	At
	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<i>Authorised:</i>		
1,000,000,000 ordinary shares of HK\$0.05 per share	<b>50,000</b>	50,000
<i>Issued and fully paid:</i>		
560,222,136 ordinary shares of HK\$0.05 per share	<b>28,011</b>	28,011



### 13. Trade and other payables

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables <sup>Note</sup>	8,617	10,458
Accruals and other payables	6,338	5,318
Deposits received	<u>1,932</u>	<u>1,966</u>
	<u><b>16,887</b></u>	<u><b>17,742</b></u>

*Note:*

The credit period on purchases of certain goods is ranged from 30 to 90 days. The following is an aged analysis of trade payables based on invoice date at the end of the reporting period:

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
0 to 90 days	4,351	5,919
91 to 180 days	371	797
181 to 365 days	15	33
Over 365 days	<u>3,880</u>	<u>3,709</u>
	<u><b>8,617</b></u>	<u><b>10,458</b></u>

#### 14. Amount due to a director

Amount due to a director was unsecured, interest rate at 5.75% per annum and repayable on demand.

#### 15. Borrowings

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Bank borrowings – unsecured <sup>Note (a)</sup>	–	1,300
Other loans – secured <sup>Note (b)</sup>	<u>307</u>	<u>391</u>
	<u><b>307</b></u>	<u><b>1,691</b></u>
Carrying amount repayable:		
Within one year or on demand	<u><b>307</b></u>	<u><b>1,691</b></u>

#### Notes:

- (a) At 30 September 2024, the unsecured bank loans of the Group are denominated in RMB. The effective interest rate of the unsecured bank loans as at 30 September 2024 are ranged from 7.10% to 14.40% per annum. The unsecured bank loans had been fully repaid in June 2024.
- (b) Certain of our PRC subsidiaries have entered into borrowing agreements with third-party financing companies during the period ended 30 September 2024. Pursuant to the loan agreements, loans are secured by vehicles with carrying amounts of RMB655,000 (equivalent to approximately HK\$703,000), guaranteed by certain of our other PRC subsidiaries and with floating interest rates in the range of People's Bank of China's loan prime rate plus 7.10% to 9.23% per annum.

#### 16. Dividend

The Board does not recommend the payment of an interim dividend for the Period (2023: Nil).

## 17. Related party transactions

During the reporting period, other than those transactions and balances detailed elsewhere in the Interim Financial Statements, the Group had the following significant transactions with related parties which, in the opinion of the Directors, were carried out on normal commercial terms and in the ordinary course of the Group's business:

### a) *Key management personnel remuneration*

Remuneration for key management personnel, including amount paid to the Directors and other members of key management during the period were as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	1,250	1,550
Provident fund contributions	36	36
	<u>1,286</u>	<u>1,586</u>

### b) *Transaction with related parties*

During the reporting period, the Group had the following transactions with related parties:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Expense relating to short-term lease with Mr. Wang Jia Jun	<u>90</u>	<u>90</u>

The Group had entered into a number of transactions with connected parties which, upon the listing of shares on the Stock Exchange, became connected persons of the Company under the Listing Rules. These transactions are continuing transactions exempt from the independent shareholder's approval requirements under the Listing Rules.

## 18. Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 25 November 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Company is an investment holdings company and the Group is principally engaged in the pharmaceutical wholesale and distribution business and the hemodialysis treatment and consultancy service business in the PRC.

#### ***Pharmaceutical wholesale and distribution business (the “Wholesale Business”)***

The Group has a broad customer base through our distribution network in Fujian Province in the PRC. The Group distributes pharmaceutical products to our customers located principally in the Fujian Province. Our customers can be categorized into three types namely hospitals and healthcare institutions and end customers such as companies operating pharmaceutical retail chain stores, independent pharmacies, and outpatient departments of community hospitals, healthcare service stations and clinics.

The revenue generated from this segment was approximately HK\$27.232 million (2023: approximately HK\$25.139 million), representing an increase of approximately 8.33%. Profit approximately HK\$0.225 million (2023: approximately HK\$0.126 million) from this segment was recorded.

#### ***Hemodialysis treatment and consultancy service business (the “Hemodialysis Business”)***

In respect of the Hemodialysis Business, the Group currently operates several self-operated hemodialysis treatment centers spread across the Guangdong Province, PRC. During the Period, the revenue generated from this segment was approximately HK\$56.463 million (2023: approximately HK\$68.234 million), representing a decrease of approximately 17.25%. The decrease was mainly attributable to the decrease in patients’ fee charges in the hemodialysis treatment centres. Profit approximately HK\$7.080 million (2023: approximately HK\$2.473 million) from this segment was recorded.

## **Outlook and Prospects**

The Group will centralise its resources in developing the hemodialysis treatment and consultancy service business. The Group will look to further develop its hemodialysis treatment and consultancy service business through organic growth and acquisitions.

Looking forward, the Group will focus on developing such segment through establishment of new self-operated hemodialysis treatment centres and provide hemodialysis consultancy service to hospitals in the PRC so as to expand its operating scale and further penetrate in the market.

The Group believes that the demand for hemodialysis services in the PRC market is still far from being met and has great potential for development. Based on the Group's experience and strength in the medical field, the further exploration and expansion from our existing businesses to the continuously rising hemodialysis sector will become the driving force for building our further influence in the market and create better return to the shareholders.

The Group will continue to pay attention to different investment opportunities, identify appropriate businesses and projects for shareholders, and increase shareholders returns.

## **Interim Dividend**

The Board has resolved not declare any interim dividend for the Period (2023: Nil).

## **Financial Review**

### **Revenue**

For the Period, the revenue of the Group was approximately HK\$83.695 million (2023: approximately HK\$93.373 million), representing a decrease of approximately HK\$9.678 million or approximately 10.36% when compared with the same period in 2023. The decrease was driven by the decrease in revenue from the Hemodialysis Business.

For the Period, the Group's revenue from the Wholesale Business was approximately HK\$27.232 million (2023: approximately HK\$25.139 million), representing an increase of approximately HK\$2.093 million or approximately 8.33% when compared with the same period in 2023. The increase was due to the increase in demand of certain medical products and supplies from hospitals and clinics.

For the Period, the Group's revenue from the Hemodialysis Business was approximately HK\$56.463 million (2023: approximately HK\$68.234 million), representing a decrease of approximately HK\$11.771 million or approximately 17.25% when compared with the same period in 2023. The decrease was mainly attributable to the decrease in number of patients' fee charge in our hemodialysis treatment centres.

### **Gross Profit Margin**

For the Period and the same period in 2023, the Group's gross profit margins were approximately 31.58% and approximately 28.56% respectively. The improvement of gross profit margin during the Period was the result of cost cutting measures implemented by the Group.

### **Other Revenue and Income**

For the Period, the Group's other revenue and income was approximately HK\$0.014 million (2023: approximately HK\$3.011 million).

### **Selling and Distribution Expenses**

For the Period, the Group's selling and distribution expenses were approximately HK\$15.075 million (2023: approximately HK\$19.791 million), representing a decrease of approximately HK\$4.716 million or approximately 23.83% when compared with the same period in 2023. The decrease was mainly due to the decrease of marketing expenses and logistics costs.

### **Administrative Expenses**

For the Period, the Group's administrative expenses were approximately HK\$9.056 million (2023: approximately HK\$11.883 million), representing a decrease of approximately HK\$2.827 million or approximately 23.79% when compared with the same period in 2023. The decrease was mainly due to the decrease of general office expenses such as depreciation, staff costs, and travelling and entertainment for the Period.

## **Finance Costs**

For the Period, the Group's finance costs were approximately HK\$0.738 million (2023: approximately HK\$0.893 million), representing a decrease of approximately 0.155 million when compared with the same period in 2023. It was due to the decrease of bank loans and lease liabilities interest during the Period.

## **Taxation**

During the Period, the Group's taxation expense was approximately HK\$0.256 million (2023: approximately HK\$0.146 million), which is the provision of income tax expense for the Hemodialysis Business.

## **Profit/(Loss) for the Period attributable to Owners of the Company**

As a result of the foregoing, the Group has recorded profit attributable to the owners of the Company was approximately HK\$1.256 million for the Period (2023: loss approximately HK\$3.050 million).

## **Total Comprehensive Income/(Expense)**

For the Period, the Group's total comprehensive income attributable to the owners of the Company was approximately HK\$2.726 million (2023: expense approximately HK\$7.419 million) which was mainly due to the appreciation in exchange rate of RMB against HK\$ during the Period.

## **Capital Expenditure**

During the Period, the Group did not incur capital expenditure from property, plant and equipment (2023: approximately HK\$0.291 million).

## **Liquidity and Financial Resources**

The Group had total cash and cash equivalents of approximately HK\$32.062 million as at 30 September 2024 (31 March 2024: approximately HK\$18.228 million). The increase in cash balance was mainly arised from the improved cash management of the accounts receivable.

The Group recorded total current assets of approximately HK\$66.048 million as at 30 September 2024 (31 March 2024: approximately HK\$58.392 million) and total current liabilities of approximately HK\$31.849 million as at 30 September 2024 (31 March 2024: approximately HK\$30.361 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 2.07 as at 30 September 2024 (31 March 2024: approximately 1.92).

### **Contingent Liabilities**

As at 30 September 2024, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group (31 March 2024: Nil).

### **Market risks**

#### ***PRC government policy***

The Group is very concerned about external regulatory compliance and environmental changes, and a management team is responsible for timely collection, interpretation and promotion of external regulatory requirements. The Group's management, together with the business line, will also discuss changes in the external environment, assess the impact of regulatory requirements on the existing business, and develop targeted countermeasures. The Group's compliance team will provide professional advice on the latest regulatory requirements and conduct compliance reviews on the compliance of existing regulations.

### **Foreign exchange and goodwill impairment risks**

Since almost all transactions of the Group are denominated in Renminbi and Hong Kong dollars, most of the bank deposits are being kept in Renminbi and Hong Kong dollars to minimise exposure to foreign exchange risk, the Directors consider that the Group's risk exposure to currency fluctuations to be manageable. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the Period.

Impairment test for goodwill is based on the forecast of future cash flow and contains the management's relevant assumptions and professional judgements. Goodwill is exposed to certain risks of impairment.



## **Liquidity risk**

In the management of the liquidity risk, the Group monitors and maintains the level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The management manages liquidity risk by monitoring the utilisation of borrowings, adequacy of reserves and banking facilities by continuously monitoring forecast and actual cash flows.

## **Financing and Treasury Policies**

The Group continues to adopt prudent financing and treasury policies. All the Group's financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk.

## **Material Acquisitions and Disposals**

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

## **Capital Commitments**

As at 30 September 2024, the Group had no material capital commitment.

## **Employee Information**

As at 30 September 2024, the Group had 155 (31 March 2024: 193) full time employees. During the six months ended 30 September 2024, the staff costs, including Directors' remuneration, totalled approximately HK\$13.360 million (2023: approximately HK\$14.477 million). Share options and bonuses are also available to the Group's employees at the discretion of the Board and depending upon the financial performance of the Group.

## **Resignation and Appointment of Independent Non-Executive Directors and Changes in Composition of Board Committees**

Mr. Ho Man has resigned as an independent non-executive Director and a member of each of the audit committee, the remuneration committee and the nomination and corporate governance committee of the Company with effect from 30 April 2024. Mr. Wong Hon Kit has resigned as an independent non-executive Director and the chairman of the audit committee, a member of each of the remuneration committee and the nomination and corporate governance committee of the Company with effect from 13 September 2024. For details of the resignation of Mr. Ho Man and Mr. Wong Hon Kit, please refer to the announcements of the Company dated 30 April 2024 and 13 September 2024 respectively.

Ms. Chan Wing Shan Winsome has been appointed as an independent non-executive Director and a member of each of the audit committee, the remuneration committee and the nomination and corporate governance committee of the Company with effect from 13 September 2024. Ms. Xu Wei has been appointed as an independent non-executive Director and the chairwoman of the audit committee, a member of each of the remuneration committee and the nomination and corporate governance committee of the Company with effect from 30 September 2024. For details of the appointment of Ms. Chan Wing Shan Winsome and Ms. Xu Wei, please refer to the announcements of the Company dated 13 September 2024 and 30 September 2024 respectively.

## **Significant Events After the Reporting Period**

Save as disclosed, no significant event took place subsequent to the end of the reporting period.

## OTHER INFORMATION

### Directors' And Chief Executive's Interests In Shares, Underlying Shares And Debentures Of The Company And Its Associated Corporations

#### *Disclosure of Interests*

##### *(a) Directors' interest and short position in the securities of the Company*

As at 30 September 2024, the interests and short positions of the directors and chief executive of the Company in the shares of the Company (“**Shares**”), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”)) which will have 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 are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Appendix 10 to the Listing Rules, were as follows:

Long position in Shares and underlying Shares of the Company

Name of Director	Nature of interests	Total interests in ordinary Shares	Total interests in underlying Shares	Aggregate interests	Approximate percentage of issued Shares
Mr. Wang Jia Jun (“ <b>Mr. Wang</b> ”) (Note 1)	Interest of spouse	156,862,198	2,500,000	168,755,611	30.12%
	Beneficial owner	–	9,393,413		
Dr. Liu Yongping (“ <b>Dr. Liu</b> ”) (Note 2)	Beneficial owner	–	340,419	340,419	0.06%

*Notes:*

1. Mr. Wang is the beneficial owner of 9,393,413 share options. Mr. Wang (being the spouse of Ms. Yung Ka Lai (“**Ms. Yung**”)) is deemed to be interested in 2,500,000 share options owned by Ms. Yung. Power King Investment Development Limited (“**Power King**”), a company wholly-owned by Ms. Yung, owns a total of 156,862,198 Shares. Each of Ms. Yung and Mr. Wang is, therefore, deemed to be interested in the 9,393,413 and 2,500,000 share options respectively and the 156,862,198 Shares held by Power King, under the SFO. Ms. Yung resigned as the Director with effect from 15 October 2021.
2. Dr. Liu is interested in share options which can be exercised to subscribe 340,419 Shares.

Save as disclosed above, as at 30 September 2024, the Directors of the Company were not aware of any other person (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

(b) *Substantial shareholders' interests and short positions in shares and underlying shares*

As at 30 September 2024, other than the interests of a director or chief executive of the Company as disclosed under the heading "Directors' and chief executive's interest in shares, underlying shares and debentures of the Company and its associated corporations" above, the following persons (not being a director or the chief executive officer of the Company) have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO:

<b>Name</b>	<b>Nature of interests</b>	<b>Number of Shares (Long position)</b>	<b>Approximate percentage of total issued Shares</b>
Power King ( <i>Note 1</i> )	Beneficial owner	156,862,198	28.00%
Expert Wealth Investments Limited	Interest in controlled corporation ( <i>Note 2</i> )	156,862,198	28.00%
Grand Harbour Finance Limited	Interest in controlled corporation ( <i>Note 2</i> )	156,862,198	28.00%
Ng Kwok Fai	Beneficial owner of controlled corporation ( <i>Note 2</i> )	156,862,198	28.00%

*Note 1:* Power King is interested in 156,862,198 Shares. The issued share capital of Power King is wholly-owned by Ms. Yung. Mr. Wang is deemed to be interested in the Shares in which Power King is interested in under the SFO.

*Note 2:* Based on the notifications filed to the Company, 156,862,198 Shares owned by Power King were pledged to Grand Harbour Finance Limited. Grand Harbour Finance Limited is wholly owned by Expert Wealth Investments Limited and Mr. Ng Kwok Fai is the controlling shareholder. As all these companies were deemed or taken to be interested in all the security in 156,862,198 Shares by virtue of the SFO, and therefore Expert Wealth Investments Limited and Mr. Ng Kwok Fai were deemed to have approximately 28.00% of interest in the Company as at 30 September 2023. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquires, Grand Harbour Finance Limited and its ultimate owner(s) are independent from and not connected with the Company and its connected persons (as defined in the Listing Rule).

Save as disclosed above, none of the Directors nor their spouses or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

## SHARE OPTIONS GRANTED TO DIRECTORS AND EMPLOYEES

Particulars of the Company's share option scheme are set out in the Share Option Scheme section.

During the period ended 30 September 2024, there would have 80,793,054 share options granted under the 2013 Share Option Scheme which remain outstanding or unexercised, details of which are as follows:

Type of participants	As at 1 April 2024	Number of share options				As at 30 September 2024	Date of grant	Exercise price (HK\$)	Exercise period
		Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period				
<b>Directors</b>									
Mr. Wang	1,293,413	-	-	-	-	1,293,413	26 October 2018	0.668	(Note 1)
	2,500,000	-	-	-	-	2,500,000	24 April 2020	0.190	(Note 2)
	5,600,000	-	-	-	-	5,600,000	5 September 2023	0.094	(Note 3)
Dr. Liu	40,419	-	-	-	-	40,419	26 October 2018	0.668	(Note 1)
	100,000	-	-	-	-	100,000	24 April 2020	0.190	(Note 2)
	200,000	-	-	-	-	200,000	5 September 2023	0.094	(Note 3)
Mr. Wong Hon Kit ( <i>resigned on 13 September 2024</i> )	40,419	-	-	-	(40,419)	-	26 October 2018	0.668	(Note 1)
	100,000	-	-	-	(100,000)	-	24 April 2020	0.190	(Note 2)
	200,000	-	-	-	(200,000)	-	5 September 2023	0.094	(Note 3)
Mr. Ho Man ( <i>resigned on 30 April 2024</i> )	40,419	-	-	-	(40,419)	-	26 October 2018	0.668	(Note 1)
	100,000	-	-	-	(100,000)	-	24 April 2020	0.190	(Note 2)
	200,000	-	-	-	(200,000)	-	5 September 2023	0.094	(Note 3)
Sub-total	10,414,670	-	-	-	(680,838)	9,733,832			
<b>Employees</b>						11,689,222			
	11,689,222	-	-	-	-	(Note 4)	26 October 2018	0.668	(Note 1)
	14,570,000	-	-	-	-	14,570,000	24 April 2020	0.190	(Note 2)
	49,800,000	-	-	-	(5,000,000)	44,800,000	5 September 2023	0.094	(Note 3)
Sub-total	76,059,222	-	-	-	(5,000,000)	71,059,222			
Total	86,473,892					80,793,054			

*Notes:*

1. The share options granted on 26 October 2018 are exercisable from 26 October 2018 to 26 October 2028.
2. The share options granted on 24 April 2020 are exercisable from 24 April 2020 to 24 April 2030.
3. The share options granted on 5 September 2023 are exercisable from 5 September 2023 to 5 September 2033. The share options granted will be vested over a period of twelve months from the date of grant.
4. Among the 3,900,000 share options granted to the employees of the Company's subsidiaries in the PRC, these share options are exercisable in the following manner: (i) up to 30% of the share options granted to each grantee shall be exercisable on or after 24 April 2020 to 23 April 2021; (ii) up to further 30% of the share options granted to each grantee shall be exercisable on or after 24 April 2021 to 23 April 2022; and (iii) all the remaining 40% of the share options granted to each grantee shall be exercisable on or after 24 April 2022 to 23 April 2023, and in each case, not later than 24 April 2030.

## **DIRECTORS' RIGHTS TO ACQUIRE SECURITIES**

Apart from as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures" above, at no time since incorporation of the Company were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.



## **SHARE OPTION SCHEME**

According to the share option scheme adopted pursuant to the written resolutions of the shareholder dated 24 September 2013 (the “**2013 Share Option Scheme**”), the 2013 Share Option Scheme should expire on 24 September 2023. The share options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2013 Share Option Scheme. At the annual general meeting of the Company held on 15 September 2023, the shareholders of the Company approved the termination of the 2013 Share Option Scheme and adoption of a new share option scheme (the “**2023 Share Option Scheme**”) under which the Directors may grant share options to eligible persons to subscribe for the Shares, subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2023 Share Option Scheme will remain valid for a period of 10 years from the date of its adoption.

The 2023 Share Option Scheme will provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. The eligible participants include the director(s) and employee(s) (whether full-time or part-time) of the Company or any member of the Group as determined or approved by the Board and the Remuneration Committee from time to time and in compliance with the Listing Rules. The eligible participants do not include service providers and service provider sublimit is not applicable. The Company is entitled to grant up to 56,022,213 share options under the 2023 Share Option Scheme during the Period. Details of the 2023 Share Option Scheme are set out in the circular of the Company dated 26 July 2023. No share options had been granted under the 2023 Share Option Scheme.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES**

During the period ended 30 September 2024, there was no purchases, sales or redemptions of the Company’s listed securities by the Company or any of its subsidiaries.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code. The Company has made specific enquiry with all Directors and all the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the period ended 30 September 2024.

## **CORPORATE GOVERNANCE**

The Company strived to maintain a high standard of corporate governance and complied with the Corporate Governance Code set out in Appendix 14 to the Listing Rules. To the knowledge of the Board, the Company had fully complied with the code provisions in the Corporate Governance Code for the Period except code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. After the former chairman resigned from the Company in 2014, there is no position of the chairman. The Company did not have the chairman for the Period. The Board considered that the existing Board members were able to share the power and responsibilities of chairman among themselves for the Period.

Mr. Wang Jia Jun has been appointed as the Chief Executive Officer of the Company since 1 April 2020. The Company will, from time to time, review the effectiveness of the Group's corporate governance structure and consider whether any changes, including the establishment of the role of the chairman, are necessary.

## **REMUNERATION COMMITTEE**

The Remuneration Committee of the Company (the “**Remuneration Committee**”) was established on 24 September 2013 in compliance with written terms of reference in compliance with Rule 3.25 of the Listing Rules. The Remuneration Committee consists of one executive Director, namely Mr. Wang Jia Jun, and three independent non-executive Directors, namely Dr. Liu Yongping, Ms. Chan Wing Shan Winsome and Ms. Xu Wei. Dr. Liu Yongping is the chairman of the Remuneration Committee.

The role and function of the Remuneration Committee include, but are not limited to, the determination of the specific remuneration package of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

The grant of the share options is reviewed and approved by the Remuneration Committee, which is of the view that the grantees and number of share options granted are determined based on the work performance of the grantees and additional performance targets are not necessary. The Remuneration Committee considers that the grant of share options with no performance target aligned with the purpose of the Share Option Scheme to motivate the grantees and reinforce their commitment to long term services of the Group.

## **NOMINATION AND CORPORATE GOVERNANCE COMMITTEE**

The Nomination and Corporate Governance Committee of the Company (the “**Nomination and Corporate Governance Committee**”) was established on 24 September 2013 in compliance with written terms of reference in compliance with paragraphs A.5.1 and D.3.1 of Appendix 14 to the Listing Rules. The Nomination and Corporate Governance Committee consists of one executive Director, namely Mr. Wang Jia Jun, and three independent non-executive Directors, namely Dr. Liu Yongping, Ms. Chan Wing Shan Winsome and Ms. Xu Wei. Dr. Liu Yongping is the chairman of the Nomination and Corporate Governance Committee.

The primary duties of the Nomination and Corporate Governance Committee include, but are not limited to: (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and making recommendations to the Board regarding any proposed changes; (ii) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships; (iii) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of the Board and the chief executive officer of the Company; and (iv) keeping the effectiveness of the corporate governance and system of internal controls of the Group.

## **AUDIT COMMITTEE**

The Audit Committee of the Company (the “**Audit Committee**”) was established on 24 September 2013 in compliance with written terms of reference in compliance with Rules 3.21 of the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Ms. Chan Wing Shan Winsome, Dr. Liu Yongping and Ms. Xu Wei. Ms. Xu Wei is the chairwoman of the Audit Committee.

The primary duties of the Audit Committee include, but are not limited to: (i) to review and monitor the external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (ii) monitoring integrity of financial statements of the Company and the Company’s annual report and accounts and the interim report; (iii) reviewing the Company’s financial controls, internal control and risk management systems; and (iv) reporting to the Board on the matters set out in the code provisions as stated in Appendix 14 to the Listing Rules.

The Group’s unaudited condensed consolidated results for the Period were reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information available to the Company and within the knowledge of the Directors, the Company maintained adequate public float since the listing of the Shares on 11 October 2013.

By order of the Board  
**Wanjia Group Holdings Limited**  
**Wang Jia Jun**  
*Chief Executive Officer and Executive Director*

Hong Kong, 25 November 2024

*As at the date of this announcement, the Board comprises one executive Director, namely Mr. Wang Jia Jun, one non-executive Director, namely Dr. Xiao Zhixin, and three independent non-executive Directors, namely Dr. Liu Yongping, Ms. Chan Wing Shan Winsome and Ms. Xu Wei.*