

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 2020**

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 2020 (the “**Period**”) with the unaudited comparative figures for the corresponding period in 2019. The Group’s interim results for the Period are unaudited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

#### **FINANCIAL HIGHLIGHTS**

- Revenue was approximately HK\$51.136 million (2019: approximately HK\$51.441 million), representing a slight decrease of approximately 0.59% as compared with the corresponding period during the six months ended 30 September 2019. The slight decrease in revenue was mainly due to the decline in sales in the pharmaceutical wholesale and distribution business.
- Loss for the Period from operations attributable to owners of the Company was approximately HK\$3.902 million (2019: approximately HK\$11.637 million). Of approximately HK\$1.419 million was incurred from the share option expense (2019: Nil). The improvement in financial results was due to the substantial decrease in the finance costs for the Period.
- The Group had total cash and cash equivalents of approximately HK\$17.269 million as at 30 September 2020 (31 March 2020: approximately HK\$24.801 million).
- The basic and diluted loss per share was approximately HK\$0.70 cents (2019: Basic and diluted loss per share of approximately HK\$7.26 cents (restated)).
- The Board does not recommend the payment of an interim dividend (2019: Nil).

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

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2020</b>	2019
		<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	<i>4 &amp; 5</i>	<b>51,136</b>	51,441
Cost of sales		<u>(35,349)</u>	<u>(39,246)</u>
<b>Gross profit</b>		<b>15,787</b>	12,195
Other revenue and income		<b>475</b>	202
Selling and distribution expenses		<b>(8,945)</b>	(8,344)
Administrative expenses		<u>(10,226)</u>	<u>(7,607)</u>
<b>Loss from operations</b>	<i>6</i>	<b>(2,909)</b>	(3,554)
Finance costs	<i>7</i>	<u>(665)</u>	<u>(7,775)</u>
<b>Loss before taxation</b>		<b>(3,574)</b>	(11,329)
Taxation	<i>8</i>	<u>(328)</u>	<u>(308)</u>
<b>Loss for the period attributable to owners of the Company</b>		<b>(3,902)</b>	(11,637)
<b>Other comprehensive income/(loss) for the period, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translating foreign operations		<u>8,405</u>	<u>(19,602)</u>
<b>Total comprehensive income/(loss) for the period</b>		<u><b>4,503</b></u>	<u><b>(31,239)</b></u>

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2020</b>	2019
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<i>Notes</i>		<b>(Unaudited)</b>	(Unaudited)
<b>Income/(loss) for the period attributable to:</b>			
	Owners of the Company	<b>(3,931)</b>	(11,627)
	Non-controlling interests	<u>29</u>	<u>(10)</u>
		<b><u>(3,902)</u></b>	<b><u>(11,637)</u></b>
<b>Total comprehensive income/(loss)</b>			
<b>for the period attributable to:</b>			
	Owners of the Company	<b>4,552</b>	(30,944)
	Non-controlling interests	<u>(49)</u>	<u>(295)</u>
		<b><u>4,503</u></b>	<b><u>(31,239)</u></b>
			(Restated)
<b>Loss per share attributable to owners of</b>			
<b>the Company</b>			
	– Basic and diluted ( <i>HK cents per share</i> )	<b>0.70</b>	7.26
		<u>9</u>	<u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	36,329	34,319
Right-of-use asset		21,336	22,802
Goodwill		92,721	89,010
Deposit paid for property, plant and equipment		1,647	1,439
		<b>152,033</b>	147,570
<b>Current assets</b>			
Inventories		9,726	7,435
Trade and other receivables and deposits	<i>11</i>	35,040	26,894
Cash and cash equivalents		17,269	24,801
Total current assets		<b>62,035</b>	59,130
<b>Total assets</b>		<b>214,068</b>	206,700
<b>Capital and reserves</b>			
Share capital	<i>12</i>	28,011	28,011
Reserves		134,745	128,774
<b>Equity attributable to owners of the Company</b>		<b>162,756</b>	156,785
<b>Non-controlling interests</b>		<b>1,501</b>	1,550
<b>Total equity</b>		<b>164,257</b>	158,335

		At <b>30 September</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 March 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>23,349</b>	23,114
Lease liabilities		<b>2,410</b>	2,640
Amounts due to directors	<i>14</i>	<b>3,100</b>	1,200
Tax payables		<b>963</b>	520
		<u><b>29,822</b></u>	<u>27,474</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u><b>19,989</b></u>	<u>20,891</u>
		<u><b>19,989</b></u>	<u>20,891</u>
<b>Total equity and liabilities</b>		<u><b>214,068</b></u>	<u>206,700</u>
<b>Net current assets</b>		<u><b>32,213</b></u>	<u>31,656</u>
<b>Total assets less current liabilities</b>		<u><b>184,246</b></u>	<u>179,226</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital	Share premium	Other reserve	Contribution reserve	Translation reserve	Statutory reserve	Share option reserve	Accumulated loss	Sub-total	Non-controlling interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>At 1 April 2019 (Audited)</b>	7,781	4,177	(28,695)	866,811	(1,309)	26,429	3,944	(794,190)	84,948	50,147	135,095
Loss for the period	-	-	-	-	-	-	-	(11,627)	(11,627)	(10)	(11,637)
Other comprehensive loss for the period	-	-	-	-	(19,317)	-	-	-	(19,317)	(285)	(19,602)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(19,317)	-	-	(11,627)	(30,944)	(295)	(31,239)
Issue of ordinary shares	1,556	6,847	-	-	-	-	-	-	8,403	-	8,403
Transaction cost attributable to placing of ordinary shares	-	(430)	-	-	-	-	-	-	(430)	-	(430)
Deemed acquisition in a subsidiary	-	-	48,046	(15,811)	-	-	-	1,969	34,204	(47,987)	(13,783)
<b>At 30 September 2019 (Unaudited)</b>	<u>9,337</u>	<u>10,594</u>	<u>19,351</u>	<u>851,000</u>	<u>(20,626)</u>	<u>26,429</u>	<u>3,944</u>	<u>(803,848)</u>	<u>96,181</u>	<u>1,865</u>	<u>98,046</u>

	Attributable to owners of the Company										
	Share capital	Share premium	Other reserve	Share option reserve	Contribution reserve	Translation reserve	Statutory reserve	Accumulated loss	Sub-total	Non-controlling interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>At 1 April 2020 (Audited)</b>	28,011	60,299	(2,878)	3,944	866,811	(10,897)	18,157	(806,662)	156,785	1,550	158,335
(Loss)/profit for the period	-	-	-	-	-	-	-	(3,931)	(3,931)	29	(3,902)
Other comprehensive income/(loss) for the period	-	-	-	-	-	8,483	-	-	8,483	(78)	8,405
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	-	8,483	-	(3,931)	4,552	(49)	4,503
Equity-settled share-based payments	-	-	-	1,419	-	-	-	-	1,419	-	1,419
<b>At 30 September 2020 (Unaudited)</b>	<u>28,011</u>	<u>60,299</u>	<u>(2,878)</u>	<u>5,363</u>	<u>866,811</u>	<u>(2,414)</u>	<u>18,157</u>	<u>(810,593)</u>	<u>162,756</u>	<u>1,501</u>	<u>164,257</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	<b>(10,090)</b>	19,316
Net cash used in investing activities	<b>(3,591)</b>	(24,029)
Net cash generated from financing activities	<b>235</b>	16,210
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	<b>(13,446)</b>	11,497
Cash and cash equivalents at 1 April	<b>24,801</b>	28,816
Effect of foreign currency exchange rate changes on cash and cash equivalents	<b>5,914</b>	(12,239)
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	<b>17,269</b>	28,074
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. Corporate information

The Company was incorporated as an exempted Company with limited liabilities in the Cayman Islands on 9 July 2012. The Company's immediate holding company and ultimate holding company is Power King Investment Development Limited. The registered office of the Company is located at Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1003, Cayman Islands and the principal place of business of the Company is located at Suite 1801, 18/F., Tower 1, The Gateway, Harbour City, 25 Canton Road, Kowloon, Hong Kong.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 11 October 2013. The principal activity of the Company is investment holdings. The Group is 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 interim financial statements are presented in Hong Kong dollars ("**HK\$**"), which is the functional currency of the Company, and the functional currency of most of its subsidiaries is Renminbi ("**RMB**"). The directors of the Company considered that it is more appropriate to present the condensed consolidated financial statements in HK\$ as the shares of the Company are listed on the Main Board of the Stock Exchange. All values are rounded to nearest thousands (**HK\$'000**) unless otherwise stated.



## 2. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial statements (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (the “**Interpretations**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Listing Rules of the Stock Exchange (the “**Listing Rules**”). The Interim Financial Statements have been prepared under the historical cost convention except for certain financial instruments (including derivative financial instruments) and investment properties, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Other than the changes in accounting policies resulting from application of amendment to HKFRSs, in preparing these Interim Financial Statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimate uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2020.

## 3. Significant Accounting Policies

In the current interim period, the Group has applied the amendments to references to the Conceptual Framework in HKFRS and the following amendment to HKFRSs issued by HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions”.

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/ or on the disclosures set out in these unaudited condensed consolidated financial statements.

#### 4. Revenue

The principal activities of the Group are pharmaceutical wholesale and distribution business and provides hemodialysis treatment and consultancy service 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>
<i>Six months ended 30 September 2020 (Unaudited)</i>			
<b>Revenue</b>			
Revenue from external customers	<u>31,116</u>	<u>20,020</u>	<u>51,136</u>
<b>Results</b>			
Segment results	<u>(66)</u>	<u>3,626</u>	<u>3,560</u>
Unallocated corporate income and expenses, net			<u>(6,469)</u>
Loss from operations			<u>(2,909)</u>
Finance costs			<u>(665)</u>
Loss before taxation			<u>(3,574)</u>
Taxation			<u>(328)</u>
Loss for the period			<u><u>(3,902)</u></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>
<i>Six months ended 30 September 2019 (Unaudited)</i>			
<b>Revenue</b>			
Revenue from external customers	<u>39,784</u>	<u>11,657</u>	<u>51,441</u>
<b>Results</b>			
Segment results	<u>(2,286)</u>	<u>2,752</u>	466
Unallocated corporate income and expenses, net			<u>(4,020)</u>
Loss from operations			(3,554)
Finance costs			<u>(7,775)</u>
Loss before taxation			(11,329)
Taxation			<u>(308)</u>
Loss for the period			<u><u>(11,637)</u></u>

*Note:*

No inter-segment sales under pharmaceutical wholesales and distribution business and hemodialysis treatment and consultancy service business for the six months ended 30 September 2020 (2019: 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 HK\$'000</b>	<b>Hemodialysis treatment and consultancy service business HK\$'000</b>	<b>Consolidated HK\$'000</b>
<i>As at 30 September 2020 (Unaudited)</i>			
<b>Assets</b>			
Segment assets	<b>28,923</b>	<b>88,140</b>	<b>117,063</b>
Goodwill		<b>92,721</b>	<b>92,721</b>
Unallocated corporate assets			<b>4,284</b>
Consolidated total assets			<b>214,068</b>
<b>Liabilities</b>			
Segment liabilities	<b>6,900</b>	<b>26,119</b>	<b>33,019</b>
Amounts due to directors			<b>3,100</b>
Unallocated corporate liabilities			<b>13,692</b>
Consolidated total liabilities			<b>49,811</b>
<i>As at 31 March 2020 (Audited)</i>			
<b>Assets</b>			
Segment assets	28,569	81,365	109,934
Goodwill	–	89,010	89,010
Unallocated corporate assets			7,756
Consolidated total assets			206,700
<b>Liabilities</b>			
Segment liabilities	8,237	26,432	34,669
Amounts due to directors			1,200
Unallocated corporate liabilities			12,496
Consolidated total liabilities			48,365

## 6. Loss from operations

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss from operations has been arrived at after charging:		
Depreciation of property, plant and equipment	1,618	3,351
Depreciation of right-of-use assets	1,491	–
Expense relating to short-term lease	83	39
Cost of inventories sold	35,349	39,246
Staff costs (including directors' remuneration)	<u>7,447</u>	<u>6,361</u>

## 7. Finance costs

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
– Other borrowings	–	7,775
– Lease liabilities	<u>665</u>	<u>–</u>
	<u>665</u>	<u>7,775</u>

## 8. Taxation

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Current – the PRC		
Charge for the period	<b>328</b>	308
Total tax charge for the period	<b>328</b>	308

The Group was not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands during the Period (2019: 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 (2019: Nil).

The Group's subsidiaries in the PRC were subject to Enterprise Income Tax at the rate of 25% based on the estimated assessable profit during the Period (2019: 25%).

## 9. Loss per share

The calculation of basic loss per share for the six months ended 30 September 2020 was based on the loss attributable to owners of the Company of approximately HK\$3,902,000 (2019: approximately HK\$11,637,000 for the basic loss per share) and on the ordinary share of 560,222,136 shares (2019: weighted average ordinary share of 160,322,920 shares (restated)).

Diluted loss per share were same as the basic loss per share as there were no potential dilutive ordinary shares in existence during the six months ended 30 September 2020 and 2019.

## 10. Property, plant and equipment

During the six months ended 30 September 2020, the Group purchased property, plant and equipment with a total cost of approximately HK\$3,706,000 (2019: approximately HK\$3,858,000).

During the six months ended 30 September 2020, the Group disposed property, plant and equipment with a net book value of approximately HK\$115,000 (2019: approximately HK\$135,000).

## 11. Trade and other receivables and deposits

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 trade receivables based on invoice date at the end of the reporting period:

	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
0 to 90 days	17,477	10,523
91 to 180 days	1,878	2,465
181 to 365 days	2,914	1,818
Over 365 days	4,646	3,608
	<u>26,915</u>	<u>18,414</u>
<i>Less: Allowance for credit losses</i>	<u>(7,842)</u>	<u>(7,842)</u>
	<u><b>19,073</b></u>	<u>10,572</u>

## 12. Share capital

	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<i>Authorised:</i>		
1,000,000,000 ordinary shares of HK\$0.05 per share	<u><b>50,000</b></u>	<u>50,000</u>
<i>Issued and fully paid:</i>		
560,222,136 ordinary shares of HK\$0.05 per share	<u><b>28,011</b></u>	<u>28,011</u>

### 13. Trade and other payables

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:

	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	(Audited)
0 to 90 days	<b>4,669</b>	1,744
91 to 180 days	<b>344</b>	802
181 to 365 days	<b>518</b>	177
Over 365 days	<b>5,512</b>	5,511
	<hr/> <b>11,043</b> <hr/>	<hr/> 8,234 <hr/>

Included in accruals and other payables mainly represented amount due to a connected person who is the brother of Ms. Yung Ka Lai of HK\$6,200,000 (2019: HK\$5,200,000) which is unsecured, interest free and repayable on demand.



**14. Amounts due to directors**

Amounts due to directors are unsecured, interest free and repayable on demand.

**15. Dividend**

The Board does not recommend the payment of an interim dividend for the Period (2019: Nil).

**16. Related party/connected parties transaction**

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries, allowances and benefits in kind	<b>1,383</b>	1,260
Provident fund contributions	<b>27</b>	18
Total compensation paid to key management personnel	<b><u>1,410</u></b>	<b><u>1,278</u></b>

**b) Transaction**

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

Name of related parties and nature of transactions	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance cost of lease liabilities to the mother of Ms. Yung Ka Lai and the mother-in-law of Mr. Wang Jia Jun	<u>19</u>	<u>58</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.

**17. Comparative figures**

The comparative figures of loss per share attributable to owners of the Company have been restated to reflect the share consolidation and the rights issue which was effective on 20 January 2020 and 24 February 2020 respectively.

Certain comparative figures were reclassified to conform with the current Period's presentation.

**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 20 November 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Company is an investment holding company and the Group is principally engaged in the pharmaceutical wholesale and distribution business and the hemodialysis treatment and consultancy service business in the People's Republic of China (the "PRC").

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

The Group has a large and 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.

In the early part of 2019, the medical reform policy further controlled the pharmaceutical costs in public hospitals in Fujian Province which reduced the overall size of the pharmaceutical distribution business in public hospitals. In addition, the distribution policy broke the original rules that essential medicines in public hospitals in Fujian Province were only distributed by 10 wholesale companies, thereby causing material adverse impact in the operation and its overall performance of the Group in pharmaceutical wholesale and distribution business. Revenue was affected by the outbreak of Covid-19, demand for pharmaceutical products from our customers were adversely affected by the uncertainty and downward pressure surrounding the business environment. However, an increase in gross profit margin was recorded attributable to our stringent cost control measures. During the six months ended 30 September 2020, the revenue from this segment was approximately HK\$31.116 million (2019: approximately HK\$39.784 million), representing a decrease of approximately 21.79%. Loss of approximately HK\$0.066 million (2019: approximately HK\$2.286 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 a total of 6 hemodialysis treatment centers under co-operations contracts and self-operated hemodialysis treatment centers spread across the Guangdong, Shangdong and Fujian Provinces, PRC. On 13 March 2020, the Group signed a 10 years service contract with Zhuhai Jiulong Hospital Company Limited# (珠海九龍醫院有限公司) for providing hemodialysis treatment and consultancy service business. The Group has recorded a substantial increase of revenue from the Hemodialysis Business during the Period. The increase was mainly attributable to the increased number of patients admitted to our treatment centres and strengthening demand for our services. During the six months ended 30 September 2020, the revenue from this segment was approximately HK\$20.020 million (2019: approximately HK\$11.657 million), representing an increase of approximately 71.74%. Gain of approximately HK\$3.626 million (2019: approximately HK\$2.752 million) from this segment was recorded.

### **Outlook and Prospects**

The Group will continue to assess the impact of Covid-19 on the Group’s operations and financial performance, closely monitor the Group’s exposure to the risks and uncertainties in connection with Covid-19 on an ongoing basis, and will strengthen the cost savings initiatives in view of the challenging conditions. There is still an uncertainty about the impact of the Covid-19 on the economy in the PRC, with believe that the post pandemic, economy will return to normal and relevant financial indicators will recover gradually. The Group holds a positive and optimistic attitude about the prospects of the healthcare industry in the PRC. The Group will centralise its resources in developing the Hemodialysis Business. The Group will look to further develop its Hemodialysis Business through organic growth and acquisitions.

Looking forward, the Group will focus on developing such segment through establishment of new self-operated centers and provide hemodialysis consultancy service to hospitals in the PRC so as to expand its operating scale and further penetrate in the market. For this purpose, a business development team has been set up and has performed initial feasibility studies on the market potential in various cities or regions in the PRC.

# English translations of official Chinese names are for identification purpose only.

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 (2019: Nil).

## **Financial Review**

### **Revenue**

For the Period, the revenue of the Group was approximately HK\$51.136 million (2019: approximately HK\$51.441 million), representing a slight decrease of approximately HK\$0.305 million or approximately 0.59% when compared with the same period in 2019. The slight decrease in revenue was mainly due to the decline in sales in the Wholesale Business.

For the Period, the Group's revenue from the Wholesale Business was approximately HK\$31.116 million (2019: approximately HK\$39.784 million), representing a drop of approximately HK\$8.668 million or approximately 21.79% when compared with the same period in 2019. The decline was mainly due to the slowdown in demand of pharmaceutical products from customers in the Fujian Province due to Covid-19.

For the Period, the Group's revenue from the Hemodialysis Business was approximately HK\$20.020 million (2019: approximately HK\$11.657 million), representing a substantial increase of approximately HK\$8.363 million or approximately 71.74% when compared with the same period in 2019. The increase was mainly attributable to the increasing number of patients admitted to our treatment centres and strengthening demand for the services.

## **Gross Profit Margin**

For the Period and the same period in 2019, the Group's gross profit margins were approximately 30.87% and approximately 23.71% respectively. The increase was mainly attributable to the better profit margin from the Hemodialysis Business and the effective cost control measures.

## **Other Revenue and Income**

For the Period, the Group's other revenue and income was approximately HK\$0.475 million (2019: approximately HK\$0.202 million), representing an increase of approximately HK\$0.273 million or approximately 135.15% when compared with the same period in 2019. The increase was mainly due to the increase in government grants.

## **Selling and Distribution Costs**

For the Period, the Group's selling and distribution costs were approximately HK\$8.945 million (2019: approximately HK\$8.344 million), representing an increase of approximately HK\$0.601 million or approximately 7.20% when compared with the same period in 2019. The slightly increase was mainly due to the increase of marketing and promotional expenses in the Hemodialysis Business.

## **Administrative Expenses**

For the Period, the Group's administrative expenses were approximately HK\$10.226 million (2019: approximately HK\$7.607 million), representing an increase of approximately HK\$2.619 million or approximately 34.43% when compared with the same period in 2019. The increase was mainly due to the increase in staffing costs in the Hemodialysis Business and the share options expense.

## **Finance Costs**

For the Period, the Group's finance costs were approximately HK\$0.665 million (2019: approximately HK\$7.775 million), representing a decrease of approximately HK\$7.110 million or approximately 91.45% when compared with the same period in 2019. The decrease was mainly due to the repayment of the HK\$60 million secured loan in February 2020, resulting in the significant reduction of interest payment during the Period.

## **Taxation**

During the Period, the Group's taxation expenses were approximately HK\$0.328 million (2019: approximately HK\$0.308 million), due to an provision of income tax expenses for the Hemodialysis Business in the PRC.

## **Net Loss**

During the Period, the Group's net loss attributable to the owner of the Company was approximately HK\$3.902 million (2019: approximately HK\$11.637 million), representing a decrease of approximately 66.47% when compared with the same period in 2019. The significant decline was mainly due to the decrease in the finance costs.

## **Total Comprehensive Income**

For the Period, the Group's total comprehensive income attributable to the owners of the Company was approximately HK\$4.503 million (2019: loss approximately HK\$31.239 million), representing an increase of approximately 114.41% when compared with the same period in 2019. The increase was mainly attributable to the appreciation in exchange rate of RMB against HK\$ during the Period.

## **Capital Expenditure**

The Group's capital expenditure requirements mainly relate to additions of its property, plant and equipments for the operation of hemodialysis treatment centres. The Group spent approximately HK\$3.706 million (2019: approximately HK\$3.858 million) on property, plant and equipment during the Period.

## Use of Proceeds of Equity Fund Raising Activities

Date of announcement	Fund of raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds
3 October 2018	Subscription of 129,681,000 pre-consolidation Shares at HK\$0.130 per pre-consolidation Share under general mandate, which was completed 11 October 2018	Approximately HK\$13 million	(i) HK\$10 million will be used for partial repayment of the Group's borrowings; and (ii) the remaining balance of approximately HK\$3 million will be used as general working capital of the Group	Fully utilised as intended at 31 March 2019
23 August 2019	Subscription of 155,617,260 pre-consolidation Shares at HK\$0.054 per pre-consolidation Share under general mandate, which was completed 12 September 2019	Approximately HK\$8 million	To use the net proceeds as general working capital of the Group.	Fully utilised as intended at 31 March 2020
6 December 2019	Issue of 373,481,424 consolidated rights Shares at HK\$0.192 per rights Share under the rights issue, which was completed 24 February 2020	Approximately HK\$68 million	(i) HK\$60 million will be used for repayment of a secured loan; (ii) HK\$3 million will be used for repayment of the unsecured loan; and (iii) the remaining balance of HK\$5 million will be used for general working capital of the Group	Fully utilised as intended at 30 September 2020

## Liquidity and Financial Resources

The Group had total cash and cash equivalents of approximately HK\$17.269 million as at 30 September 2020 (31 March 2020: approximately HK\$24.801 million).

The Group recorded total current assets of approximately HK\$62.035 million as at 30 September 2020 (31 March 2020: approximately HK\$59.130 million) and total current liabilities of approximately HK\$29.822 million as at 30 September 2020 (31 March 2020: approximately HK\$27.474 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 2.080 as at 30 September 2020 (31 March 2020: approximately 2.152).



## **Contingent Liabilities**

As at 30 September 2020, 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 2020: Nil).

## **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.

## **Foreign Exchange Risk**

Almost all transactions of the Group are denominated in Renminbi and Hong Kong dollars and most of the bank deposits are being kept in Renminbi and Hong Kong dollars to minimise exposure to foreign exchange risk. As the fiscal policy of the Central Government of the PRC in relation to Renminbi is relatively stable throughout the Period, the Directors believe that the potential foreign exchange exposure to the Group is limited. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the Period.

## **Material Acquisitions and Disposals**

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

## Capital Commitments

Capital commitments at each of the end of the reporting date contracted but not provided for in the consolidated financial statements were as follows:

	<b>30 September 2020 <i>HK\$'000</i> (Unaudited)</b>	31 March 2020 <i>HK\$'000</i> (Audited)
Commitments for the construction contract for leasehold improvement	<b>1,407</b>	4,330
Commitments for the sales and purchases agreement for plant and machinery	<b><u>1,669</u></b>	<b><u>–</u></b>

## Employee Information

As at 30 September 2020, the Group had 154 (31 March 2020: 124) full time employees. During the six months ended 30 September 2020, the staff costs, including Directors' remuneration, totalled approximately HK\$7.447 million (2019: approximately HK\$6.467 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.

## Significant Events after the Reporting Period

There was no significant event took place subsequent to the end of the reporting period.

## 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 2020, 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 (Note 3)	Approximate percentage of issued Shares
Mr. Wang Jia Jun (“ <b>Mr. Wang</b> ”) (Note 1)	Interest of spouse	156,862,198	2,500,000	163,155,611	29.12%
	Beneficial owner	–	3,793,413		
Ms. Yung Ka Lai (“ <b>Ms. Yung</b> ”) (Note 1)	Corporate interest	156,862,198	–	163,155,611	29.12%
	Beneficial owner		2,500,000		
	Interest of spouse	–	3,793,413		
Mr. Wong Hon Kit (“ <b>Mr. Wong</b> ”) (Note 2)	Beneficial owner	–	140,419	140,419	0.03%

Name of Director	Nature of interests	Total interests in ordinary Shares	Total interests in underlying Shares	Aggregate interests (Note 3)	Approximate percentage of issued Shares
Dr. Liu Yongping ("Dr. Liu") (Note 2)	Beneficial owner	–	140,419	140,419	0.03%
Mr. Ho Man ("Mr. Ho") (Note 2)	Beneficial owner	–	140,419	140,419	0.03%

*Notes:*

1. Mr. Wang is the beneficial owner of 3,793,413 share options. Mr. Wang (being the spouse of 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 3,793,413 and 2,500,000 share options respectively and the 156,862,198 Shares held by Power King, under the SFO.
2. Mr. Wong, Dr. Liu and Mr. Ho are interested in share options which can be exercised to subscribe 140,419 Shares, 140,419 Shares and 140,419 Shares, respectively.
3. The share consolidation and rights issue became effective on 20 January 2020 and 24 February 2020 respectively.

Save as disclosed above, as at 30 September 2020, 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 2020, 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 2020. 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 2020, details of share options granted to the Directors and employees under the Share Option Scheme of the Company were as follows:

	Date of grant	Exercisable period	Exercise price HK\$	No. of share options outstanding as at 1 April 2020	No. of share options granted during the six months ended 30 September 2020	No. of share options exercised/ cancelled/ lapsed during the six months ended 30 September 2020	No. of share options outstanding as at 30 September 2020	Approximate percentage of the underlying shares for the share options outstanding in the issued Shares
<b>Directors</b>								
Mr. Wang	26 October 2018	26 October 2018-26 October 2028	0.668	1,293,413	-	-	1,293,413	0.23%
	24 April 2020	24 April 2020 - 24 April 2030	0.190	-	2,500,000	-	2,500,000	0.45%
Ms. Yung	24 April 2020	24 April 2020 - 24 April 2030	0.190	-	2,500,000	-	2,500,000	0.45%
Mr. Wong	26 October 2018	26 October 2018-26 October 2028	0.668	40,419	-	-	40,419	0.01%
	24 April 2020	24 April 2020 - 24 April 2030	0.190	-	100,000	-	100,000	0.02%
Dr. Liu	26 October 2018	26 October 2018-26 October 2028	0.668	40,419	-	-	40,419	0.01%
	24 April 2020	24 April 2020 - 24 April 2030	0.190	-	100,000	-	100,000	0.02%
Mr. Ho	26 October 2018	26 October 2018-26 October 2028	0.668	40,419	-	-	40,419	0.01%
	24 April 2020	24 April 2020 - 24 April 2030	0.190	-	100,000	-	100,000	0.02%
Total				1,414,670	5,300,000	-	6,714,670	
<b>Employees</b>								
	26 October 2018	26 October 2018-26 October 2028	0.668	11,689,222	-	-	11,689,222	2.09%
	24 April 2020	24 April 2020 - 24 April 2030	0.190	-	13,370,000 <sup>(Note)</sup>	-	13,370,000	2.39%
Total				11,689,222	13,370,000	-	25,059,222	
Grand total				13,103,892	18,670,000	-	31,773,892	

*Note:*

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**

On 24 September 2013, the Company adopted a share option scheme (the “**Share Option Scheme**”) whereby the Board can grant options for the subscription of our shares to the employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group (the “**Participants**”) as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The maximum number of shares that can be issued according to the Share Option Scheme was 64,840,530 shares, which is equivalent to 10% of the issued capital of the Company after completion of the Listing on the Stock Exchange. The number of options that may be granted pursuant to the terms of the Share Option Scheme shall not exceed 10% of the issued shares immediately after the completion of the Listing. Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to a Participant under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders (as defined in the Listing Rules) of the Company or the independent non-executive Directors or any of their respective associates (as defined in the Listing Rules)), or the total number of shares that may be granted under the options to the substantial shareholders of the Company or the independent non-executive Directors or any of their respective associates shall not exceed 0.1% of the shares in issue of the Company from time to time. There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board; however no options shall be exercised 10 years after they have been granted. The exercise price of the option shall be the higher of (a) the closing price of the shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average closing price of the shares on the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding the date of grant; and (c) nominal value of the share. Each grantee shall pay a consideration of HK\$1.00 at the time the option is granted. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

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

During the six month ended 30 September 2020, 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 2020.

## **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 six months ended 30 September 2020.

## **REMUNERATION COMMITTEE**

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 Mr. Wong Hon Kit, Dr. Liu Yongping, Mr. Ho Man. Mr. Wong Hon Kit 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.

## **NOMINATION AND CORPORATE GOVERNANCE COMMITTEE**

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 Mr. Wong Hon Kit, Dr. Liu Yongping and Mr. Ho Man. Mr. Wang Jia Jun 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 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 Mr. Wong Hon Kit, Dr. Liu Yongping and Mr. Ho Man. Mr. Wong Hon Kit is the chairman 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, half-year report and, if prepared for publication, quarterly reports; (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 six months ended 30 September 2020 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.

## **PUBLICATION OF UNAUDITED INTERIM REPORT**

The interim report is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.wanjia-gp.com](http://www.wanjia-gp.com)) respectively.

By order of the Board  
**Wanjia Group Holdings Limited**  
**Wang Jia Jun**

*Chief Executive Officer and Executive Director*

Hong Kong, 20 November 2020

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wang Jia Jun and Ms. Yung Ka Lai, and three independent non-executive Directors, namely Mr. Wong Hon Kit, Dr. Liu Yongping and Mr. Ho Man.*