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 2014

FINANCIAL HIGHLIGHTS

Summary of the results of the Group for the financial year ended 31 March 2014 is as follows:

- Total turnover was approximately HK$2,096.455 million (2013: approximately HK$1,885.369 million), representing approximately 11.20% of growth over 2013. The rise in the turnover was mainly driven by the sales from the pharmaceutical wholesales and distribution segment due to increase in overall demand for pharmaceutical products and the expansion of the product portfolio.

- Gross profit was approximately HK$189.464 million (2013: approximately HK$164.159 million), representing approximately 15.41% of growth over 2013.

- The operating profit was approximately HK$80.196 million (2013: approximately HK$64.767 million), representing approximately 23.82% increase as compared to last year.

- Net profit attributable to owners of the Company was approximately HK$48.920 million (2013: approximately HK$41.763 million), representing approximately 17.14% increase as compared to the previous year.

- The Group had total cash and bank balances of approximately HK$43.638 million as at 31 March 2014. (31 March 2013: approximately HK$30.676 million)

- The board does not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Wanjia Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Turnover	*6*	**2,096,455**	1,885,369
Cost of sales		**(1,906,991)**	(1,721,210)
Gross profit		**189,464**	164,159
Other revenue	*7*	**7,543**	7,729
Other income		**746**	1,078
Selling and distribution expenses		**(70,524)**	(61,397)
Administrative expenses		**(47,033)**	(46,802)
Profit from operations	*8*	**80,196**	64,767
Finance costs	*9*	**(6,015)**	(4,090)
Profit before taxation		**74,181**	60,677
Taxation	*10*	**(25,113)**	(18,772)
Profit for the year		**49,068**	41,905
Other comprehensive income for the year, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**4,475**	1,502
Total comprehensive income for the year		**53,543**	43,407

	Notes	**2014** **HK$'000**	2013 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		**48,920**	41,763
Non-controlling interests		**148**	142
		49,068	41,905
Total comprehensive income for the year attributable to:			
Owners of the Company		**53,387**	43,262
Non-controlling interests		**156**	145
		53,543	43,407
Earnings per share attributable to owners of the Company:			
– Basic *(HK cents per share)*	*11*	**7.54**	6.44
– Diluted (HK cents per share)	*11*	**7.54**	6.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**12,569**	10,926
Prepaid lease payments		**4,509**	4,612
Investment properties		**8,306**	8,157
Goodwill		**785,521**	785,521
		810,905	809,216
Current assets			
Inventories		**128,541**	119,570
Trade and other receivables and deposits	*13*	**427,984**	427,399
Amount due from a fellow subsidiary		**2,956**	448
Amount due from the immediate holding company		**5**	5
Financial assets at fair value through profit or loss		**1,259**	–
Pledged bank deposits		**17,431**	3,609
Cash and cash equivalents		**43,638**	30,676
		621,814	581,707
Current liabilities			
Trade and other payables	*14*	**283,080**	306,758
Amount due to the ultimate holding company		**4,008**	889,426
Amounts due to fellow subsidiaries		**1,032**	1,062
Amounts due to non-controlling shareholders of a subsidiary		**134**	–
Bank borrowings		**88,088**	50,672
Tax payables		**10,654**	9,804
		386,996	1,257,722
Net current assets/(liabilities)		**234,818**	(676,015)
Total assets less current liabilities		**1,045,723**	133,201

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Capital and reserves			
Share capital		**6,484**	1
Reserves		**1,038,823**	132,761
Equity attributable to owners of the Company		**1,045,307**	132,762
Non-controlling interests		**416**	439
Total equity		**1,045,723**	133,201

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000* *(Note (a))*	Other reserve *HK$'000* *(Note (b))*	Contribution reserve *HK$'000* *(Note (c))*	Translation reserve *HK$'000* *(Note (d))*	Statutory reserve *HK$'000* *(Note (e))*	Retained earning *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 April 2012	–	–	–	–	9,972	13,079	66,448	89,499	294	89,793
Profit for the year	–	–	–	–	–	–	41,763	41,763	142	41,905
Other comprehensive income for the year	–	–	–	–	1,499	–	–	1,499	3	1,502
Total comprehensive income for the year	–	–	–	–	1,499	–	41,763	43,262	145	43,407
Issue of shares	1	–	–	–	–	–	–	1	–	1
Transfer to statutory reserve	–	–	–	–	–	5,731	(5,731)	–	–	–
At 31 March 2013 and 1 April 2013	1	–	–	–	11,471	18,810	102,480	132,762	439	133,201
Profit for the year	–	–	–	–	–	–	48,920	48,920	148	49,068
Other comprehensive income for the year	–	–	–	–	4,467	–	–	4,467	8	4,475
Total comprehensive income for the year	–	–	–	–	4,467	–	48,920	53,387	156	53,543
Effect of reorganisation	6,483	–	(6,483)	866,811	–	–	–	866,811	–	866,811
Share issuing expenses	–	(7,653)	–	–	–	–	–	(7,653)	–	(7,653)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(179)	(179)
Transfer to statutory reserve	–	–	–	–	–	10,318	(10,318)	–	–	–
At 31 March 2014	**6,484**	**(7,653)**	**(6,483)**	**866,811**	**15,938**	**29,128**	**141,082**	**1,045,307**	**416**	**1,045,723**

Notes:

(a) Share premium

The amount of approximately HK$7,653,000 represents the capitalised listing expenses arised from the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 October 2013.

(b) Other reserve

Upon the completion of the reorganisation on 3 September 2013, the amount of approximately HK$6,483,000 represented the difference between the Company's share of nominal value of the paid-up capital of the subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under common control upon the reorganisation as detailed in the prospectus of the Company dated 30 September 2013.

(c) Contribution reserve

Capitalisation of the outstanding amount of approximately HK$866,811,000 due from Timely Hero Enterprises Limited ("**Timely Hero**") to Hua Xia Healthcare Holdings Limited ("**Hua Xia**") on 3 September 2013 in consideration of (i) the allotment and issue 1 share of US$1 in the share capital of Timely Hero to Luxuriant Expand Global Investment Limited ("**Luxuriant Expand**"), credited as fully paid up, at the direction of Hua Xia; and (ii) the allotment and issue of a total of 100 shares of US$1 each in the share capital of Luxuriant Expand, all credited as fully paid up, to Hua Xia in consideration of its receipt of 1 share in Timely Hero at the direction of Hua Xia. Details of the reorganisation were set out in the paragraph headed "The Reorganisation" in the section headed "Corporate history, development and Reorganisation" in the prospectus of the Company dated 30 September 2013.

(d) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(e) Statutory reserve

As stipulated by the relevant People's Republic of China ("**PRC**") laws and regulations, the subsidiaries of the Company establishing in the PRC shall set aside 10% of its net profit after taxation for the statutory surplus reserve fund (except where the reserve balances has reached 50% of the subsidiaries' paid up capital). The reserve fund can only be used, upon approval by the Board of Directors and by the relevant authority, to offset accumulated losses or increase capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. GENERAL INFORMATION

The Company was incorporated as an exempted Company with limited liabilities in the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, GT George Town, Grand Cayman, KY1-1111, Cayman Islands. The head office and principle place of business of the Company in Hong Kong is located at Room 1902, 19/F, 101 King's Road, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in pharmaceutical wholesale and distribution and pharmaceutical retain chain business in the PRC.

The Company's shares have been listed on the Main Board of the Stock Exchange since 11 October 2013. The Company's immediate holding company is Greatly Wealth Global Group Limited ("**Greatly Wealth**"), a company incorporated in British Virgin Islands. Greatly Wealth is a directly wholly-owned subsidiary of Hua Xia, a company incorporated in Cayman Islands on 28 May 2001 as an exempted company with limited liability, of which are listed on the Growth Enterprise Market ("**GEM**") of the Stock Exchange and it is the ultimate holding company of the Company.

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

2. REORGANISATION

In the preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Group underwent the reorganisation (the "**Reorganisation**"), as a result of which the Company became the holding company of the subsidiaries comprising the Group. The Reorganisation included the following principal steps:

(a) incorporation of Luxuriant Expand on 10 April 2012 and allotment and issue of 100 ordinary shares of Luxuriant Expand to Hua Xia at par on 4 July 2012;

(b) incorporation of the Company on 9 July 2012 in the Cayman Islands and transfer of the incorporation share from Codan Trust Company (Cayman) Limited to Greatly Wealth at nil consideration;

(c) acquisition of 1 ordinary share, representing the entire issued share capital in Timely Hero, by Luxuriant Expand from Hua Xia on 3 September 2013 in consideration of the allotment and issue of 200 shares of US$1 each in Luxuriant Expand, all credited as fully paid up, to Hua Xia;

(d) capitalisation of the outstanding amount of HK$866,810,761 due from Timely Hero to Hua Xia on 3 September 2013 in consideration of (i) the allotment and issue of 1 share of US$1 in the share capital of Timely Hero to Luxuriant Expand, credited as fully paid up, at the direction of Hua Xia; and (ii) the allotment and issue of a total of 100 shares of US$1 each in the share capital of Luxuriant Expand, all credited as fully paid up, to Hua Xia in consideration of its receipt of 1 share in Timely Hero at the direction of Hua Xia; and

(e) acquisition of 300 shares in Luxuriant Expand, representing its entire issued share capital by the Company from Hua Xia on 3 September 2013 in consideration of (i) the allotment and issue of 648,405,299 shares, all credited as fully paid up, to Greatly Wealth at the direction of Hua Xia and the crediting as fully paid at par of the incorporation share registered in the name of Greatly Wealth; and (ii) the allotment and issue of 100 shares of US$1 each in the share capital of Greatly Wealth, all credited as fully paid up, to Hua Xia in consideration of its receipt of 648,405,299 shares from the Company at the direction of Hua Xia.

Upon the completion of the Reorganisation on 3 September 2013, the Company became the holding company of the companies now comprising the Group.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for the Group's financial year beginning on or after 1 April 2013, and the amendments to HKAS 36 which are mandatory for accounting periods on or after 1 January 2014.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 to 2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HKAS 36 (Amendments)	Recoverable Amount and Disclosure for Non-Financial Assets
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Group has early applied HKAS 36 (Amendments) *Recoverable Amount Disclosures for Non-Financial Assets*, which is effective for annual periods beginning on or after 1 January 2014.

The impact on application of these new and revised HKFRSs is described below.

Amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 ***Fair Value Measurement***

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 ***Presentation of Items of Other Comprehensive Income***

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The *Annual Improvements to HKFRSs 2009 – 2011 Cycle* include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 *Presentation of Financial Statements*;
- amendments to HKAS 16 *Property, Plant and Equipment*; and
- amendments to HKAS 32 *Financial Instruments: Presentation*.

HKAS 1 (Amendments)

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise.

HKAS 32 (Amendments)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*.

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("**CGU**") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

Except for the above, the application of these new and revised HKFRSs had no material impact on the Group's consolidated financial performance and positions for the current and prior years. Accordingly, no prior period adjustments had been required.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective, in these consolidated financial statements.

HKFRSs Amendments	Annual Improvements 2010-2012 Cycle[5]
HKFRSs Amendments	Annual Improvements 2011-2013 Cycle[2]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39[4]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[3]
HKAS 19 (as revised in 2011)	Defined Benefits Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted

[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted

[3] Effective for annual periods beginning on or after 1 January 2016, with limited exceptions

[4] No mandatory effective date yet determined but is available for adoption

[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

Amendments to HKFRS 7 and HKAS 32 – Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

HK (IFRIC) – Int 21 *Levies*

HK (IFRIC) – Int 21 *Levies* addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statement have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (the "**Interpretations**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements is historical cost except for certain financial assets (including derivative financial instruments) and investment properties that are measured at fair value. Historical cost is generally based on the fair value of the consideration of given in exchange for assets.

The Group has consistently applied its accounting polices to all the years presented, unless otherwise stated, in the preparation of the consolidated financial statements.

5. OPERATING SEGMENT

Information reported internally to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group organised into two operating divisions: (a) pharmaceutical wholesale and distribution business and (b) pharmaceutical retail chain business in the PRC. These divisions are the basis on which the Group reports its segment information.

Segment revenue and results

For the year ended 31 March 2014

	Pharmaceutical wholesale and distribution business *HK$'000*	Pharmaceutical retail chain business *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover				
External sales	1,858,355	238,100	–	2,096,455
Inter-segment sales	56,861	–	(56,861)	–
Total turnover	1,915,216	238,100	(56,861)	2,096,455
Inter-segment sales are charged at arm's length				
Results				
Segment results	68,198	27,730	–	95,928
Unallocated other revenue				1
Unallocated other income				–
Unallocated corporate expenses				(15,733)
Profit from operations				80,196
Finance costs				(6,015)
Profit before taxation				74,181
Taxation				(25,113)
Profit for the year				49,068

Segment revenue and results

For the year ended 31 March 2013

	Pharmaceutical wholesale and distribution business *HK$'000*	Pharmaceutical retail chain business *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover				
External sales	1,672,848	212,521	–	1,885,369
Inter-segment sales	52,597	–	(52,597)	–
Total turnover	1,725,445	212,521	(52,597)	1,885,369
Inter-segment sales are charged at arm's length				
Results				
Segment results	55,902	26,502	–	82,404
Unallocated other revenue				–
Unallocated other income				19
Unallocated corporate expenses				(17,656)
Profit from operations				64,767
Finance costs				(4,090)
Profit before taxation				60,677
Taxation				(18,772)
Profit for the year				41,905

Segment assets and liabilities

At 31 March 2014

	Pharmaceutical wholesale and distribution business *HK$'000*	**Pharmaceutical retail chain business** *HK$'000*	**Consolidated** *HK$'000*
Consolidated statement of financial position			
Assets			
Segment assets	**522,781**	**115,488**	**638,269**
Goodwill			**785,521**
Unallocated corporate assets			**8,929**
Consolidated total assets			**1,432,719**
Liabilities			
Segment liabilities	**341,356**	**39,030**	**380,386**
Unallocated corporate liabilities			**6,610**
Consolidated total liabilities			**386,996**

Segment assets and liabilities

At 31 March 2013

	Pharmaceutical wholesale and distribution business *HK$'000*	Pharmaceutical retail chain business *HK$'000*	Consolidated *HK$'000*
Consolidated statement of financial position			
Assets			
Segment assets	508,405	94,729	603,134
Goodwill			785,521
Unallocated corporate assets			2,268
Consolidated total assets			1,390,923
Liabilities			
Segment liabilities	333,518	34,704	368,222
Unallocated corporate liabilities			889,500
Consolidated total liabilities			1,257,722

For the year ended 31 March 2014

	Pharmaceutical wholesale and distribution business *HK$'000*	Pharmaceutical retail chain business *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other information				
Capital expenditure	**1,854**	**3,402**	**7**	**5,263**
Depreciation	**1,570**	**2,070**	**13**	**3,653**
Amortisation of prepaid lease payments	**–**	**188**	**–**	**188**
Reversal of impairment loss of trade and other receivables	**645**	**101**	**–**	**746**
Loss on disposal of property, plant and equipment	**26**	**–**	**–**	**26**
Impairment loss recognised in respect of trade and other receivables	**499**	**19**	**–**	**518**

Note:

Capital expenditure consists of additions to property, plant and equipment.

For the year ended 31 March 2013

	Pharmaceutical wholesale and distribution business *HK$'000*	Pharmaceutical retail chain business *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other information				
Capital expenditure	1,141	1,073	62	2,276
Depreciation	1,908	2,015	9	3,932
Amortisation of prepaid lease payments	–	182	–	182
Reversal of impairment loss of trade and other receivables	476	–	–	476
Charge in fair value of investment properties	–	492	–	492
Loss on disposal of property, plant and equipment	60	216	–	276
Impairment loss recognised in respect of trade and other receivables	859	–	130	989

Note:

Capital expenditure consists of additions to property, plant and equipment and prepaid lease payments.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit generated by each segment without allocation of other revenue, other income, corporate expenses, finance costs and taxation. Unallocated corporate expenses mainly include directors' remuneration and other central administration costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than goodwill and unallocated corporate assets. Unallocated corporate assets mainly include cash and bank balances of the central administration companies.

- all liabilities are allocated to reportable segments other than unallocated corporate liabilities. Unallocated corporate liabilities mainly include the amount due to the ultimate holding company, accruals and other payables of the central administration companies.

Geographical information

The Group operates in two principal areas – pharmaceutical wholesale and distribution business and pharmaceutical retail chain business operates in the PRC and administrative activity operates 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:

	Carrying amount of non-current assets	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**47**	52
PRC	**810,858**	809,164
	810,905	809,216

Information about major customers

For the years ended 31 March 2014 and 2013, no single customers contributed 10% or more to the Group's revenue.

Revenue from major products

The Group's revenue from its major products were stated in Note 6 to the consolidated financial statements.

6. TURNOVER

The Group's turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts. The turnover is as follows:

	2014	2013
	HK$'000	*HK$'000*
Retail of pharmaceutical and related products	238,100	212,521
Wholesale and distribution of pharmaceutical and related products	1,858,355	1,672,848
	2,096,455	1,885,369

7. OTHER REVENUE

	2014	2013
	HK$'000	*HK$'000*
Interest income on bank deposits	695	632
Realised gain on financial assets at fair value through profit or loss	44	–
Rental income	2,373	1,410
Exhibition income	2,816	4,505
Sundry income	1,615	1,182
	7,543	7,729

8. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Other items:		
Depreciation of owned property, plant and equipment	**3,653**	3,932
Amortisation of prepaid lease payments	**188**	182
Loss on disposal of property, plant and equipment	**26**	276
Impairment loss recognised in respect of trade and other receivables	**518**	989

9. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on:		
– Bank borrowings wholly repayable within five years	**6,015**	4,090

10. TAXATION

	2014	2013
	HK$'000	*HK$'000*
Current tax for the year		
– PRC enterprise income tax	**22,389**	19,384
– PRC withholding tax paid/(refund)	**2,383**	(612)
	24,772	18,772
Under provision in prior year		
– PRC enterprise income tax	**341**	–
	341	–
	25,113	18,772

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 operate.

No provision for Hong Kong profits tax has been made during the year as the Group has no assessable profits arising in Hong Kong (2013: Nil).

The National People's Congress which was concluded on 16 March 2007, the PRC Enterprise Income Tax Law was approved and became effective from 1 January 2008. The PRC Enterprise Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%.

According to the PRC Enterprise Income Tax Law, starting from 1 January 2008, 10% withholding income tax will be imposed on dividend relating to profits earned by the companies established in the PRC in the calendar year 2008 onwards to their foreign shareholders. For investors incorporated in Hong Kong which hold at least 25% of equity interest of those PRC companies, a preferential rate of 5% will be applied. The Group has applied the preferential rate of 5% as the Group's subsidiaries in the PRC are directly held by an investment holding company incorporated in Hong Kong. No deferred tax has been provided for in respect of the temporary differences attributable to such profits as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

11. EARNINGS PER SHARE

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company for the purpose of basic earnings per share calculation	**48,920**	41,763
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**648,405,300**	648,405,300

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the reporting period and on the assumptions that the proposed 648,405,300 ordinary shares in issue as at the date of listing of the Company's shares on the Stock Exchange as described in the sub-section headed "Written resolutions of the sole shareholder dated 24 September 2013" under the section headed "Statutory and General Information" in Appendix VI to the prospectus of the Company dated 30 September 2013, as if the shares were outstanding throughout the years ended 31 March 2014 and 2013.

Diluted earnings per share is the same as the basic earnings per share as there were no potential diluted ordinary share in existence for the years ended 31 March 2014 and 2013.

12. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2014 (2013: Nil).

13. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**271,763**	345,800
Bills receivables	**7,748**	7,490
Prepayments and deposit paid	**127,116**	58,181
Prepaid lease payments	**188**	184
Other receivables	**22,321**	16,976
	429,136	428,631
Less: Impairment loss recognised in respect of other receivables	**(1,152)**	(1,232)
	427,984	427,399

Payment terms with customers from the pharmaceutical wholesale and distribution business and pharmaceutical retail chain business are mainly on credit. Invoices are normally payable from 30 to 90 days of issuance. The following is an aged analysis of trade receivables based on invoice date at the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**223,387**	284,759
91 – 180 days	**27,562**	56,130
181 – 365 days	**15,439**	3,489
Over 365 days	**6,711**	2,859
	273,099	347,237
Less: Impairment loss recognised in respect of trade receivables	**(1,336)**	(1,437)
	271,763	345,800

14. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**192,298**	278,309
Bills payables	**36,070**	4,350
Accruals and other payables	**31,763**	21,083
Receipt in advance	**22,949**	3,016
	283,080	306,758

The following is an aged analysis of trade payables at the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**131,694**	157,368
91 – 180 days	**15,492**	56,640
181 – 365 days	**18,504**	51,350
Over 365 days	**26,608**	12,951
	192,298	278,309

The credit period on purchases of certain goods in range from 30 to 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the Company was spun-off from Hua Xia Healthcare Holdings Limited ("**Hua Xia**") and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of introduction on 11 October 2013.

The Group continues to focus on pharmaceutical wholesales and distribution business and pharmaceutical retail chain business in the People's Republic of China (the "**PRC**").

Turnover

Looking back at 2013/14, the Group's revenue experienced steady growth. The Group recorded revenue of approximately HK$2,096.455 million (2013: approximately HK$1,885.369 million) for the year ended 31 March 2014, accounting for an increase of approximately 11.20% over last year. The gross profit margin of the Group was approximately 9%, which maintained at a similar level as in 2013.

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 and also sells pharmaceutical products in neighboring provinces such as Guangdong, Hunan, Hubei, Jiangxi, Aunhui and Zhejiang. Our customers can be categorized into three types namely hospitals and healthcare institutions, distributor customers and end customers such as companies operating pharmaceutical retail chain stores, independent pharmacies, and outpatient departments of community hospitals, healthcare service stations and clinics. The turnover generated from the pharmaceutical wholesale and distribution business amounted to approximately HK$1,858.355 million (2013: approximately HK$1,672.848 million), representing approximately 11.09% of growth over 2013 and accounted for approximately 88.64% of the Group's turnover. The increase was primarily due to the expansion of distribution network and product portfolio.

Pharmaceutical retail chain business

The Group operates pharmaceutical retail business through Fujian Huihao Sihai Pharmaceutical Chain Company Limited which was accounted for as one of our subsidiaries. The Group offers a wide variety of products in our retail pharmacies including prescription medicines, over-the-counter medicines, healthcare food products, traditional Chinese medicines, medical supplies and medical devices. During the year, 15 retail pharmacies were opened. The Group seeks to introduce new products and services to meet changing customer preferences and to differentiate the Group from our competitors. The turnover generated from pharmaceutical retail chain business amounted to approximately HK$238.100 million (2013: approximately HK$212.521 million), representing approximately 12.04% of growth over 2013. The increase was primarily due to an increase in the number of retail pharmacies.

Since year 2013/14, the China Food and Drug Administration has implemented a new Good Supply Practice ("**GSP**") in which details information are not yet been clearly disclosed to the public. Therefore only 15 new retail pharmacies are being opened in Fujian Province in the PRC during the period. The expected number of retail pharmacies which are to be open during the period was behind the schedule. We would closely monitor the further development of the new GSP and open our retail pharmacies steadily.

Other revenue

Other revenue, primarily including sundry income, bank interest income, exhibition income and rental income amounted to approximately HK$7.543 million (2013: approximately HK$7.729 million) for the year ended 31 March 2014, which maintained at similar level as in 2013.

Selling and distribution expenses

Selling and distribution expenses primarily consisted of salaries paid to sales and marketing personnel and rental expenses of retail pharmacies. For the year ended 31 March 2014, selling and distribution expenses amounted to approximately HK$70.524 million (2013: approximately HK$61.397 million), representing an increase of approximately 14.87% over the last year. More selling and distribution expense incurred mainly attributable to the increase in both salaries and rental expenses arising from the increase in both the number of sales and marketing personnel employed by the Group and the number of retail pharmacies during the year.

Administrative expenses

Administrative expenses for the year ended 31 March 2014 amounted to approximately HK$47.033 million (2013: approximately HK$46.802 million), representing a slightly increase of approximately 0.49% over last year. By excluding the expenses incurred for the listing of Company's shares on the Main Board of the Stock Exchange, the administrative expenses approximately HK$42.278 million (2013: approximately HK$40.402 million, excluding the expenses incurred for the listing of shares), representing an increase of approximately 4.64% over the last year. More administrative expenses incurred mainly due to the expansion of the business scale.

Finance costs

For the year ended 31 March 2014, the finance costs of the Group were approximately HK$6.015 million (2013: approximately HK$4.090 million), representing a significant increase of approximately 47.07% over the last year. The increase was mainly due to increased average outstanding amounts of bank loans during the year.

Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately HK$48.920 million (2013: approximately HK$41.763 million) during the year ended 31 March 2014, represents an increase about 17.14% compared to last year. The increase was mainly contributed by decrease in listing expenses incurred by the Group compared to last year.

OUTLOOK AND FUTURE PROSPECTUS

The management of the Group has realised the potential opportunities in the field and continued to address the needs of the market and the public through refined services and quality products.

The pharmaceutical market consolidation has continued at national and local level providing opportunities for companies with large scale operations like the Group. At the same time, competition among the industry is keen. Our Group would actively look for further development opportunities made available by the continued healthcare reform. We will also continue further strengthen our drug delivery to hospitals and wholesales segments business and expansion our retails pharmacies in the year 2014/15.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had total cash and bank balances of approximately HK$43.638 million as at 31 March 2014 (2013: approximately HK$30.676 million). The Group recorded total current assets of approximately HK$621.814 million as at 31 March 2014 (2013: approximately HK$581.707 million) and total current liabilities of approximately HK$386.996 million as at 31 March 2014 (2013: approximately HK$1,257.722 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.607 as at 31 March 2014 (2013: approximately 0.463).

As at 31 March 2014, the Group's gearing ratio was approximately 4% based on outstanding debts (comprising bank borrowings) less cash and cash equivalents over total equity (including all capital and reserves attributable to owners of the Company) (2013: 15%).

FOREIGN EXCHANGE RISK

Since almost all transactions of the Group are denominated in Renminbi and Hong Kong dollars and most of the bank deposits are being kept in Renminbi and Hong Kong dollars to minimize exposure to foreign exchange risk, the directors consider that the Group's risk exposure to currency fluctuations to be minimal.

Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the year.

CHARGES ON GROUP'S ASSETS

As at 31 March 2014, the Group had bank borrowings outstanding balances and bill payables of approximately HK$88.088 million and HK$36.070 million respectively. The Group's pledged bank deposits, prepaid lease payments and investment properties of approximately HK$17.431 million, HK$1.979 million and HK$8.306 million respectively, were pledged as collateral to secure banking facilities granted to the Group.

CAPITAL STRUCTURE

As at 31 March 2014, the total issued share capital of the Company was approximately HK$6.484 million representing 648,405,300 ordinary shares. As at 31 March 2013, the share capital of the Group represents the issued share capital of the Company, Luxuriant Expand Global Investments Limited and Timely Hero Enterprises Limited prior to completion of Reorganisation.

SEGMENT INFORMATION

During the year, the revenue of the Group was principally generated from: (1) pharmaceutical wholesale and distribution business and (2) pharmaceutical retail chain business in PRC. Financial information in respect of these operations is presented in Note 5.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save for the Group Reorganisation as described in Note 2 to the consolidated financial statements and those described in the Listing Document, there was no material acquisition or disposal of subsidiaries and associated companies by the Company during the year under review.

CONTINGENT LIABILITIES

As at 31 March 2014 and 2013, 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 COMMITMENTS

As at 31 March 2014 and 2013, the Group had no material capital commitment.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group had 1,176 (2013: 1,204) full time employees (including directors) as shown in the following table:

Location	**Number of Staff**
Hong Kong	8
PRC	1,168

For the year ended 31 March 2014, staff costs (including directors emoluments) amounted to approximately HK$60.670 million (2013: approximately HK$53.333 million). The Group remunerates its employees based on individual performance and qualification. Apart from the basic remuneration, staff benefits include 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.

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

During the year ended 31 March 2014, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

SUBSEQUENT EVENTS

Completion of the proposed acquisition

On 9 April 2014, Fujian Province Fuzhou City Huihao Pharmaceutical Co. Limited ("**Fuzhou Huihao**"), a wholly owned subsidiary (the "**Purchaser**") and Hui Hao Yi Yao (Xiamen) Company Limited (formerly name as Xiamen Hui Sheng Yi Yao Company Limited), a PRC pharmaceutical wholesale and distribution corporation, entered into an arrangement agreement in relation to the conditional acquisition 60% of net assets value of Hui Hao Yi Yao (Xiamen) Company Limited (the "**Proposed Acquisition**") by the Purchaser. The consideration of acquisition is approximately RMB4.945 million (equivalent to approximately HK$6.204 million). Upon completion of the Proposed Acquisition, Hui Hao Yi Yao (Xiamen) Company Limited will become a 60% owned subsidiary of the Purchaser. The acquisition was completed on 23 April 2014 with all the conditions precedent under the arrangement agreement being fulfilled.

After the acquisition, the Company has engaged an independent qualified professional valuer to measure the fair value of the property, plant and equipment on the completion date. Since the valuation is still in progress, the Company is unable to measure any possible goodwill or gain from bargain purchase as at the date of completion. Therefore, the directors considered that it is not practicable to disclose the financial information of Hui Hao Yi Yao (Xiamen) Company Limited on the completion date at this stage.

Legal Proceedings

On 12 April 2014, Fuzhou Huihao as plaintiff initiated legal proceedings against a customer at the People's Court of Minhou County for a sales and purchase agreement, in which the amount is not material.

Save as disclosed above, there was no other significant event took place subsequent to the end of the reporting period.

CORPORATE GOVERNANCE PRACTICE

The Company strived to maintain a high standard of corporate governance and complied with the Corporate Governance Code set out in Appendix 14 to the Listing Rules. To the knowledge of the Board, the Company had fully complied with the code provisions in the Corporate Governance Code since the date of listing of the Company's shares on the Stock Exchange on 11 October 2013, except for the following deviation from the code provisions:

The code provision A.2.1 of the CG Code prescribed, among others, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman and chief executive officer of the Company are not segregated and are exercised by the same individual. Mr. Weng Jiaxing serves as the chairman and chief executive officer. The Board believes that vesting the roles of the Chairman and the chief executive officer in the same person provides consistent and sustainable development of the Group, strong and consistent leadership in the Company's decision making and operational efficiency. However, the Board will review and make appropriate changes when necessary in order to enhance the level of corporate governance.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As the Company was listed on 11 October 2013, the Company had not yet 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**") during the year ended 31 March 2013.

The Company has adopted the Model Code as its model code for securities transactions by Directors. Having made specific inquiries, all the Directors confirmed that they have complied with the Model Code from 11 October 2013, being the date of listing of the Company, up to 31 March 2014.

AUDIT COMMITTEE

The Audit Committee was established on 24 September 2013 with written terms of reference in compliance with Rule 3.2.1 of the Listing Rules and a copy of which is posted on the websites of the Company and the Stock Exchange. As at the date of this announcement, the Audit Committee consists of three independent non-executive directors, namely Mr. Wong Hon Kit, Mr. Liang Yichi and Dr. Liu Yongping, and is chaired by Mr. Wong Hon Kit.

The primary duties of the audit committee include, but are not limited to: (i) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (ii) monitoring integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports; (iii) reviewing the Company's financial controls, internal control and risk management systems; and (iv) reporting to the Board on the matters set out in the code provisions as stated in Appendix 14 to the Listing Rules.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2014 including the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters during the review.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 24 September 2013 in compliance with written terms of reference in compliance with Rule 3.25 of the Listing Rules. As at the date of this announcement, the Remuneration Committee consists of Mr. Chen Yong, an executive director of the Company and two independent non-executive directors, namely Mr. Wong Hon Kit, Dr. Liu Yongping. Mr. Wong Hon Kit is the chairman of the Remuneration Committee.

The role and function of the Remuneration Committee include, but are not limited to, the determination of the specific remuneration package of all executive directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination and Corporate Governance Committee was established on 24 September 2013 in compliance with written terms of reference in compliance with paragraphs A.5.1 and D.3.1 of Appendix 14 to the Listing Rules. As at the date of this announcement, the Nomination and Corporate Governance Committee consists of Mr. Weng Jiaxing, an executive director of the Company and three independent non-executive directors, namely Mr. Liang Yichi, Mr. Wong Hon Kit and Dr. Liu Yongping. Mr. Weng Jiaxing is the chairman of the Nomination and Corporate Governance Committee.

The primary duties of the nomination and corporate governance committee include, but are not limited to: (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and making recommendations to the Board regarding any proposed changes; (ii) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships; (iii) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of the Board and the chief executive officer of the Company; and (iv) keeping the effectiveness of the corporate governance and system of internal controls of the Group.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all of our shareholders, tenants and professional parties for their continued support. I would also like to extend my appreciation to all of our colleagues for their dedication and hard work.

By order of the Board
Wanjia Group Holdings Limited
Weng Jiaxing
Chairman

Hong Kong, 25 June 2014

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Weng Jiaxing and Mr. Chen Yong, and three independent non-executive Directors, namely Mr. Liang Yichi, Mr. Wong Hon Kit and Dr. Liu Yongping.