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UNIVERSAL HEALTH INTERNATIONAL GROUP HOLDING LIMITED
大健康國際集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2211)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2023

ANNUAL RESULTS HIGHLIGHTS

	Unit	**2023**	2022	Change
Revenue	*RMB million*	**1,297.0**	1,273.6	+1.8%
Gross profit	*RMB million*	**213.8**	204.2	+4.7%
Operating loss	*RMB million*	**(98.4)**	(188.7)	+90.3 RMB million
Loss for the year	*RMB million*	**(106.1)**	(188.0)	+81.9 RMB million
Basic loss per share	*RMB cents*	**(18.07)**	(42.66)	+24.59 RMB cents
Gross margin	*%*	**16.5**	16.0	+0.5 pp
Operating loss margin	*%*	**(7.6)**	(14.8)	+7.2 pp
Net loss margin	*%*	**(8.2)**	(14.8)	+6.6 pp

The board (the "**Board**") of directors (the "**Directors**") of Universal Health International Group Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the consolidated results of the Group for the year ended 30 June 2023 (the "**Year**") together with the comparative figures for the year ended 30 June 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**2023**	2022
		RMB'000	*RMB'000*
Revenue	*2*	**1,297,036**	1,273,572
Cost of sales	*4*	**(1,083,190)**	(1,069,410)
Gross profit		**213,846**	204,162
Selling and marketing expenses	*4*	**(245,245)**	(322,346)
Administrative expenses	*4*	**(57,872)**	(58,005)
Impairment loss on investment in an associate	*4*	**(10,433)**	(21,988)
Other income		**2,931**	7,270
Other (losses) gains – net		**(1,986)**	1,788
Change in fair value of biological assets		**335**	409
Operating loss		**(98,424)**	(188,710)
Finance income	*5*	**8,788**	3,642
Finance costs	*5*	**(1,510)**	(1,320)
Finance income – net	*5*	**7,278**	2,322
Share of post-tax results of an associate		**(20,959)**	(1,625)
		(20,959)	(1,625)
Loss before income tax		**(112,105)**	(188,013)
Income tax credit	*6*	**5,990**	–
Loss for the year		**(106,115)**	(188,013)

	Note	**2023**	2022
		RMB'000	*RMB'000*
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value changes in equity instruments designated as at fair value through other comprehensive income		**370**	2,499
Items that are or may be reclassified to profit or loss in subsequent periods:			
Release of other reserves upon deregistration of subsidiaries		**–**	379
Currency translation differences		**53**	(1,965)
		53	(1,586)
Total other comprehensive income for the year		**423**	913
Total comprehensive loss for the year		**(105,692)**	(187,100)
Loss attributable to:			
– Owners of the Company		**(105,397)**	(187,647)
– Non-controlling interests		**(718)**	(366)
		(106,115)	(188,013)
Total comprehensive loss attributable to:			
– Owners of the Company		**(104,974)**	(186,734)
– Non-controlling interests		**(718)**	(366)
		(105,692)	(187,100)
Loss per share attributable to owners of the Company for the year *(RMB cents)*			
– Basic and diluted	*7*	**(18.07)**	(42.66)

CONSOLIDATED BALANCE SHEET

	Note	2023 *RMB'000*	2022 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**206,684**	222,392
Right-of-use assets		**5,406**	4,952
Intangible assets		**–**	–
Investment in an associate		**56,134**	87,526
Equity instruments designated as at fair value through other comprehensive income		**13,381**	12,056
Biological assets		**98,496**	98,161
Deferred income tax assets		**5,990**	–
Total non-current assets		**386,091**	425,087
Current assets			
Trade and other receivables	*9*	**103,169**	128,918
Income tax recoverable		**2,640**	5,815
Inventories		**164,128**	190,973
Restricted cash		**39,841**	30,488
Cash and cash equivalents		**42,995**	57,795
Total current assets		**352,773**	413,989
Total assets		**738,864**	839,076

	Note	2023	2022
		RMB'000	*RMB'000*
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**43,587**	35,943
Reserves		**1,743,801**	1,739,451
Accumulated losses		**(1,472,660)**	(1,367,263)
		314,728	408,131
Non-controlling interests		**–**	579
Total equity		**314,728**	408,710
LIABILITIES			
Non-current liabilities			
Borrowings		**40,000**	40,000
Lease liabilities		**310**	–
Total non-current liabilities		**40,310**	40,000
Current liabilities			
Trade and other payables	*10*	**383,517**	390,366
Lease liabilities		**309**	–
Total current liabilities		**383,826**	390,366
Total liabilities		**424,136**	430,366
Total equity and liabilities		**738,864**	839,076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

1.1 Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to both periods presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable IFRSs, International Accounting Standards ("**IASs**") and Interpretations issued by International Accounting Standards Board and the applicable disclosure requirements of the Companies Ordinance Cap. 622. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost convention, except for equity instruments designated as at fair value through other comprehensive income ("**FVOCI**") and biological assets which are measured at fair value as explained in the accounting policies set out below.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

1.2 Going concern

During the Year, the Group recorded a loss of approximately RMB106,115,000 (2022: RMB188,013,000), which was primarily attributable to the challenges experienced in the retail market within the northeastern region of the People's Republic of China ("**PRC**") and the impact on performance caused by the COVID-19 epidemic. In addition, the Group recorded net cash outflow from operations of RMB18,151,000 during the Year and the Group's current liabilities exceeded its current assets by RMB31,053,000 as at 30 June 2023.

The management of the Company has reviewed the current performance and cash flow forecast prepared by the management as part of their assessment of the Group's ability to continue as a going concern, and after carefully considering the matters described below, the directors have a reasonable expectation that the Group is able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to the followings:

(a) The Group continues to negotiate for external financing, including but not limited to, obtain further loan facilities, renew or refinance the loan facilities upon maturity and various from of capital fund raising. During the Year, the Company successfully raised net proceeds of RMB11,571,000 through the issuance of new shares under the General Mandate, which were used as working capital for the Group. As at 30 June 2023, the Group had available unutilised banking facility of RMB50,000,000;

(b) The Group continues to improve efficiency by implementing measures to tighten cost control over various operating expenses in order to enhance its profitability and to improve cash flow from its operations in future. During the Year, the Group has closed a number of loss making retail stores to minimize operating cash outflows. The management believes that these measures will result in improvement in operating profitability and the resulting cash flows; and

(c) The Group is actively exploring the opportunity of obtaining additional source of cash inflows from sales of its owned assets/investments.

Consequently, the management of the Company have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continues as a going concern.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

1.3 Accounting policies

(a) New and amended standards adopted by the Group

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group and effective from the current year:

Amendments to IAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of IAS 2.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 3: Reference to the Conceptual Framework

The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Annual Improvements Project – 2018-2020 Cycle

IFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRSs.

IFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

IAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

(b) New and amended standards issued but not yet adopted by the Group

A number of new and amended standards are effective for annual periods beginning on or after 1 January 2023, and have not been applied in preparing these consolidated financial statements. The Group will apply the new and amended standards when they become effective. The Group is in the process of making an assessment of the impact of the new and amended standards and does not expect that the adoption of these new and amended standards will result in any material impact on the consolidated financial statements of the Group.

		Effective for annual years beginning on or after
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2. REVENUE

The Group has recognised the following amounts relating to revenue in profit or loss:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers *(a)*	**1,297,036**	1,273,572

(a) Disaggregation of revenue

	For the year ended 30 June 2023		
	Distributions	**Retails**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Major products			
Prescribed drugs	**172,572**	**76,708**	**249,280**
Non-prescribed drugs	**738,077**	**202,851**	**940,928**
Healthcare products	**110,473**	**72,491**	**182,964**
Other pharmaceutical products	**58,345**	**13,232**	**71,577**
	1,079,467	**365,282**	**1,444,749**
Eliminations	**(147,713)**	**–**	**(147,713)**
Revenue from external customers	**931,754**	**365,282**	**1,297,036**
Timing of revenue recognition:			
Products transferred at a point in time	**931,754**	**365,282**	**1,297,036**

	For the year ended 30 June 2022		
	Distributions	Retails	Total
	RMB'000	*RMB'000*	*RMB'000*
Major products			
Prescribed drugs	165,538	90,908	256,446
Non-prescribed drugs	709,373	239,517	948,890
Healthcare products	106,939	87,514	194,453
Other pharmaceutical products	54,962	15,705	70,667
	1,036,812	433,644	1,470,456
Eliminations	(196,884)	–	(196,884)
Revenue from external customers	839,928	433,644	1,273,572
Timing of revenue recognition:			
Products transferred at a point in time	839,928	433,644	1,273,572

3. SEGMENT INFORMATION

The Board of Directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

The Group is principally engaged in the distributions and retails of drugs and other pharmaceutical products in the northeastern region of the PRC.

Distributions, Retails and Others are presented to the Board of Directors to assess their performance and for making respective business decisions which are considered to be three segments in accordance with IFRS 8 "Operating Segment". The "Others" segment mainly comprises investment companies.

The Group's principal market is the northeastern region of the PRC. The Group has a large number of customers, which are widely dispersed within the northeastern region of the PRC, no single customer accounted for 10% or more of the Group's total revenues for the years ended 30 June 2023 and 2022.

Inter-segment sales are charged at cost. The revenue from external customers and the costs, the total assets and the total liabilities are measured in a manner consistent with that of the Group's consolidated financial statements.

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted loss before interests, tax, depreciation and amortisation ("**Adjusted EBITDA**"). The measurement basis of Adjusted EBITDA excludes the effect of share of post-tax results of an associate, impairment loss or, if applicable its reversal on intangible assets, property, plant and equipment, right-of-use assets and investment in an associate.

The segment information for the Year and as at 30 June 2023 is as follows:

	For the year ended 30 June 2023			
	Distributions	**Retails**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Segment revenue	**1,079,467**	**365,282**	**–**	**1,444,749**
Inter-segment revenue	**(147,713)**	**–**	**–**	**(147,713)**
Revenue from external customers	**931,754**	**365,282**	**–**	**1,297,036**
Adjusted EBITDA	**39,804**	**(105,921)**	**(5,639)**	**(71,756)**
Impairment loss on investment in an associate	**(10,433)**	**–**	**–**	**(10,433)**
Depreciation and amortisation	**(16,235)**	**–**	**–**	**(16,235)**
Finance income	**573**	**375**	**7,840**	**8,788**
Finance costs	**(1,366)**	**(65)**	**(79)**	**(1,510)**
Share of post-tax results of an associate	**(20,959)**	**–**	**–**	**(20,959)**
Income tax credit	**5,990**	**–**	**–**	**5,990**
(Loss) Profit for the year	**(2,626)**	**(105,611)**	**2,122**	**(106,115)**
Additions of non-current assets (excluding financial assets and deferred income tax assets)	**981**	**–**	**–**	**981**

	As at 30 June 2023			
	Distributions	**Retails**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Total assets before eliminations	**1,271,471**	**493,946**	**1,394,895**	**3,160,312**
Inter-segment assets	**(698,303)**	**(343,885)**	**(1,379,260)**	**(2,421,448)**
Total assets	**573,168**	**150,061**	**15,635**	**738,864**
Total liabilities before eliminations	**1,126,288**	**876,481**	**2,832**	**2,005,601**
Inter-segment liabilities	**(837,081)**	**(742,940)**	**(1,444)**	**(1,581,465)**
Total liabilities	**289,207**	**133,541**	**1,388**	**424,136**
Investment in an associate	**56,134**	**–**	**–**	**56,134**

The segment information for the year ended 30 June 2022 and as at 30 June 2022 is as follows:

	For the year ended 30 June 2022			
	Distributions *RMB'000*	Retails *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue	1,036,812	433,644	–	1,470,456
Inter-segment revenue	(196,884)	–	–	(196,884)
Revenue from external customers	839,928	433,644	–	1,273,572
Adjusted EBITDA	27,949	(160,139)	(8,477)	(140,667)
Impairment loss on investment in an associate	(21,988)	–	–	(21,988)
Depreciation and amortisation	(14,858)	(11,197)	–	(26,055)
Finance income	456	403	2,783	3,642
Finance costs	(1,024)	(294)	(2)	(1,320)
Share of post-tax results of an associate	(1,625)	–	–	(1,625)
Loss for the year	(11,090)	(171,227)	(5,696)	(188,013)
Additions of non-current assets (excluding financial assets)	70	31	–	101

	As at 30 June 2022			
	Distributions *RMB'000*	Retails *RMB'000*	Others *RMB'000*	Total *RMB'000*
Total assets before eliminations	1,411,178	610,820	1,400,900	3,422,898
Inter-segment assets	(778,918)	(422,939)	(1,381,965)	(2,583,822)
Total assets	632,260	187,881	18,935	839,076
Total liabilities before eliminations	1,235,694	900,135	11,041	2,146,870
Inter-segment liabilities	(879,063)	(827,650)	(9,791)	(1,716,504)
Total liabilities	356,631	72,485	1,250	430,366
Investment in an associate	87,526	–	–	87,526

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of these consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

Geographical information

All revenue of the Group for the years ended 30 June 2023 and 2022 was derived in the PRC, the place of domicile of the relevant group entities.

The Group's non-current assets (excluding equity instruments designated as at FVOCI and deferred income tax assets) are located in the PRC.

4. EXPENSES BY NATURE

	2023	2022
	RMB'000	*RMB'000*
Costs of inventories sold	**1,079,811**	1,065,963
Employee benefit expenses	**183,829**	245,533
Lease payments on short-term leases	**51,761**	65,237
Transportation and related charges	**34,887**	29,931
Depreciation of property, plant and equipment	**15,769**	18,540
Depreciation of right-of-use assets	**466**	7,515
Impairment loss on investment in an associate	**10,433**	21,988
Other tax expenses	**6,149**	5,620
Office and communication expenses	**4,760**	3,108
Auditor's remuneration	**2,308**	2,138
Electricity and other utility fees	**2,024**	1,839
Professional fees	**1,510**	1,270
Advertising and other marketing expenses	**1,360**	2,661
Travelling and meeting expenses	**551**	280
Other expenses	**1,122**	126
	1,396,740	1,471,749

5. FINANCE INCOME – NET

	2023	2022
	RMB'000	*RMB'000*
Finance income		
Exchange gains – net	**7,863**	1,578
Interest income	**925**	2,064
	8,788	3,642
Finance costs		
Interest on lease liabilities	**(70)**	(276)
Interest on borrowings	**(1,200)**	(898)
Other charges	**(240)**	(146)
	(1,510)	(1,320)
Finance income – net	**7,278**	2,322

6. INCOME TAX CREDIT

	2023 *RMB'000*	2022 *RMB'000*
Deferred income tax	**(5,990)**	–
Total income tax credit	**(5,990)**	–

Hong Kong profits tax has not been provided as there were no assessable profits subject to Hong Kong profits tax for the years ended 30 June 2023 and 2022. The subsidiaries of the Group in the PRC are subject to corporate income tax at a rate of 25% (2022: 25%) on its taxable income or deemed profit method as determined in accordance with the relevant PRC income tax rules and regulations.

7. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss for the Year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Year.

	2023	2022
Loss attributable to owners of the Company *(in RMB'000)*	**(105,397)**	(187,647)
Weighted average number of ordinary shares in issue *(in thousands)*	**583,115**	439,825
Basic loss per share *(RMB cents)*	**(18.07)**	(42.66)

The number of shares for the purpose of calculating basic loss per share for the years ended 30 June 2023 and 2022 have been adjusted to reflect the subscription shares issued during the Year.

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the effect of the assumed conversion of the potential ordinary shares from exercising the Company's share options is anti-dilutive, the basic loss per share is equal to diluted loss per share for the years ended 30 June 2023 and 2022.

8. DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the Year (2022: Nil).

9. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables *(Note)*		
– From third parties	**80,115**	97,838
Prepayments		
– Prepayments to third parties	**15,456**	24,506
– Tax input credits – value added tax	**3,885**	2,969
	19,341	27,475
Other receivables		
– Deposits	**563**	832
– Others	**3,150**	2,773
	3,713	3,605
	103,169	128,918

The carrying amounts of trade and other receivables approximate their fair value.

Note: Retail sales at the Group's pharmacies are usually settled in cash or by debit or credit cards. For distribution sales, there is no concentration of credit risk with respect to trade receivables, as the majority of the Group's sales are settled upon delivery of goods. The trade receivables are with credit periods of not more than 90 days. The ageing analysis based on recognition date of the trade receivables is as follows:

	2023	2022
	RMB'000	*RMB'000*
Up to 3 months	**74,264**	97,496
4 to 6 months	**5,851**	124
7 to 12 months	**–**	218
	80,115	97,838

10. TRADE AND OTHER PAYABLES

	Note	2023 RMB'000	2022 RMB'000
Trade payables			
– To third parties	(a)	**306,436**	313,928
Notes payables	(b)	**45,750**	29,583
Other payables		**31,331**	46,855
		77,081	76,438
		383,517	390,366

(a) The credit period of trade payables is normally within 90 (2022: 90) days. Details of ageing analysis based on recognition date of trade payables are as follows:

	2023 RMB'000	2022 RMB'000
Up to 3 months	**212,621**	288,388
4 to 6 months	**87,736**	20,148
7 to 12 months	**6,079**	5,392
	306,436	313,928

(b) The credit period of notes payables is normally within 90-180 (2022: 180) days. As at 30 June 2023, the notes payables of RMB37,185,000 (2022: RMB29,583,000) was secured by restricted cash of RMB39,841,000 (2022: RMB30,488,000) and the remaining balance of RMB8,565,000 (2022: Nil) was secured by the buildings with carrying amount of RMB27,337,000 (2022: Nil). As at 30 June 2023 and 2022, the notes payables is expected to be settled within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the past year, the Chinese pharmaceutical industry faced a number of new challenges and opportunities in the healthcare field. The outbreak of COVID-19 epidemic (the "**Epidemic**") had a profound impact on the Chinese pharmaceutical industry. The Epidemic has promoted the research and development and production of anti-epidemic drugs and medical equipment and facilitated the development of digitized healthcare and remote medical care. At the same time, it also faced with fierce market competition and pressure on drug prices. Despite the impact of the Epidemic, the Chinese pharmaceutical market still maintained a good momentum of development in the past year.

On 26 December 2022, the National Health Commission of the PRC released the General Plan on Implementing "Class B Infectious Disease with Measures against Class B infectious Diseases" for Novel Coronavirus Infection (《關於對新型冠狀病毒實施「乙類乙管」的總體方案》) formulated by the Joint Prevention and Control Mechanism of the State Council in Response to the Novel Coronavirus Infection (國務院應對新型冠狀病毒感染疫情聯防聯控機制綜合組), which clearly stipulates the implementation of "Class B Infectious Disease with Measures against Class B Infectious Diseases" for novel coronavirus infection since 8 January 2023. In accordance with Prevention and Treatment of Infectious Disease Law, dropping quarantine measures against people infected with novel coronavirus, stopping identifying close contacts or designating high-risk and low-risk areas, implementing the stratified and categorised admission and treatment and adjusting medical insurance policies in a timely manner, adjusting testing strategy to "test as you wish" and adjusting the frequency and content of Epidemic information. According to Frontier Health and Quarantine Law of the PRC, disease control measures targeting inbound people and cargo will be lifted. This requirement represents a significant change in the mode of domestic epidemic control that has lasted for nearly three years, and is of great significance in promoting social and economic development and enhancing the public awareness of self-health management.

During the Year, the Chinese medicine industry continuously received favorable policy changes. The Implementation Plan for "14th Five-Year" Chinese Medicine Culture Dissemination Project (《「十四五」中醫藥文化弘揚工程實施方案》) was released in April 2023, emphasizing the promotion of Chinese medicine culture to enhance public understanding of Chinese medicine. In addition, in February 2023, the General Office of the State Council issued the Implementation Plan for Major Project in the Revitalization and Development of Traditional Chinese Medicine (《中醫藥振興發展重大工程實施方案》). It emphasizes the acceleration of the construction of the Chinese medicine service system, and the implementation of policies such as inclinations in medical insurance payments and incorporation into hospital assessments, further strengthening support for the development of the traditional Chinese medicine industry through enhancements in the policy and institutional framework. The issuance of the aforementioned policies contributes to expanding industry capacity from the demand side, promoting exchanges of traditional Chinese medicine culture both domestically and internationally, and facilitating the internationalization of traditional Chinese medicine products. With the increasing strength of policy support, more capital and technology will be attracted into the field of Chinese medicine, driving the development of the Chinese medicine industry chain towards higher quality and standards. With the introduction of various supportive policies, there emerges a strategic opportunity for the development of high-quality innovative traditional Chinese medicine. Additionally, the annual increase in research and development expenditures by Chinese medicine enterprises and the continuous growth in the number of new products also serve as significant drivers for the development of the Chinese medicine enterprises.

Since 2022, the domestic pharmaceutical retail sector has witnessed a growing trend in the expansion of "DTP pharmacies," which has facilitated an organic connection among pharmaceutical manufacturers, pharmacies, hospitals, medical insurance, doctors, and patients, giving rise to a new drug distribution model. "DTP" is an abbreviation for "Direct to Patient". DTP pharmacy essentially refers to pharmacies that specialize in selling high-value drugs for certain specific and major diseases, characterized by their professionalism, privacy, higher drug prices, and stringent storage requirements. Some industry professionals also suggest defining it as "Specialty Pharmacy". The implementation of this pharmacy model will bring about new mechanisms for exploration within the domestic healthcare reform.

In summary, despite facing some challenges in the past year, the pharmaceutical industry in China has generally maintained a growth momentum. New business models have continued to emerge, and public awareness of self-care has been steadily increasing after the Epidemic. Additionally, the government's support for the industry has been consistently strengthened, providing a solid foundation for the industry's future development.

BUSINESS REVIEW

Under the leadership of Mr. Chu Chuanfu, the chairman (the "**Chairman**") of the Board, Mr. Jin Dongtao, the former chairman of the Board and with the efforts of all employees, the Group anchors in and focuses on the pharmaceutical healthcare field, and has been actively promoting the development of traditional physical retail chain stores and distribution network while facing more intensive competition. Meanwhile, after taking into the account the impact of the Epidemic and industry development trends, the Group also endeavored to explore new business model.

Resulting from relaxation of epidemic prevention and control, public demand for medicine consumption rose for a time which drove the relevant domestic industries began to recover. The employees of the Group's retail chain stores stand fast on their posts to provide medicine sales services to local people, actively organize the supply of goods and equip people with urgently needed anti-epidemic medicines and equipment. In some areas, telephone ordering for home delivery of medicine and/or mobile internet reservation for products had been carried out in order to maintain business continuity and form a complementary online and offline operation model.

The Golden Rules (王道哲學)

The Golden Rules, an operation philosophy with strategic vision, is put forward by Mr. Jin Dongtao, the former chairman of the Board and executive Director, of which "王" is embodied as "1+1=1, 1+1=11, 1+1=101, 1+1=王, 1+1=田". The Golden Rules advocates "Team-work" cooperation spirit, "Platform" for multilateral cooperation, "Empathy" at multi-level and multi-dimension, "Sharing" win-win cooperation strategy and "Partnership" of seeking common development.

Chain Retail Business

During the Year, in order to minimise the impact on performance caused by the Epidemic, the Group held various promotion activities so as to enhancing the Group's presence in the regions and competitiveness of chain retail business. Some stores of the Group were designated by the government as procurement and distribution units for anti-epidemic suppliers amid the Epidemic, to effectively contribute to the fight the Epidemic in the region by exploiting the advantages of the Group. In the meantime, the Group has strengthened its O2O platform, increased the online orders and formed an online and offline interactive operation system. At the end of the Year, the Group had a total of 251 chain stores (2022: 395 stores). The Group's retail business is still suffering from the continuous downturn of regional real economy within the northeastern region of the PRC and the impact of Epidemic. The Group recorded sales revenue for retail business of RMB365.3 million for the Year (2022: RMB433.7 million). As at 30 June 2023, representing a year-on-year decrease of 15.8%.

Nationwide Distribution Business

As at 30 June 2023, the Group had approximately 1,656 distributors and five large-scale distribution logistics centers. The Group made appropriate promotion in its distribution system, continued to optimise screening and maintaining of high-quality customers. However, in this circumstance, the Group's distribution business recorded sales revenue of RMB931.7 million (2022: RMB839.9 million), representing a year-on-year increase of 10.9%.

Direct-supply and Sales Model

The Group's direct-supply model effectively addressed the issue of traditional heavily overlapped sales process, as well as simplified the supply chain to improve sales efficiency and profitability and provided a higher profit margin from the high-margin products of the Group. Meanwhile, the marketing model advanced to accord with the "Two Invoices System" carried out by the Chinese government so as to reduce the effect of the policy change of the Group. During the Year, the Group's management took all necessary actions to safeguard the direct supply of branded products, and its direct-supply model of these branded products covered the provinces in China.

Branded Products Operation

The Group continued to maintain the operational pattern of the original branded products and adjusted the brand structure according to actual operational requirements to eliminate certain inappropriate products and add new products, so as to maintain the competitiveness of the original branded products, whilst increase the presence of new branded products. During the Year, a net decrease of 139 branded products was recorded. Hence, there were 564 branded products in operation at the end of the Year.

Intelligent Warehouse Construction

The Group has set up five large-scale logistics distribution centers in Shijiazhuang, Shenyang, Changchun, Harbin and Jiamusi respectively, and has established a high-quality distribution system across the whole country covering the northeastern region. During the Year, continuously leveraging on Warehouse Management Software System, an intelligent sorting software system, the Group's labor productivity had been improved. At the same time, the Group has improved the working environment, the work feelings of employees and customers have been improved, which helps the Group's image upgrade, and lays a solid foundation for planning of the industrial upgrading and intelligent transformation of the logistics park.

Brand Image Promotion

With traditional advantages in continuous brand promotion and marketing, the Group strengthened its presence and competitiveness, and mitigated the further decline in operating performance. During the Year, promotional and marketing activities had been launched for product brands and enterprise brands by continuously leveraging on the internet, WeChat and live platform. In addition, the Group has participated in the public charity. Especially during the outbreak of the Epidemic, it carried out activities of promoting health information for free as a way to enhance the reputation of the Company and fulfill its corporate social responsibilities.

Institute School Training

According to the characteristics of new era, new economy, new technology and new retail, the Group continued to optimize the training activities of the institute and made best use of the business institute on the Group's business development, talent nurturing and public welfare promotion. Moreover, the Group took the advantage of its lead in establishing business institute in the industry, strengthened its cohesion as well as enhanced and transformed the mode of thinking of employees in response to the transformation and upgrade of the Company's business. During the Year, 18 online video internal trainings in total had been held by the Company due to the Epidemic.

Membership Service

During the Year, the Group had provided follow-up services and promotion benefits for approximately 1.58 million offline members, and provide online health knowledge, product knowledge and other dissemination services, enhancing the sense of affiliation and positivity of members while boosting their loyalty, and thus promoting a healthy image of the Company. Meanwhile, the Group had provided social value-added services in various aspects such as the supply of public toilets, cold shelters, lost children service centres and epidemic prevention station for courier; and continued to launch the public welfare activities, such as "Love China", with a view to building up its positive corporate image.

Industry Alliance

During the Year, the Company had proactively participated in the alliance activities. The Chairman and vice chairman, Mr. Jin Dongkun had attended on behalf of the Group the tours and forums organised by the alliance to seize the theme of era development, keep abreast of the industry information, promote development of branded products, strengthen the Company's interaction, exchange with industry alliance and constantly enhance the Group's influence. Among them, Mr. Jin Dongtao, the former chairman, won the "Special Contribution Award" of the China Pharmaceutical Resources Association; In 2022, Mr. Chu Chuanfu, the Chairman, won the "China Pharmaceutical Retail Outstanding Person Award" by the West Lake Forum. Meanwhile, leveraging on the China's national strategic guidance of "Healthy China (健康中國)", "Beautiful China (美麗中國)", "Belt and Road (一帶一路)", "Guangdong-Hong Kong-Macao Greater Bay Area (粵港澳大灣區)" and "Hainan Free Trade Port (海南自由貿易港)", the Company gathered industry experience and focused on technological innovation to seek further transformation and upgrade of the Group's business.

FINANCIAL REVIEW

The Group recorded revenue of RMB1,297.0 million for the Year (2022: RMB1,273.6 million). Loss attributable to owners of the Company was RMB105.4 million for the Year (2022: RMB187.6 million). Loss per share for the Year was RMB18.07 cents (2022: RMB42.66 cents). The decrease in loss attributable to owners of the Company was mainly due to the continuous improvement of operating efficiency through implementing measures to tighten cost control over various operating expenses in order to enhance its profitability and to improve cash flow from its operations in future. During the Year, the Group closed a number of loss-making retail stores to minimise operating loss.

Revenue

During the Year, the Group recorded revenue of RMB1,297.0 million (2022: RMB1,273.6 million). With the adaptation of the Epidemic and changes in the epidemic prevention policy during the Year, the customer flow of the stores gradually increased. Besides, the release of the epidemic-restricted products like the treatment of fever, cold, pharyngitis, antibiotics, etc., had driven the revenue rebounded quickly. The increase in revenue was mainly due to a net effect of (a) an increase from the distributions network through pharmaceutical retailers, hospitals and clinics; and (b) a decrease in retails segments due to the decrease in retail pharmacies stores.

Analysis of revenue by business segment

	Revenue (RMB million) Year ended 30 June			**Percentage (%) of total revenue Year ended 30 June**		
	2023	2022	Change	**2023**	2022	Change
Retails	**365.3**	433.7	-15.8%	**28.2**	34.1	-5.9pp
Distributions	**931.7**	839.9	+10.9%	**71.8**	65.9	+5.9pp
	1,297.0	1,273.6		**100.0**	100.0	

Retail Business Segment

As at 30 June 2023, the Group had 251 (2022: 395) retail pharmacies in total, of which 166 (2022: 310) located in Heilongjiang, 84 (2022: 84) in Liaoning and 1 (2022: 1) self-operated retail pharmacy in Hong Kong.

Distribution Business Segment

The Group adopted a prudent approach in running the distribution business and took appropriate actions to mitigate credit risks by strengthening the credit management of sales and minimising trade receivables in order to lower the risk of bad debts.

During the Year, the Group had a nationwide distribution network covering approximately 1,656 active customers (2022: 1,750), among which, approximately 1,082 pharmaceutical retailers, hospitals and clinics (2022: 1,050) and approximately 574 distributors (2022: 700).

Gross profit

Gross profit of the Group for the Year was RMB213.8 million (2022: RMB204.2 million). Overall gross margin increase from 16.0% to 16.5%.

Analysis of gross profit by business segment

	Gross profit (RMB million)			**Gross margin (%)**		
	Year ended 30 June			**Year ended 30 June**		
	2023	2022	Change	**2023**	2022	Change
Retails	**99.3**	100.0	-0.7%	**27.2**	23.1	+4.1pp
Distributions	**114.5**	104.2	+9.9%	**12.3**	12.4	-0.1pp
	213.8	204.2				

Selling and marketing expenses

Selling and marketing expenses for the Year was RMB245.2 million (2022: RMB322.4 million) and accounted for 18.9% (2022: 25.3%) of the Group's revenue. The decrease in selling and marketing expenses was mainly due to the decrease in employee benefit expenses and rental expenses.

Administrative expenses

Administrative expenses for the Year was RMB57.9 million (2022: RMB58.0 million) and accounted for 4.5% (2022: 4.6%) of the Group's revenue. The decrease in administrative expenses was mainly due to the decrease in employee benefit expenses.

Finance income – net

Net finance income for the Year was RMB7.3 million (2022: RMB2.3 million). The increase in net finance income was mainly due to the increase in exchange gains.

Income tax credit

Income tax credit for the Year was RMB6.0 million (2022: Nil). The increase in income tax credit was mainly due to deferred tax assets was recognised in the Year. The effective income tax rate for the Year was 5.3% (2022: Nil).

LIQUIDITY AND CAPITAL RESOURCES

The Company's treasury function formulated financial risk management procedures, which are also subject to periodic review by the senior management of the Company.

This treasury function operates as a centralized service for managing financial risks, including interest rate and foreign exchange rate risks, reallocating surplus financial resources within the Group, procuring cost-efficient funding and targeting yield enhancement opportunities. The treasury function regularly and closely monitors its overall cash and debt positions, proactively reviews its funding costs and maturity profiles to facilitate timely refinancing, if appropriate.

As at 30 June 2023, the Group's unpledged cash and cash equivalents were RMB43.0 million in aggregate (2022: RMB57.8 million), and the Group's net current liabilities were RMB31.1 million (2022: net current assets of RMB23.6 million).

During the Year, net cash flows used in operating activities amounted to RMB18.2 million (2022: RMB42.4 million). The decrease in cash flows used in operating activities was mainly attributable to the decrease in the Group's working capital.

During the Year, the Group had capital expenditure of RMB1.0 million (2022: RMB0.1 million).

Having considered the cash flow from operating activities and existing financial gearing, the management believes that the Group would replenish liquidity in a timely basis to fund its day-to-day operations, capital expenditures and prospective business development projects. The Board will continuously and closely monitor the Group's liquidity position and financial performance and implement measures to improve the Group's cash flows.

The Group mainly operates in the PRC, with most of its transactions denominated and settled in Renminbi. The Group's currency risk is insignificant and mainly arises from certain bank deposits that are denominated in Hong Kong dollars and United States dollars. As at 30 June 2023, the Group had cash and bank balances of RMB43.0 million, of which the equivalent of RMB1.4 million was denominated in Hong Kong dollars and United States dollars.

The Group did not use financial instruments for financial hedging purpose during the Year.

CAPITAL STRUCTURE

On 4 April 2023 the Company allotted and issued a total of 111,258,272 new shares of the Company (the "**Share(s)**") to four subscribers (the "**Subscription**"), who are independent third parties, under general mandate at the subscription price of HKD0.12 per Share. The new Shares issued represent approximately 20% of the total issued Shares as enlarged by such new Shares. Net proceeds of approximately HKD13.1 million were raised.

For details of the Subscription, please refer to the announcement of the Company dated 24 March 2023. As at 30 June 2023, 667,549,632 ordinary Shares of US$0.01 were issued by the Company.

As at 30 June 2023, the Group had a borrowing from an associate carrying an interest rate of 3% per annum in the sum of RMB40.0 million (2022: a borrowing from an associate carrying an interest rate of 3% per annum in the sum of RMB40.0 million).

The gearing ratio of the Group as at 30 June 2023, calculated as net debt divided by sum of total equity and net debt, was N/A (2022: N/A).

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2023, the Group had no significant contingent liabilities (2022: Nil).

As at 30 June 2023, the notes payables of RMB37.2 million (2022: RMB29.6 million) was secured by restricted cash of RMB39.8 million (2022: RMB30.5 million) and the notes payables of RMB8.6 million (2022: Nil) was secured by the buildings of the Group with carrying amount of RMB27.3 million (2022: Nil).

HUMAN RESOURCES

As at 30 June 2023, the Group had 2,555 (2022: 3,396) full-time employees with total employee benefit expenses amounted to RMB183.8 million for the Year (2022: RMB245.5 million). Employees are paid according to their positions, performance, experience and prevailing market practices, and are provided with management and professional training. The Group has implemented a number of initiatives to enhance the productivity of its employees. In particular, the Group conducts periodic performance reviews on most of the employees, and their compensation is tied to their performance. Further, the Group's compensation structure is designed to incentivize its employees to perform well by linking a portion of their compensation to their performance and the overall performance of the Group. The performance-based compensation partly depends on the employee's job function and seniority. Employees in Hong Kong are provided with retirement benefits under the Mandatory Provident Fund scheme, as well as life insurance and medical insurance. Employees in the PRC are provided with basic social insurance and housing fund in compliance with the requirements of the laws of China. Meanwhile, the Group endeavours to provide its employees with a safe workplace and structured training programs.

FUTURE PLAN

Following the leadership of the new chairman of the Board, namely Mr. Chu Chuanfu in strategic plan and continuously adopting the Golden Rules as its guidelines, the management of the Group will adapt to the new situation, concentrate on universal health, focus on the pharmaceutical industry, and deeply cultivate the industry chain. On the basis of stabilizing and optimising the existing retail chain network and distribution system, it will further explore the structural transformation and digital upgrading of the "supply-side" reform with focus on the development of the following areas:

Firstly, "Specialization+" strategy is adopted to strengthen the service professionalism and improve the Company's operation quality. Taking licensed pharmacists as the core and leveraging on the advantages of the business institute, the Group aims to train employees of the new era, and improve the level of pharmacy services for the public from the aspects of corporate culture, pharmaceutical knowledge, service skills, new marketing methods, or introducing famous doctors, as a way to win customers and develop markets with professionalism, and to shape professional brands in retail chain pharmacies and distribution field.

Secondly, "Platform+" strategy is adopted to expand the value- added service items of stores to meet the growing demand of consumers. With the change in living environment, people pay more attention to health, resulting in increasing demand for prevention and treatment. In particular, the Epidemic outbreak has further reminded the public of the importance of health care and immunity. The Group will adopt new technological methods according to the new situation, such as introducing AI intelligent diagnostic medical equipment, or introducing resources in the field of universal health in the form of partners, to enhance the service capabilities of terminal stores and with alert marketing model, implement franchise store promotion model as to adapt to the market needs in the new situation.

Thirdly, "Internet+" strategy is adopted to strengthen the linking capability of internet to physical stores, and promote online and offline connectivity and integration. According to the development trend of technology and the internet, the Group will make full use of the new situation of the popularization of mobile internet terminals, including development of applets, use of short videos and live commerce, moments promotion, group development and bonding members, to develop a network for physical stores, explore a new marketing ecosystem integrating "new business, new retail, and new technology", and build a dynamic and leading competitiveness.

Therefore, by leveraging the network layout advantages of traditional industries and grafting the new economic model, introducing to partnership model, the Group will make efforts to facilitate the optimization and digital transformation of the Group's operation structure, and make plans for a new development cycle with the wing of new engine for the Company, so as to maintain the Group as one of the industrial leaders in terms of the construction of industrial chain ecosystem and operation channel innovation.

EVENTS AFTER THE YEAR

No important event has occurred after 30 June 2023 and up to the date of this announcement, being the end of the financial year under review, which would affect the Group.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the Year (2022: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company will be held on Tuesday, 12 December 2023 (the "**2023 AGM**").

The register of members of the Company will be closed from Thursday, 7 December 2023, to Tuesday, 12 December 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the 2023 AGM. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 6 December 2023.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has complied with all applicable code provisions under the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the Year, except for deviation from code provision C.2.1 of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the Year, despite that the responsibilities of the chairman and the chief executive officer of the Company vested in Mr. Chu Chuanfu (the chairman of the Board, the chief executive officer and the chief operation officer), all major decisions are made in consultation with the Board. The Board considers that there is sufficient balance of power and the current corporate arrangement maintains a strong management position of the Company.

Save for the above, the Company had complied with all code provisions as set out in the CG Code throughout the Year and, where appropriate, the applicable recommended best practices of the CG Code.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Zou Haiyan (chairman of the Audit Committee), Mr. Cheng Sheung Hing and Ms. Chiang Su Hui Susie. The main duties of the Audit Committee are to examine, review and monitor the financial data and financial reporting procedure of the Group, and overseeing the Group's financial reporting system, risk management and internal control systems. The Audit Committee had reviewed the audited annual results of the Group for the Year.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the Year as set out in this annual results announcement have been agreed by the Group's auditor, Mazars CPA Limited ("**Mazars**"), to the amounts set out in the Group's draft audited consolidated financial statements for the Year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on the preliminary results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Specific enquiries has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the Year.

During the Year, the Company had also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE ANNUAL RESULTS AND 2022/23 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This preliminary annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.uhighl.com). The 2022/23 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the abovementioned websites in due course.

By order of the Board
Universal Health International Group Holding Limited
Chu Chuanfu
Chairman

Hong Kong, 27 September 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chu Chuanfu, Mr. Jin Dongkun and Mr. Zhao Zehua and three independent non-executive Directors, namely Mr. Cheng Sheung Hing, Ms. Chiang Su Hui Susie and Mr. Zou Haiyan.