WANKA ONLINE INC.

萬咖壹聯有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1762)

SUPPLEMENTAL CLARIFICATION ANNOUNCEMENT TO PERIODIC FINANCIAL REPORTS OF THE COMPANY

CLARIFICATION ON CERTAIN DISCLOSURES IN THE PERIODIC FINANCIAL REPORTS

The Company wishes to clarify certain disclosures in the annual report of the Company for the year ended 31 December 2022 (the "**2022 Annual Report**"), the annual report of the Company for the year ended 31 December 2023 (the "**2023 Annual Report**") and the interim report of the Company for the six months ended 30 June 2024 (the "**2024 Interim Report**") as follows.

Accounting policies for impairment of financial assets

As disclosed in the annual report of the Company for the year ended 31 December 2021 (page 136), the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payments are 90 days past due.

Based on the customers' payment history and ability of making payments and continuous business with the Group in 2020 and 2021, the credit risk and default risk were not significantly increased for receivables with 90 days past due. As a result, since 2022, the Company rebutted the presumptions of a financial asset has increased credit risk significantly if it is more than 30 days past due based on customers' past payment history and current ability of making payments. The Group assumes that the credit risk associated with a financial asset has increased significantly if it is more than 1 year past due. The Group also rebutted the presumption of default under ECL model for a financial asset over 90 days past due based on the customer's past payment history and continuous business with the Group.

The Company clarifies the definition of a financial asset in default in 2022 Annual Report and 2023 Annual Report per below:

A financial asset is in default when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the borrower;
– a breach of contract, such as a default or past due event;
– the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for that financial asset because of financial difficulties.

Ageing analysis of accounts receivables

For the aging breakdowns of accounts receivables as set out in note 22 of the financial statements of the Company in the 2023 Annual Report, the Group has properly disclosed aging breakdown by invoices dates in the annual report of the Company for the year ended 31 December 2021 and the 2022 Annual Report. However, since the Company changed its auditor for the year ended 31 December 2023 and due to the miscommunication with the incoming auditor at the material time, the Group disclosed the aging breakdown by due dates in the 2023 Annual Report. This does not affect other figures in the consolidated financial statements of the Group, including but not limited to the ECL assessment of trade receivables. The Group will ensure proper disclosure and compliance in the annual report of the Company for the year ended 31 December 2024. The Company hereby clarifies the aging analysis of the accounts receivables as at 31 December 2023 based on invoices dates and net of loss allowance in note 22 in the 2023 Annual Report are as follows:

As at 31 December 2023	Figures disclosed in 2023 Annual Report	Correct figures
Within 3 months	492,772	387,617
3-12 months	180,783	285,938
1 to 2 years	7,209	7,209
	680,764	680,764

The Company hereby clarifies the aging of accounts receivables that are not individually nor collectively considered to be impaired in note 22 in the 2023 Annual Reports and the 2022 Annual Reports as follows:

	As at 31 December 2023	As at 31 December 2022
Not past due *	387,617	344,022
Not more than 3 months past due	105,155	92,927
More than 3 months past due but less than 12 months past due	180,783	152,879
More than 1 year past due but less 2 years past due	7,209	11,431
	680,764	601,259

*It is clarified that it should be presented as “not past due” but not “neither past due nor impaired” in the 2023 Annual Report and the 2022 Annual Report.

Calculation of the earnings per share for the six months ended 30 June 2024 (“EPS”)

The Company hereby clarifies the EPS as disclosed in note 9 in the 2024 Interim Report should be as follows. Despite the aforesaid, the basic and diluted EPS has been accurately disclosed in the 2024 Interim Report.

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 1,503,026,599 (instead of 1,504,510,115 as disclosed in the 2024 Interim Report) in issue (excluding treasury shares) during the period.

The calculations of basic and diluted earnings per shares are based on:

	EPS as disclosed in the 2024 Interim Report	Correct EPS
Weighted average number of ordinary shares (excluding Treasury shares)	1,504,510,115	1,503,026,599
Effect of dilution- weighted average of ordinary shares: RSU	21,233,235	22,716,751
	1,525,743,350	1,525,743,350
Profit for the period attributable to the owners of the Company	44,875,000	44,875,000
Basic EPS	0.03	0.03
Diluted EPS	0.03	0.03

The number of issued shares of the Company

The Company hereby clarifies the movements in the Company's share capital in note 17 in the 2024 Interim Report should be as follows:

Company	Authorised number of shares	Number of ordinary shares issued (excluding treasury shares)	Total par value of ordinary shares issued	Number of treasury shares	Total par value of treasury share
	'000	*'000*	*RMB*	*'000*	*RMB*
As at 31 December 2023 (audited)	250,000,000	1,489,510	1,029	36,233#	74
As at 30 June 2024 (unaudited)	250,000,000	1,504,510	1,029	21,233^	68

#The number of treasury shares as at 31 December 2023 should be 36,233,000 but not 61,371,000 as disclosed in 2024 Interim Report.

^ The number of treasury shares as at 30 June 2024 should be 21,233,000 but not 47,928,000 as disclosed in 2024 Interim Report.

	Number of ordinary shares (excluding treasury shares)	**Issued capital**	**Share premium**	**Total**
		RMB'000	***RMB'000***	***RMB'000***
At 1 January 2023 (audited)	1,453,121,075[1]	1	1,828,109	1,828,110
Vested restricted share units transferred to employees	10,410,443[2]	-	2,686	2,686
At 30 June 2023 (unaudited)	1,463,531,518[3]	1	1,830,795	1,830,796
At 1 January 2024 (audited)	1,489,510,115[4]	1	1,846,179	1,846,180
Vested restricted share units transferred to employees	15,000,000[5]	-	5,269	5,269
At 30 June 2024 (unaudited)[&]	1,504,510,115[6]	1	1,851,448	1,851,449

[1] The number of ordinary shares as at 1 January 2023 should be 1,453,121,075 but not 1,525,743,350 as disclosed in 2024 Interim Report.

[2] The vested restricted share units transferred to employees during the six months ended 30 June 2023 should be 10,410,443 but not 0 as disclosed in 2024 Interim Report.

[3] The number of ordinary shares as at 30 June 2023 should be 1,463,531,518 but not 1,525,743,350 as disclosed in 2024 Interim Report.

[4] The number of ordinary shares as at 1 January 2024 should be 1,489,510,115 but not 1,525,743,350 as disclosed in 2024 Interim Report.

[5] The vested restricted share units transferred to employees during the six months ended 30 June 2024 should be 15,000,000 but not 0 as disclosed in 2024 Interim Report.

[6] The number of ordinary shares as at 30 June 2024 should be 1,504,510,115 but not 1,525,743,350 as disclosed in 2024 Interim Report.

[&] Excluding treasury shares of 8,096,235 and 13,137,000 shares held by Wanka Alliance Limited and Wanka Legend Limited, respectively as at 30 June 2024 (not 30 June 2023 as disclosed in 2024 Interim Report).

The Company hereby clarifies the movements in the Company's share capital in note 29 in the 2023 Annual Report should be as follows:

Company	**Authorised number of shares**	**Number of ordinary shares issued (excluding treasury shares)**	**Total par value of ordinary shares issued**	**Number of treasury shares**	**Total par value of treasury share**
	'000	***'000***	***RMB***	***'000***	***RMB***
As at 31 December 2022	250,000,000	1,453,121	1,029	72,622#	74
As at 31 December 2023	250,000,000	1,489,510	1,029	36,233^	74

#The number of treasury shares as at 31 December 2022 should be 72,622,000 but not 79,181,000 as disclosed in 2023 Annual Report.

^ The number of treasury shares as at 31 December 2023 should be 36,233,000 but not 61,371,000 as disclosed in 2023 Annual Report.

	Number of ordinary shares (excluding treasury shares)	Issued capital	Share premium	Total
		RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	1,427,695,117[1]	1	1,809,951	1,809,952
Vested restricted share units transferred to employees	25,425,958[2]	-	18,158	18,158
~~Newly granted RUSs in 2022~~[3]	-	-	-	-
At 31 December 2022 and 1 January 2023	1,453,121,075[4]	1	1,828,109	1,828,110
Vested restricted share units transferred to employees	36,389,040[5]	-	18,070	18,070
At 31 December 2023[&]	1,489,510,115[6]	1	1,846,179	1,846,180

[1] The number of ordinary shares as at 1 January 2022 should be 1,427,695,117 but not 1,485,663,350 as disclosed in 2023 Annual Report.

[2] The vested restricted share units transferred to employees during the year ended 31 December 2022 should be 25,425,958 but not 0 as disclosed in 2023 Annual Report.

[3] The newly granted RSUs during the year ended 31 December 2022 should be removed since newly granted RSUs did not affect the number of ordinary shares.

[4] The number of ordinary shares as at 31 December 2022 should be 1,453,121,075 but not 1,525,743,350 as disclosed in 2023 Annual Report.

[5] The vested restricted share units transferred to employees during the year ended 31 December 2023 should be 36,389,040 but not 0 as disclosed in 2023 Annual Report.

[6] The number of ordinary shares as at 31 December 2023 should be 1,489,510,115 but not 1,525,743,350 as disclosed in 2023 Annual Report.

[&] Excluding treasury shares of 8,096,235 and 28,137,000 shares held by Wanka Alliance Limited and Wanka Legend Limited, respectively as at 31 December 2023.

The Company hereby clarifies the movements in the Company's share capital in note 29 in the 2022 Annual Report should be as follows:

Company	Authorised number of shares	Number of ordinary shares issued (excluding treasury shares)	Total par value of ordinary shares issued	Number of treasury shares	Total par value of treasury share
	'000	*'000*	*RMB*	*'000*	*RMB*
As at 31 December 2021	250,000,000	1,427,695	1,029	57,968	74
As at 31 December 2022	250,000,000	1,453,121	1,029	72,622#	74

#The number of treasury shares held as at 31 December 2022 should be 72,622,000 but not 79,181,000 as disclosed in 2022 Annual Report.

For better presentations, the Company hereby discloses the detailed movement of the number of issued shares during the year ended 31 December 2022 and 2023 should be as follows:

	Number of ordinary shares issued (excluding treasury shares) (A)	Number of treasury shares issued (B)	Total number of issued shares (A)+(B)
At 1 January 2022	1,427,695,117	57,968,233	1,485,663,350
Vested RSUs transferred to employees	25,425,958	-25,425,958	Nil
Newly granted RSUs in 2022	Nil	40,080,000	40,080,000
At 31 December 2022 and 1 January 2023	1,453,121,075	72,622,275	1,525,743,350
Vested RSUs transferred to employees	36,389,040	-36,389,040	Nil
At 31 December 2023 and 1 January 2024	1,489,510,115	36,233,235	1,525,743,350
Vested RSUs transferred to employees	15,000,000	-15,000,000	Nil
At 30 June 2024	1,504,510,115	21,233,235	1,525,743,350

The Company confirms that the disclosures of the issued share capital of the Company for the 2022 Annual Report and the 2023 Annual Report do not affect other disclosures in the consolidated financial statements of the Group.

REMEDIAL ACTIONS

Given the inaccurate disclosures in the periodic financial reports of the Company due to inadvertent mistakes, the Company has implemented the following remedial actions:

1. the Company has already established and appointed a new position, financial reporting director, since September 2024, who is delegated with the specific duty to specifically oversee and handle the financial reporting and accounting related matters of the Group. The financial reporting director, prior to joining the Group, has worked in the international "big four" audit firm for over 10 years and has extensive audit experiences in companies listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") engaging in business in the internet, software development and games industries. The Company believes that the appointment of financial reporting director will improve and ensure the proper compliance of financing reporting requirements under the Hong Kong Financial Reporting Standards and the disclosure requirements of the Listing Rules;

2. the Group will improve its internal review policies and procedures of financial reporting to ensure accurate and proper financial reporting disclosures, including but not limited to, (1) the consolidated financial statements and related disclosures and breakdowns will be prepared by financial reporting director, and further reviewed by financial controller and chief financial officer of the Company before publication; (2) upon publication of interim and annual reports, all the final working papers for the consolidated financial statements of the Group and related disclosures and breakdowns will be stored on the Company's server to ensure proper book keeping; (3) upon the resignation of finance department staff, Human Resources department will issue handover list to the outgoing staff. The handover list will be verified by finance department to ensure all the files and documents are properly transferred before approval of the resignation; and

3. the Company will engage professionals to conduct internal control review in financial reporting cycle for the year ended 31 December 2024 and at regular intervals thereafter.

By order of the Board
Wanka Online Inc.
GAO Dinan
Chairman

Hong Kong, 19 February 2025

As at the date of this announcement, the Board comprises Mr. GAO Dinan, Mr. NIE Xin, Ms. JIANG Yu and Mr. YU Dingyi as executive Directors; and Mr. CHEN Baoguo, Mr. JIN Yongsheng and Mr. YU Limin as independent non-executive Directors.

* *For identification purposes only*