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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)**

**PROFIT WARNING**

The Announcement is made by Wanjia Group Holdings Limited (the “**Company**”, together with its subsidiaries collectively refer to as the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Company for the year ended 31 March 2024 (the “**Current Period**”), it is expected that the loss for the Current Period of the Company of approximately HK\$40 million, as compared to the actual profit of approximately HK\$1.94 million recorded for the year ended 31 March 2023. The expected loss is mainly due to, among others, the following reasons:

- (a) the provision in expected credit loss of approximately HK\$4.60 million, mainly due to the overdue trade and other receivables from customers;
- (b) each of the Group’s two hemodialysis treatment centres (the “**Centres**”) have been requested by the relevant county medical security bureau (the “**Bureau**”) in the Guangdong Province, the PRC to refund certain items charged by then relating to hemodialysis treatment between 2020 to 2023 in the amount of approximately HK\$6.50 million. During the inspection by the Bureau in 2023, the Bureau considered that some ancillary services rendered by the Centres to the hemodialysis patients during 2020 to 2023 were excessive. Hence, the Centres were required to refund those claimed fees in connection with the excessive services to the Bureau. Such amount has been fully settled before the year ended 31 March 2024. Notwithstanding the refund request from the Bureau, the Group has obtained the legal advice to the PRC law which opined that the request for refund was not an administrative penalties but merely a demand for refund to the Bureau. Such refund does not denote any breach nor violation of any rules and regulations with the hemodialysis treatment practices on the part of the Centres. The PRC legal adviser further opined that the Centres’ medical insurance claiming position are in normal settlement status and the operation of the Centres during 2020 to 2023 were in compliance with all applicable laws and regulations in the PRC. As at the date of this announcement, the Centres are still carrying out its operation as usual. However, it is expected that the overall profitability of the Centres in the coming years will be decreased; and
- (c) the provision of impairment loss of goodwill of approximately HK\$22 million (the “**Impairment**”) for the Current Period. The Impairment was primarily due to (i) cost control measures imposed by a county’s medical security bureau in the Guangdong Province, PRC to limit the medical treatment fee that can be charged for each patient’s visit by the hemodialysis treatment centre which thus will reduce the overall revenue generated by the hemodialysis treatment centre; and (ii) the opening of an another hemodialysis treatment centre in the Guangdong Province, PRC in 2025 will require additional capital investment and funding which in turn will lower the projection of the cash flow forecast in 2024 and 2025 respectively. The Board would like to emphasize that the Impairment is a non-cash item and has no effect on the Group’s daily operations and cash flow.

As the Company is still in the process of finalizing the annual results for the year ended 31 March 2024, the information contained in this announcement is only based on a preliminary assessment by the Board with reference to the management accounts of the Group and on the information available for the time being, but not on any data or information audited or reviewed by the auditor of the Company. The Company expects to publish the announcement on the annual results of the Company for the year ended 31 March 2024 on 21 June 2024.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares or other securities of the Company.**

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

Hong Kong, 17 June 2024

*As at the date of this announcement, the Board comprises one executive Director, namely Mr. Wang Jia Jun, one non-executive Director, namely Dr. Xiao Zhixin, and two independent non-executive Directors, namely Mr. Wong Hon Kit and Dr. Liu Yongping.*