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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 2022**

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 2022 (the “**Period**”) with the unaudited comparative figures for the corresponding period in 2021. 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 for the Period was approximately HK\$90.146 million (2021: approximately HK\$70.281 million), representing an increase of approximately 28.27% as compared with the corresponding period in 2021. The increase was driven by the increase in revenue from the Hemodialysis Business.
- Loss for the Period from operations attributable to owners of the Company was approximately HK\$2.506 million (2021: profit approximately HK\$0.414 million).
- The Group had total cash and cash equivalents of approximately HK\$13.204 million as at 30 September 2022 (31 March 2022: approximately HK\$5.768 million).
- The basic and diluted loss per share was approximately HK\$0.45 cents (2021: basic and diluted earnings per share of approximately HK\$0.07 cents).
- The Board does not recommend the payment of an interim dividend (2021: Nil).

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

	Six months ended 30 September		
	2022	2021	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Notes	(Unaudited)	(Unaudited)	
<b>Revenue</b>	4 & 5	90,146	70,281
Cost of sales		<u>(63,408)</u>	<u>(42,768)</u>
<b>Gross profit</b>		<b>26,738</b>	27,513
Other revenue and income		<b>259</b>	85
Selling and distribution expenses		<b>(17,999)</b>	(13,455)
Administrative expenses		<b>(10,150)</b>	<u>(12,450)</u>
<b>(Loss)/profit from operations</b>	6	<b>(1,152)</b>	1,693
Finance costs	7	<b>(938)</b>	<u>(662)</u>
<b>(Loss)/profit before taxation</b>		<b>(2,090)</b>	1,031
Taxation	8	<b>(396)</b>	<u>(563)</u>
<b>(Loss)/profit for the period</b>		<b>(2,486)</b>	468
<b>Other comprehensive (loss)/income</b>			
<b>for the period, net of tax</b>			
<i>Items that may be reclassified subsequently to</i>			
<i>profit or loss</i>			
Exchange differences arising			
on translating foreign operations		<u>(10,939)</u>	<u>3,535</u>
<b>Total comprehensive (loss)/income</b>		<b>(13,425)</b>	4,003
<b>for the period</b>		<u><u>(13,425)</u></u>	<u><u>4,003</u></u>

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

	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Notes</i>	<b>(Unaudited)</b>	(Unaudited)
<b>(Loss)/profit for the period attributable to:</b>		
Owners of the Company	(2,506)	414
Non-controlling interests	<u>20</u>	<u>54</u>
	<b><u>(2,486)</u></b>	<b><u>468</u></b>
<b>Total comprehensive (loss)/income for the period attributable to:</b>		
Owners of the Company	(13,423)	3,911
Non-controlling interests	<u>(2)</u>	<u>92</u>
	<b><u>(13,425)</u></b>	<b><u>4,003</u></b>
<b>Loss/(earnings) per share attributable to owners of the Company</b>		
– Basic and diluted ( <i>HK cents per share</i> )	<i>9</i> <b><u>(0.45)</u></b>	<b><u>0.07</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>29,309</b>	38,380
Right-of-use asset		<b>15,413</b>	18,871
Goodwill		<b>53,024</b>	53,024
Deposit paid for property, plant and equipment		<b>83</b>	90
		<u><b>97,829</b></u>	<u>110,365</u>
<b>Current assets</b>			
Inventories		<b>16,020</b>	14,651
Trade and other receivables and deposits	<i>11</i>	<b>52,199</b>	61,034
Cash and cash equivalents		<b>13,204</b>	5,768
		<u><b>81,423</b></u>	<u>81,453</u>
Total current assets		<u><b>81,423</b></u>	<u>81,453</u>
<b>Total assets</b>		<u><b>179,252</b></u>	<u>191,818</u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>28,011</b>	28,011
Reserves		<b>84,746</b>	98,168
		<u><b>112,757</b></u>	<u>126,179</u>
<b>Equity attributable to owners of the Company</b>		<u><b>112,757</b></u>	<u>126,179</u>
<b>Non-controlling interests</b>		<b>1,915</b>	1,917
		<u><b>114,672</b></u>	<u>128,096</u>
<b>Total equity</b>		<u><b>114,672</b></u>	<u>128,096</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At <b>30 September</b> <b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 31 March 2022 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>28,844</b>	37,730
Lease liabilities		<b>2,022</b>	2,732
Amount due to a director	<i>14</i>	<b>7,250</b>	3,500
Bank loans	<i>15</i>	<b>9,266</b>	–
Tax payables		<b>1,719</b>	1,506
		<u><b>49,101</b></u>	<u>45,468</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u><b>15,479</b></u>	<u>18,254</u>
		<u><b>15,479</b></u>	<u>18,254</u>
<b>Total equity and liabilities</b>		<u><b>179,252</b></u>	<u>191,818</u>
<b>Net current assets</b>		<u><b>32,322</b></u>	<u>35,985</u>
<b>Total assets less current liabilities</b>		<u><b>130,151</b></u>	<u>146,350</u>



## 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	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	13,905	(9,504)
Net cash used in investing activities	(442)	(5,202)
Net cash generated from/(used in) financing activities	<u>4,079</u>	<u>(1,452)</u>
Net increase/(decrease) in cash and cash equivalents	17,542	(16,158)
Cash and cash equivalents at 1 April	5,768	25,099
Effect of foreign currency exchange rate changes on cash and cash equivalents	<u>(10,106)</u>	<u>565</u>
Cash and cash equivalents at 30 September	<u><u>13,204</u></u>	<u><u>9,506</u></u>



# 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 Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, 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 2022.

### 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 April 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract

The adoption of the above amendments to standards does not have any significant impact to the results and financial position of the Group.

The Group has not adopted or early adopted the new and amendments to HKFRSs which are relevant to the Group that have been issued but not yet effective in the preparation of these unaudited consolidated results. The Group is currently assessing the impact of these new and amendments to HKFRSs upon their initial application but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position. It is anticipated that all of the pronouncements relevant to the Group will be adopted in the Group's accounting policy in the accounting periods when they first become effective.

### 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>
<b><i>Six months ended 30 September 2022 (Unaudited)</i></b>			
<b>Revenue</b>			
Revenue from external customers	<u>27,560</u>	<u>62,586</u>	<u>90,146</u>
<b>Results</b>			
Segment results	<u>280</u>	<u>2,089</u>	2,369
Unallocated corporate income and expenses, net			<u>(3,521)</u>
Loss from operations			(1,152)
Finance costs			<u>(938)</u>
Loss before taxation			(2,090)
Taxation			<u>(396)</u>
Loss for the period			<u><u>(2,486)</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>
<b>Six months ended 30 September 2021 (Unaudited)</b>			
<b>Revenue</b>			
Revenue from external customers	<u>25,895</u>	<u>44,386</u>	<u>70,281</u>
<b>Results</b>			
Segment results	<u>(378)</u>	<u>6,374</u>	5,996
Unallocated corporate income and expenses, net			<u>(4,303)</u>
Profit from operations			1,693
Finance costs			<u>(662)</u>
Profit before taxation			1,031
Taxation			<u>(563)</u>
Profit for the period			<u><u>468</u></u>

*Note:*

No inter-segment sales under pharmaceutical wholesales and distribution business and hemodialysis treatment and consultancy service business for the Period (2021: 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>
<b>As at 30 September 2022 (Unaudited)</b>			
<b>Assets</b>			
Segment assets	23,646	101,012	124,658
Goodwill		53,024	53,024
Unallocated corporate assets			<u>1,570</u>
Consolidated total assets			<u><u>179,252</u></u>
<b>Liabilities</b>			
Segment liabilities	7,725	37,698	45,423
Amount due to a director			7,250
Bank loans		9,266	9,266
Unallocated corporate liabilities			<u>2,641</u>
Consolidated total liabilities			<u><u>64,580</u></u>
<b>As at 31 March 2022 (Audited)</b>			
<b>Assets</b>			
Segment assets	23,701	112,610	136,311
Goodwill		53,024	53,024
Unallocated corporate assets			<u>2,483</u>
Consolidated total assets			<u><u>191,818</u></u>
<b>Liabilities</b>			
Segment liabilities	8,039	49,018	57,057
Amount due to a director			3,500
Unallocated corporate liabilities			<u>3,165</u>
Consolidated total liabilities			<u><u>63,722</u></u>

**6. (Loss)/profit from operations**

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss)/profit from operations has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>2,761</b>	2,586
Depreciation of right-of-use assets	<b>1,614</b>	1,650
Expense relating to short-term lease	<b>10</b>	115
Cost of inventories sold	<b>63,408</b>	42,768
Staff costs (including directors' remuneration)	<b>16,810</b>	10,495

**7. Finance costs**

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on:		
– Lease liabilities	<b>589</b>	662
– Bank loans	<b>349</b>	–
	<b>938</b>	662

## 8. Taxation

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – the PRC		
Charge for the period	<u>396</u>	<u>563</u>
Total tax charge for the period	<u><u>396</u></u>	<u><u>563</u></u>

The Group was not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands during the Period (2021: 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 (2021: 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 (2021: 25%).

## 9. Loss/(earnings) per share

The calculation of basic loss per share for the Period was based on the loss attributable to owners of the Company of approximately HK\$2,506,000 (2021: approximately HK\$414,000 for the basic earnings per share) and on the ordinary share of 560,222,136 shares (2021: ordinary shares of 560,222,136).

There were no diluted potential shares in existence during the Period (2021: Nil).

## 10. Property, plant and equipment

During the Period, the Group purchased property, plant and equipment with a total cost of approximately HK\$555,000 (2021: approximately HK\$4,129,133) and disposed property, plant and equipment with carrying amount of approximately HK\$113,000 (2021: Nil).

## 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 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
0 to 90 days	29,638	32,048
91 to 180 days	11,623	15,051
181 to 365 days	7,722	7,624
Over 365 days	<u>6,539</u>	<u>7,974</u>
	55,522	62,697
<i>Less: Allowance for credit losses</i>	<u>(13,829)</u>	<u>(13,829)</u>
	<u><b>41,693</b></u>	<u><b>48,868</b></u>

## 12. Share capital

	<b>At 30 September 2022 HK\$'000</b>	At 31 March 2022 HK\$'000
<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**

	At <b>30 September</b> 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Trade payables ( <i>Note</i> )	23,510	32,460
Accruals and other payables	3,851	4,854
Contract liabilities	1,483	416
	<u>28,844</u>	<u>37,730</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 <b>30 September</b> 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
0 to 90 days	16,235	18,007
91 to 180 days	3,825	5,554
181 to 365 days	1,261	3,658
Over 365 days	2,189	5,241
	<u>23,510</u>	<u>32,460</u>

#### 14. Amount due to a director

Amount due to a director is unsecured, interest free and repayable on demand.

#### 15. Bank loans

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Unsecured bank loans	<u>9,266</u>	<u>–</u>

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
The carrying amounts of the unsecured bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	5,295	–
Within a period of more than one year but not exceeding two years	<u>3,971</u>	<u>–</u>
	<u>9,266</u>	<u>–</u>

At 30 September 2022, the unsecured bank loans of the Group are denominated in RMB. The effective interest rate of the unsecured bank loans as at 30 September 2022 are ranged from 10.71% to 14.58% per annum.

#### 16. Dividend

The Board does not recommend the payment of an interim dividend for the Period (2021: Nil).

## 17. 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:

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	1,460	1,230
Provident fund contributions	18	27
Total compensation paid to key management personnel	<u>1,478</u>	<u>1,257</u>

### 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	
	2022	2021
	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 23 November 2022.

## 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.

In the early part of 2020, 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. During the Period, revenue was improved by the increase in demand of anesthesia drugs from the hospitals in the PRC. The revenue generated from this segment was approximately HK\$27.560 million (2021: approximately HK\$25.895 million), representing an increase of approximately 6.43%. Profit approximately HK\$0.280 million (2021: loss approximately HK\$0.378 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 hemodialysis treatment centers under co-operations contracts and self-operated hemodialysis treatment centers spread across the Guangdong, Shandong 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 an increase of revenue from the Hemodialysis Business during the Period. The increase was mainly attributable to the increased number of patients treated in our treatment centres and strengthening demand for our services. During the Period, the revenue generated from this segment was approximately HK\$62.586 million (2021: approximately HK\$44.386 million), representing an increase of approximately 41%. Profit approximately HK\$2.089 million (2021: approximately HK\$6.374 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.

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## **Interim Dividend**

The Board has resolved not declare any interim dividend for the Period (2021: Nil).

## **Financial Review**

### **Revenue**

For the Period, the revenue of the Group was approximately HK\$90.146 million (2021: approximately HK\$70.281 million), representing an increase of approximately HK\$19.865 million or approximately 28.27% when compared with the same period in 2021. The increase was driven by the increase in revenue from the Hemodialysis Business.

For the Period, the Group's revenue from the Wholesale Business was approximately HK\$27.560 million (2021: approximately HK\$25.895 million), representing a slight increase of approximately HK\$1.665 million or approximately 6.43% when compared with the same period in 2021. The increase was mainly attributable to the increase in demand of anesthesia drugs from the hospitals in the PRC.

For the Period, the Group's revenue from the Hemodialysis Business was approximately HK\$62.586 million (2021: approximately HK\$44.386 million), representing an increase of approximately HK\$18.200 million or approximately 41% when compared with the same period in 2021. The increase was mainly attributable to the increase in number of patients treated in our hemodialysis treatment centres.

### **Gross Profit Margin**

For the Period and the same period in 2021, the Group's gross profit margins were approximately 29.66% and approximately 39.15% respectively. The decrease was mainly attributable to the Covid-19 pandemic raging through the PRC since the first quarter of 2022, strict quarantine measures and lockdown restrictions implemented in some of the cities have caused disruptions to the supply chain and manufacturing activities, adversely affecting the cost of sales of the Group. Moreover, the increase of production costs due to a rise in prices of key raw materials, which led to substantial increase in cost of sales and thus the Group's overall profitability in pharmaceutical distribution and hemodialysis services have been negatively impacted for the Period.

## **Other Revenue and Income**

For the Period, the Group's other revenue and income was approximately HK\$0.259 million (2021: approximately HK\$0.085 million), representing an increase of approximately HK\$0.174 million when compared with the same period in 2021. The increase was mainly attributable to the government grants received from the 2022 Employment Support Scheme in Hong Kong during the Period.

## **Selling and Distribution Expenses**

For the Period, the Group's selling and distribution expenses were approximately HK\$17.999 million (2021: approximately HK\$13.455 million), representing an increase of approximately HK\$4.544 million or approximately 33.77% when compared with the same period in 2021. The increase was mainly due to the increase of marketing expenses and logistics costs.

## **Administrative Expenses**

For the Period, the Group's administrative expenses were approximately HK\$10.150 million (2021: approximately HK\$12.450 million), representing a decrease of approximately HK\$2.300 million or approximately 18.47% when compared with the same period in 2021. The decrease was mainly due to the decrease of legal and professional service fees.

## **Finance Costs**

For the Period, the Group's finance costs were approximately HK\$0.938 million (2021: approximately HK\$0.662 million), representing an increase of approximately 0.276 million when compared with the same period in 2021. The increase of finance costs due to the unsecured bank loans interest.

## **Taxation**

During the Period, the Group's taxation expense was approximately HK\$0.396 million (2021: approximately HK\$0.563 million), which is the provision of income tax expense for the Hemodialysis Business.

## **Net Loss**

As a result of the foregoing, the Group's net loss attributable to the owner of the Company was approximately HK\$2.506 million for the Period (2021: profit approximately HK\$0.414 million).

## **Total Comprehensive Loss**

For the Period, the Group's total comprehensive loss attributable to the owners of the Company was approximately HK\$13.423 million (2021: income approximately HK\$3.911 million) which was mainly due to the depreciation in exchange rate of RMB against HK\$ during the Period.

## **Capital Expenditure**

The Group's capital expenditure requirements mainly related to additions of property, plant and equipments for the operation of hemodialysis treatment centres. The Group spent approximately HK\$0.555 million (2021: approximately HK\$4.129 million) on property, plant and equipment during the Period.

## **Liquidity and Financial Resources**

The Group had total cash and cash equivalents of approximately HK\$13.204 million as at 30 September 2022 (31 March 2022: approximately HK\$5.768 million). The increase in cash balance was mainly arised from the bank loans for working capital purpose.

The Group recorded total current assets of approximately HK\$81.423 million as at 30 September 2022 (31 March 2022: approximately HK\$81.453 million) and total current liabilities of approximately HK\$49.101 million as at 30 September 2022 (31 March 2022: approximately HK\$45.468 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.658 as at 30 September 2022 (31 March 2022: approximately 1.791).



## **Contingent Liabilities**

As at 30 September 2022, 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 2022: 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.

## **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.

## **Operational risks**

Risks of the Covid-19 pandemic. Due to factors such as the regulatory lock-down, quarantine of people, and delayed resumption of work and production as a result of the pandemic, the operations of the Group may have been affected to some extent. The Group will pay close attention to the development of the Covid-19 pandemic and continue to evaluate its impact on the financial position and operating results of the Group.

## **Foreign exchange risk**

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.

## **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**

As at 30 September 2022, the Group had no material capital commitment.

## **Employee Information**

As at 30 September 2022, the Group had 192 (31 March 2022: 184) full time employees. During the six months ended 30 September 2022, the staff costs, including Directors' remuneration, totalled approximately HK\$16.810 million (2021: approximately HK\$10.495 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

### 1. *Cessation of the operation of hemodialysis treatment centre located in Xianyou, Fujian Province (“Xianyou Centre”)*

As disclosed in the Company’s 2021/2022 Annual Report and the supplemental announcement dated 12 August 2022, Lianan Hemodialysis (Fujian) Healthcare Management Company Limited# (聯安腎析(福建)醫療管理有限公司) (“**Lianan**”), a subsidiary of the Company, entered into a joint venture agreement with Xianyou Boai Hospital# (仙遊博愛醫院) in April 2014 in respect of the setting up a hemodialysis treatment centre in Xianyou Boai Hospital. As Xianyou Boai Hospital failed to pay the shared profit to Lianan in full, in January 2022, the Group instituted a legal proceeding against Xianyou Boai Hospital in the PRC. On 26 May 2022, the People’s Court of Xianyou County, Fujian (福建仙遊縣人民法院) (“**Xianyou Court**”) ordered that Xianyou Boai Hospital to pay approximately RMB 3.564 million to Lianan.

On 13 June 2022, Xianyou Boai Hospital lodged an appeal with the Intermediate the People’s Court of Putian City, Fujian (莆田市中级人民法院) (“**Putian Court**”). On 8 October 2022, the appeal case was concluded by Putian Court which upheld the original decision of Xianyou Court. As up to the date of this announcement, Lianan has received approximately RMB1 million of overdue amount from Xianyou Boai Hospital.

After Lianan initiated the legal proceeding, Xianyou Boai Hospital ceased to provide financial information of Xianyou Centre to Lianan and did not allow the personnel of Lianan to participate the operation of Xianyou Centre. During the appeal and on 30 August 2022, Xianyou Boai Hospital has returned all 31 hemodialysis machines to Lianan and parties thereto could not cooperate further on the operation of Xianyou Centre. Therefore, Lianan will propose to enter into an early termination agreement with Xianyou Boai Hospital after receipt of full settlement of the outstanding amount from Xianyou Boai Hospital.

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## 2. **Termination Agreement with Zhuhai Jiulong Hospital# (珠海九龍醫院)**

On 13 March 2020, Zhuhai Shengchuang Medical Investment Management Company Limited# (珠海升創醫療投資管理有限公司), an indirect non wholly-owned subsidiary of the Company, as operator (the “**Operator**”) of the Hospital (as defined below), and Zhuhai Jiulong Hospital Company Limited# (珠海九龍醫院有限公司) as owner (the “**Owner**”) of the Hospital (as defined below) entered into the management agreement (the “**Management Agreement**”) in respect of the operation and management of the hemodialysis centre in Zhuhai Jiulong Hospital# (珠海九龍醫院) (the “**Hospital**”).

On 16 November 2022, the Operator, the Owner and Fuzhou Huikang Enterprise Management Consulting Company Limited# (福州匯康企業管理諮詢有限公司) (the “**Guarantor**”), being the shareholder of the Owner and as guarantor of the Owner’s obligation under the Termination Agreement (as defined below), entered into a termination agreement (the “**Termination Agreement**”), pursuant to which, among others, the Owner and Operator agreed to terminate the Management Agreement with immediate effect and the Owner shall refund the security deposit (the “**Security Deposit**”) under the Management Agreement in the amount of RMB11 million to the Operator in full within three months from the date of the Termination Agreement. As the three-month Security Deposit refund period represented an extension as opposed to the one-month period stipulated under the Management Agreement, such interim forbearance by allowing the Owner additional two months to refund the Security Deposit constituted financial assistance on the part of the Company. As the highest applicable percentage ratio (as defined under the Listing Rules) for the financial assistance was higher than 5% but less than 25%, the financial assistance under the Termination Agreement constituted a discloseable transaction of the Company.

For details of the Termination Agreement, please refer to the announcements of the Company dated 13 March 2020 and 16 November 2022 respectively.

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## 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 2022, 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		
Mr. Wong Hon Kit (“ <b>Mr. Wong</b> ”) (Note 2)	Beneficial owner	–	140,419	140,419	0.03%
Dr. Liu Yongping (“ <b>Dr. Liu</b> ”) (Note 2)	Beneficial owner	–	140,419	140,419	0.03%
Mr. Ho Man (“ <b>Mr. Ho</b> ”) (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 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 3,793,413 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. 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.

Save as disclosed above, as at 30 September 2022, 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 2022, 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 2022. 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 2022, 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 2022	No. of share options exercised/ cancelled/ lapsed during the six months ended 30 September 2022	No. of share options outstanding as at 30 September 2022	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%
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				4,214,670	–	4,214,670	
<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	14,570,000 <sup>(Note)</sup>	–	14,570,000	2.60%
Total				26,259,222	–	26,259,222	
Grand total				30,473,892	–	30,473,892	



*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 56,022,213 shares, which was equivalent to 10% of the issued capital of the Company. 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 Period, 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 2022.

## **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 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 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.

## **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, 23 November 2022

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