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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

FINANCIAL HIGHLIGHTS

Summary of the results of the Group for the financial year ended 31 March 2025 is as follows:

- Total revenue was approximately HK\$161.693 million (2024: approximately HK\$181.092 million), representing a decrease of approximately 10.71% over 2024.
- Gross profit was approximately HK\$50.347 million (2024: approximately HK\$54.740 million), representing a decrease of approximately 8.03% over 2024.
- Loss from operations was approximately HK\$4.089 million (2024: approximately HK\$39.438 million), representing a decrease of approximately 89.63% over 2024.
- Loss for the year attributable to owners of the Company was approximately HK\$6.616 million (2024: approximately HK\$39.977 million), representing a decrease of approximately 83.45% over 2024.
- The basic and diluted loss per share was approximately HK\$1.18 cents (2024: approximately HK\$7.14 cents).
- The Group had total cash and cash equivalents of approximately HK\$24.083 million as at 31 March 2025 (2024: approximately HK\$18.228 million).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: Nil).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Wanjia Group Holdings Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2025 together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	4	161,693	181,092
Cost of sales		<u>(111,346)</u>	<u>(126,352)</u>
Gross profit		50,347	54,740
Other revenue	5	70	43
Other loss, net	6	(151)	(1,769)
Reversal of/(allowance for) expected credit losses on trade and other receivables, net		1,431	(4,595)
Impairment loss on goodwill		–	(22,310)
Selling and distribution expenses		(32,041)	(35,758)
Administrative expenses		<u>(23,745)</u>	<u>(29,789)</u>
Loss from operations		(4,089)	(39,438)
Finance costs	7	<u>(1,403)</u>	<u>(1,711)</u>
Loss before taxation		(5,492)	(41,149)
Income tax (expense)/credit	8	<u>(1,081)</u>	<u>854</u>
Loss for the year	9	(6,573)	(40,295)
Other comprehensive expense for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating of foreign operations		<u>(827)</u>	<u>(5,911)</u>
Other comprehensive expense for the year		<u>(827)</u>	<u>(5,911)</u>
Total comprehensive expense for the year		<u><u>(7,400)</u></u>	<u><u>(46,206)</u></u>

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(6,616)	(39,977)
Non-controlling interests		<u>43</u>	<u>(318)</u>
		<u>(6,573)</u>	<u>(40,295)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(7,444)	(45,883)
Non-controlling interests		<u>44</u>	<u>(323)</u>
		<u>(7,400)</u>	<u>(46,206)</u>
Loss per share:			
– Basic and diluted (HK cents per share)	11	<u>(1.18)</u>	<u>(7.14)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		16,531	22,295
Right-of-use assets		9,435	11,919
Goodwill		24,242	24,495
		<u>50,208</u>	<u>58,709</u>
Current assets			
Inventories		10,301	7,982
Trade and other receivables	12	22,230	32,182
Cash and cash equivalents		24,083	18,228
		<u>56,614</u>	<u>58,392</u>
Current liabilities			
Trade and other payables	13	16,460	17,742
Lease liabilities		2,344	2,364
Borrowings		193	1,691
Amount due to a director		10,000	8,450
Tax payables		5	114
		<u>29,002</u>	<u>30,361</u>
Net current assets		<u>27,612</u>	<u>28,031</u>
Total assets less current liabilities		<u>77,820</u>	<u>86,740</u>
Non-current liabilities			
Lease liabilities		9,187	11,545
Net assets		<u><u>68,633</u></u>	<u><u>75,195</u></u>

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Capital and reserves			
Share capital		28,011	28,011
Reserves		38,871	45,477
		<hr/>	<hr/>
Equity attributable to owners of the Company		66,882	73,488
Non-controlling interests		1,751	1,707
		<hr/>	<hr/>
Total equity		68,633	75,195
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

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

The address of the registered office of the Company is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is located at Suite 1801, 18/F, Tower 1, The Gateway, Harbour City, 25 Canton Road, Kowloon, Hong Kong.

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors anticipate that the application of the new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

Information reported internally to the chief operating decision maker (“**CODM**”) 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 basis on which the Group reports its segment information.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by the operating and reportable segment.

For the year ended 31 March 2025

	Pharmaceutical wholesale and distribution business HK\$’000	Hemodialysis treatment and consultancy service business HK\$’000	Consolidated HK\$’000
Segment revenue from external customers	<u>50,491</u>	<u>111,202</u>	<u>161,693</u>
Segment results	<u>(1,200)</u>	<u>7,357</u>	6,157
Unallocated corporate income and expenses, net			<u>(10,246)</u>
Loss from operations			(4,089)
Finance costs			<u>(1,403)</u>
Loss before taxation			<u>(5,492)</u>

For the year ended 31 March 2024

	Pharmaceutical wholesale and distribution business <i>HK\$'000</i>	Hemodialysis treatment and consultancy service business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue from external customers	<u>51,536</u>	<u>129,556</u>	<u>181,092</u>
Segment results	<u>(1,352)</u>	<u>(29,538)</u>	(30,890)
Unallocated corporate income and expenses, net			<u>(8,548)</u>
Loss from operations			(39,438)
Finance costs			<u>(1,711)</u>
Loss before taxation			<u>(41,149)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of central administration costs, finance costs and certain other income. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities**For the year ended 31 March 2025**

	Pharmaceutical wholesale and distribution business <i>HK\$'000</i>	Hemodialysis treatment and consultancy service business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Consolidated statement of financial position			
Assets			
Segment assets	19,131	84,358	103,489
Unallocated corporate assets			3,333
Consolidated total assets			106,822
Liabilities			
Segment liabilities	8,076	17,629	25,705
Unallocated corporate liabilities			12,484
Consolidated total liabilities			38,189

For the year ended 31 March 2024

	Pharmaceutical wholesale and distribution business <i>HK\$'000</i>	Hemodialysis treatment and consultancy service business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Consolidated statement of financial position			
Assets			
Segment assets	19,532	95,083	114,615
Unallocated corporate assets			2,486
Consolidated total assets			117,101
Liabilities			
Segment liabilities	7,522	22,365	29,887
Unallocated corporate liabilities			12,019
Consolidated total liabilities			41,906

Geographical information

The Group operates in two principal areas – pharmaceutical wholesale and distribution business, and hemodialysis treatment and consultancy service business in the PRC and administrative activities operate in Hong Kong.

The Group's revenue is solely generated from external customers in the PRC.

The following is an analysis of the carrying amount of non-current assets analysed by the geographical area in which the assets are located:

	As at 31 March	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	2,328	3,311
PRC	47,880	55,398
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	50,208	58,709
	<hr/> <hr/>	<hr/> <hr/>

Information about major customers

There is no single customer contributing over 10% of total sales of the Group for the year ended 31 March 2025 and 2024.

Other segment information

For the year ended 31 March 2025

	Pharmaceutical wholesale and distribution business HK\$'000	Hemodialysis treatment and consultancy service business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Addition to non-current assets (<i>Note</i>)	146	685	–	831
Depreciation of property, plant and equipment	373	5,303	54	5,730
Depreciation of right-of-use assets	404	1,157	928	2,489
(Reversal of)/provision of allowance for expected credit losses on trade and other receivables, net	694	(2,111)	(14)	(1,431)
Impairment loss on property, plant and equipment	440	–	–	440
Finance costs	41	720	642	1,403

For the year ended 31 March 2024

	Pharmaceutical wholesale and distribution business HK\$'000	Hemodialysis treatment and consultancy service business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Addition to non-current assets (<i>Note</i>)	967	3,059	–	4,026
Depreciation of property, plant and equipment	212	7,363	58	7,633
Depreciation of right-of-use assets	585	1,267	928	2,780
Provision of allowance for expected credit losses on trade and other receivables, net	1,476	3,119	–	4,595
Impairment loss on goodwill	–	22,310	–	22,310
Finance costs	63	1,314	334	1,711

Note:

Addition to non-current assets consists of additions to property, plant and equipment and right-of-use assets during both years.

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

	For the year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
<i>Revenue from contract with customers recognised at a point in time:</i>		
Wholesale and distribution of pharmaceutical and related products	50,491	51,536
Provision of hemodialysis treatment and consultancy services	111,202	129,556
	<u>161,693</u>	<u>181,092</u>

All revenue contracts are for one year or less. As permitted by practical expedient under HKFRS 15, the transaction price allocated to unsatisfied contracts is not disclosed.

5. OTHER REVENUE

	For the year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Interest income	35	43
Government subsidies	21	—
Sundry income	14	—
	<u>70</u>	<u>43</u>

6. OTHER LOSS, NET

	For the year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Loss on disposal of property, plant and equipment	151	5,030
Gain on disposal of a subsidiary	–	(3,009)
Gain on early termination of lease	–	(252)
	<u>151</u>	<u>1,769</u>

7. FINANCE COSTS

	For the year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Interest on:		
– Borrowings	57	585
– Lease liabilities	790	929
– Amount due to a director	556	197
	<u>1,403</u>	<u>1,711</u>

8. INCOME TAX EXPENSE/(CREDIT)

	For the year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Current tax:		
– PRC Enterprise Income Tax (“EIT”)	<u>1,081</u>	<u>(854)</u>

The Group is subject to income tax on an entity basis on profits arising or derived from the jurisdictions in which members of the Group are domiciled and operated.

Provision on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

9. LOSS FOR THE YEAR

	For the year ended 31 March	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Directors' emoluments	2,577	2,601
Other staff costs (excluding directors)		
– Salaries and allowances	16,560	17,469
– Retirement benefits scheme contributions	1,505	1,380
– Share-based payment	737	1,031
	<hr/>	<hr/>
Total staff costs	21,379	22,481
	<hr/>	<hr/>
Depreciation of property, plant and equipment	5,730	7,633
Depreciation of right-of-use assets	2,489	2,780
Auditors' remuneration		
– Audit services	650	650
Cost of inventories recognised as expenses	104,668	121,387
Expenses relating to short-term leases	366	424
	<hr/> <hr/>	<hr/> <hr/>

10. DIVIDEND

The board of directors of the Company does not recommend the payment of final dividend for the year ended 31 March 2025 (2024: Nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company are based on the following data:

(a) *Basic*

	For the year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Loss		
Loss for the year attributable to owners of the Company	<u>(6,616)</u>	<u>(39,977)</u>
	For the year ended 31 March	
	2025	2024
Number of shares		
Weighted average number of ordinary shares in issue	<u>560,222,136</u>	<u>560,222,136</u>

(b) *Diluted*

For the year ended 31 March 2025 and 2024, the computation of diluted loss per share does not include the Company's outstanding share options because the effect were anti-dilutive. Therefore, the diluted loss per share of the Company is the same as the basic loss per share.

12. TRADE AND OTHER RECEIVABLES

As at 31 March 2025, included in the Group's trade and other receivables, the trade receivables amounted to approximately HK\$25,074,000 (2024: approximately HK\$37,907,000), net of allowance for expected credit loss of approximately HK\$9,602,000 (2024: approximately HK\$11,156,000).

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Trade receivables	25,074	37,907
Less: Allowance for expected credit loss	(9,602)	(11,156)
	<u>15,472</u>	<u>26,751</u>

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 (2024: 30 to 90 days) for pharmaceutical wholesale and distribution business and 5 to 365 days (2024: 5 to 365 days) for hemodialysis treatment and consultancy service business respectively of issuance of invoices. The ageing analysis of the gross amount of trade receivables based on the invoices date is as follows:

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Within 90 days	14,666	25,154
91 to 180 days	2,826	4,289
181 to 365 days	1,984	4,526
Over 365 days	5,598	3,938
	<u>25,074</u>	<u>37,907</u>

13. TRADE AND OTHER PAYABLES

As at 31 March 2025, included in the Group's trade and other payables, the trade payables amounted to approximately HK\$6,896,000 (2024: approximately HK\$10,458,000).

The ageing analysis of trade payables of the Group presented based on the invoice date is as follows:

	As at 31 March	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	2,824	5,919
91 to 180 days	38	797
181 to 365 days	270	33
Over 365 days	3,764	3,709
	<hr/>	<hr/>
	6,896	10,458
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on purchases of certain goods in range from 30 to 90 days (2024: 30 to 90 days).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Looking back at the year ended 31 March 2025, the Group made various adjustments business strategy such as streamlined the business operations in the PRC market to control operating costs, implemented an effective cash flow management strategy, and assessed the business expansion plan with a more prudent approach.

Due to the current economic slowdown in the PRC, and the reduction in fixed payment rate from the relevant county medical security bureau to the hemodialysis treatment services in the PRC, the Group's business has been negatively impacted during the year. As a result, the total revenue of the Group for the year was approximately HK\$161.693 million, representing a decrease of approximately HK\$19.399 million as compared to 2024. The gross profit was approximately HK\$50.347 million, representing a decrease of approximately HK\$4.393 million as compared to 2024. The loss for the year attributable to the owners of the Company was approximately HK\$6.616 million.

Total revenue generated from pharmaceutical wholesale and distribution business for the year ended 31 March 2025 was approximately HK\$50.491 million, representing a slight decrease of approximately 2.03% as compared to 2024.

Total revenue contributed by the hemodialysis treatment business for the year ended 31 March 2025 was approximately HK\$111.202 million, representing a decrease of 14.17% as compared to 2024.

Segment information

During the year, the revenue of the Group was principally generated from: (1) pharmaceutical wholesale and distribution business, and (2) hemodialysis treatment and consultancy service business in the PRC. Financial information in respect of these operations is presented in Note 3 to the consolidated financial statements.

1) Pharmaceutical wholesale and distribution 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 from this segment was approximately HK\$50.491 million (2024: approximately HK\$51.536 million), representing a slight decrease of approximately 2.03%. Loss from this business segment was approximately HK\$1.200 million (2024: approximately HK\$1.352 million).

2) *Hemodialysis treatment and consultancy service business*

In respect of the hemodialysis treatment business, the Group currently operates several self-operated hemodialysis treatment centres spread across the Guangdong Province, PRC.

Revenue from this segment was approximately HK\$111.202 million (2024: approximately HK\$129.556 million), representing a decrease of approximately 14.17%. Profit from this business segment was approximately HK\$7.357 million, the increase in profit was mainly due to no provision of impairment loss of goodwill was required for the year ended 31 March 2025, and the implementation of stringent cost control measures for the year (2024: loss of approximately HK\$29.538 million).

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2025, revenue was approximately HK\$161.693 million (2024: approximately HK\$181.092 million), accounting for a decrease of approximately 10.71% as compared to 2024. The decrease of revenue was mainly due to the reduction in fixed payment rate from the relevant county medical security bureau to the hemodialysis treatment services in the PRC.

Other revenue

Other revenue, primarily including interest income amounted to approximately HK\$0.070 million for the year ended 31 March 2025 (2024: approximately HK\$0.043 million).

Selling and distribution expenses

For the year ended 31 March 2025, selling and distribution expenses amounted to approximately HK\$32.041 million (2024: approximately HK\$35.758 million), representing a decrease of approximately 10.39% as compared to 2024. The decrease in the selling and distribution expenses was due to the decrease of marketing expenses, and logistics costs.

Administrative expenses

Administrative expenses for the year ended 31 March 2025 amounted to approximately HK\$23.745 million (2024: approximately HK\$29.789 million), representing a decrease of approximately 20.29% as compared to 2024. The decrease was mainly due to the decrease of general office expenses such as depreciation, staff costs, and share-based payment.

Finance costs

For the year ended 31 March 2025, the finance costs of the Group were approximately HK\$1.403 million (2024: approximately HK\$1.711 million), representing a decrease of approximately 18% as compared to 2024, due to less interest payment from borrowings.

Loss for the year attributable to owners of the Company

The Group has recorded loss for the year attributable to owners of the Company of approximately HK\$6.616 million for the year ended 31 March 2025 (2024: approximately HK\$39.977 million).

The loss was mainly due to, among others, the Group's 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 2021 to 2024 in the amount of approximately HK\$5.50 million. During the inspection by the Bureau between 2024 and 2025, the Bureau considered that some ancillary services rendered by the Centres to the hemodialysis patients during 2021 to 2024 were excessive and should not be included in the Bureau's scope of payment. Hence, the Centres were required to refund those claimed fees and additional administrative charges in connection with the excessive services to the Bureau. In fact, approximately HK\$5.0 million of the refund has been fully settled before the year ended 31 March 2025. 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 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 2021 to 2024 were in compliance with all applicable laws and regulations in the PRC. Subsequently, additional staff from the Group has been placed into the Centres to monitor the hemodialysis treatment practices, and to ensure strict compliance with the Bureau's rules and regulations. As at the date of this announcement, the Centres are still carrying out its operation as usual.

LIQUIDITY AND FINANCIAL RESOURCES

Overall financial position

The Group had total cash and cash equivalents of approximately HK\$24.083 million as at 31 March 2025 (2024: approximately HK\$18.228 million). The increase was due to the improvement on the trade receivables settlement. The Group recorded total current assets of approximately HK\$56.614 million as at 31 March 2025 (2024: approximately HK\$58.392 million) and total current liabilities of approximately HK\$29.002 million as at 31 March 2025 (2024: approximately HK\$30.361 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.95 as at 31 March 2025 (2024: approximately 1.92).

Gearing ratio

As at 31 March 2025, the Group's gearing ratio which was calculated based on outstanding debts (comprising borrowings, amount due to a director and lease liabilities) less cash and cash equivalents over total equity (including all capital and reserves attributable to owners of the Company) was nil (2024: approximately 0.08).

Contingent liabilities

As at 31 March 2025, 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.

Capital commitment

As at 31 March 2025, the Group had no material capital commitment (2024: Nil).

CAPITAL STRUCTURE

As at 31 March 2025, the total issued share capital of the Company was approximately HK\$28.011 million (2024: approximately HK\$28.011 million) representing 560,222,136 ordinary shares (2024: 560,222,136 ordinary shares).

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The following is the key risk and uncertainty identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Market risk

PRC government policy

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

Foreign exchange 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 year.

Goodwill impairment risk

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

Liquidity risk

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group had 181 (2024: 193) full time employees (including Director) as shown in the following table:

Location	Number of staff
Hong Kong	9
Mainland China	172

For the year ended 31 March 2025, staff costs (including directors' emoluments) amounted to approximately HK\$21.379 million (2024: approximately HK\$22.481 million). The Group remunerates its employees based on individual performance and qualification. Apart from the basic remuneration, staff benefits include share-based payment, the contribution to the Mandatory Provident Fund Scheme, discretionary bonus and medical coverage in Hong Kong; and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to the employees in the PRC.

CHARGES ON GROUP'S ASSETS

As at 31 March 2025, the Group did not have any charges on the Group's assets.

MATERIAL ACQUISITIONS AND DISPOSALS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2025, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

EVENT AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events requiring disclosure that has taken place subsequent to 31 March 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can properly protect and promote the interests of all shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company strived to maintain a high standard of corporate governance and complied with the Corporate Governance Code (the **"CG Code"**) as stated in Appendix 14 of the Rules Governing the Listing Securities on Main Board (the **"Listing Rules"**) of the Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**).

The Company has adopted the code provisions in the CG Code as its own code of corporate governance, save as the deviation from the code provision C.2.1. The roles of Chairman and Chief Executive Officer should be separate pursuant to code provision C.2.1 as disclosed in the section "Chairman and Chief Executive Officer". The board of directors (the **"Board"**) considers that the Company was in compliance with all applicable code provisions set out in the CG Code from 11 October 2013, being the date of listing of the Company, to the date of this announcement.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.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 during the year ended 31 March 2025. The Board considered that the existing Board members were able to share the power and responsibilities of chairman among themselves during the year ended 31 March 2025.

Mr. Wang Jia Jun has been appointed as the Chief Executive Officer of the Company since 1 April 2020 and up to the date of this announcement. 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Following the resignation of Mr. Ho Man on 30 April 2024, the number of independent non-executive Directors fell below three and the Company fails to meet the requirements of having at least three independent non-executive Directors on the Board under 3.10(1) and 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). In order to comply with the Listing Rules, the Company will make its best endeavour to identify suitable candidate(s) to fill the casual vacancies on the Board for the position of independent non-executive Director as soon as possible within three months from the effective date of his resignation pursuant to Rule 3.11 of the Listing Rules. The Company has applied for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with Rules 3.10(1), 3.11 and 3.21 of the Listing Rules on 31 July 2024 and an extension of time to 30 September 2024 to fill up the vacancy.

Following the appointments of Ms. Chan Wing Shan Winsome and Ms. Xu Wei on 13 September 2024 and 30 September 2024 respectively, and the changes in composition of the Board committees on 30 September 2024, (i) the Board now comprise three independent non-executive Directors, at least one of whom has appropriate professional qualifications or accounting or related financial management expertise; (ii) at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise; (iii) the Audit Committee now comprises at least three members and that at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules and that the Audit Committee is chaired by an independent non-executive Director; and (iv) the Nomination and Corporate Governance Committee is chaired by Dr. Liu Yongping, an independent non-executive Director. Accordingly, the Company has now fully complied with the requirements under Rules 3.10(1), 3.10(2), 3.21 and 3.27A of the Listing Rules on 30 September 2024. Please refer to the Company's announcements dated 30 April 2024, 31 July 2024, 28 August 2024, 13 September 2024, and 30 September 2024 respectively for further details.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) since 11 October 2013, being the date of listing of the Company, up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee was established on 24 September 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and a copy of which is posted on the website of the Company and of the Stock Exchange. In order to comply with the amended CG Code, the Board adopted the revised Terms of Reference of the Audit Committee on 31 December 2018. The Audit Committee's current members are:

Ms. Xu Wei (*Chairwoman*)

Dr. Liu Yongping

Ms. Chan Wing Shan Winsome

All of the committee members are independent non-executive Directors. The primary duties of the Audit Committee include, but are not limited to:

- (a) reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (b) monitoring integrity of financial statements of the Company and the Company's annual report and accounts and the interim report;
- (c) reviewing the Company's financial controls, risk management and internal control systems;
- (d) reporting to the Board on the matters set out in the code provisions as stated in Appendix 14 to the Listing Rules.

The Audit Committee shall hold at least two regular meetings in a year to review and discuss the interim and annual financial statements of the Company. Additional meetings of the Audit Committee may be held as and when required.

The Audit Committee shall meet with the external auditors at least once a year. The external auditors may request a meeting if they consider necessary.

During the year ended 31 March 2025, the Audit Committee held 3 meetings.

The Audit Committee has reviewed with management accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters for the year ended 31 March 2025. The Group's consolidated financial results for the year ended 31 March 2025 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 has been made.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 24 September 2013 with written terms of reference in compliance with Rule 3.25 of the Listing Rule and a copy of which is posted on the website of the Company and of the Stock Exchange. During the year under review, the Company had revised the Terms of Reference for its Remuneration Committee in order to fully comply with the amendments to the Listing Rules in relation to corporate governance that took effect since 1 January 2023. The Remuneration Committee has adopted the approach under code provision B.1.2(c)(ii) of the CG Code and made recommendations to the Board on the Group's overall policy and structure for the remuneration of Directors and senior management. The Remuneration Committee's current members are:

Dr. Liu Yongping (*Chairman*)

Mr. Wang Jia Jun

Ms. Chan Wing Shan Winsome

Ms. Xu Wei

The primary duties of the Remuneration Committee include (but without limitation):

- (i) making recommendations to the Board on the policy and structure for all remuneration of the Directors and the senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration;
- (ii) determining the remuneration packages of all individual executive Directors and the senior management and making recommendations to the Board of the remuneration of non-executive Directors; and

- (iii) reviewing and approving compensation payable to the executive Directors and the senior management for any loss or termination of office or appointment to ensure that it is consistent with the relevant contractual terms and is otherwise fair and not excessive.

The role and function of the Remuneration Committee include the determination of specific remuneration package of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

The Remuneration Committee shall meet once during the financial year. During the meeting, the Remuneration Committee will review the remuneration packages of the executive Directors, independent non-executive Directors and senior management.

The Remuneration Committee held 3 meetings during the year ended 31 March 2025.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination and Corporate Governance Committee was established in 24 September 2013 with written terms of reference in compliance with Rule 3.27A and A.2.1 of Appendix 14 to the Listing Rule and a copy of which is posted on the website of the Company and of the Stock Exchange. The Nomination and Corporate Governance Committee's current members are:

Dr. Liu Yongping (*Chairman*)

Mr. Wang Jia Jun

Ms. Chan Wing Shan Winsome

Ms. Xu Wei

The primary duties of the nomination and corporate governance committee include, but are not limited to:

- (a) 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;
- (b) 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 directorship;
- (c) 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
- (d) keeping the effectiveness of the corporate governance and system of internal controls of the Group.

The Nomination and Corporate Governance Committee shall meet once during the financial year. During the meeting, the Nomination and Corporate Governance Committee will review the structure, size and composition (including the skills, knowledge and experience) of the Board and review the arrangement for re-election of all the retiring Directors at the forthcoming general meetings of the Company and the terms of reference of the Nomination and Corporate Governance Committee.

The Nomination and Corporate Governance Committee has adopted a Board Diversity Policy (“**Policy**”). The Company continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognises and embraces the benefits of diversity in the Board. A diversity of perspectives can be achieved through engaging directors in possession of gender, age, cultural and educational background, ethnicity, professional experience, required experience, skills, knowledge and length of service, etc. The composition, experience and balance of skills of the Board are regularly reviewed to ensure that the Board retains a core of members with longstanding knowledge of the Group alongside new Director(s) appointed from time to time who bring fresh perspectives and diverse experience to the Board. The Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity in the Board. The Board will continue to review the Policy to ensure its continued effectiveness on an annual basis.

The Nomination and Corporate Governance Committee held 2 meetings during the year ended 31 March 2025.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (“AGM”) will be held on Friday, 5 September 2025 at 11:00 a.m. at Suite 1801, 18/F., Tower 1, The Gateway, Harbour City, 25 Canton Road, Kowloon, Hong Kong. The register of members of the Company will be closed from Tuesday, 2 September 2025 to Friday, 5 September 2025, both days inclusive, during which period no transfer of shares will be effected.

In order to be entitled to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 1 September 2025.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the management team and staff for their tireless dedication that helps fuel the Group’s healthy development. In addition, I would also like to thank all our shareholders, business partners and customers for their continuous support. In 2025, the Company will continue to work tirelessly to create long-term value returns for the shareholders.

By Order of the Board
WANJIA GROUP HOLDINGS LIMITED
Wang Jia Jun
Chief Executive Officer and Executive Director

Hong Kong, 20 June 2025

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