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 2019

FINANCIAL HIGHLIGHTS

Summary of the results of the Group for the financial year ended 31 March 2019 is as follows:

- Total revenue from continuing operations was approximately HK$96.480 million (2018: approximately HK$353.014 million), representing approximately 72.66% of decrease over 2018.
- Gross profit from continuing operations was approximately HK$16.032 million (2018: approximately HK$39.189 million), representing approximately 59.09% of decrease over 2018.
- The loss from operations was approximately HK$43.388 million (2018: profit of approximately HK$0.603 million).
- Loss for the year attributable to owners of the Company was approximately HK$66.592 million (2018: approximately HK$55.586 million).
- The Group had total cash and cash equivalents of approximately HK$28.816 million as at 31 March 2019 (2018: approximately HK$91.922 million).
- The board does not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: 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 2019 together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2019** *HK$'000*	2018 *HK$'000* (Restated)
Continuing operations			
Revenue	*5*	**96,480**	353,014
Cost of sales		**(80,448)**	(313,825)
Gross profit		**16,032**	39,189
Other revenue	*6*	**607**	600
Other gain and loss, net	*7*	**(646)**	196
Net reversal of impartment loss of trade and other receivables	*8*	**4,788**	–
Impairment loss on goodwill	*13*	**(35,459)**	(336)
Selling and distribution expenses		**(3,669)**	(13,094)
Administrative expenses		**(25,041)**	(25,952)
(Loss)/profit from operations	*8*	**(43,388)**	603
Finance costs	*9*	**(12,839)**	(14,696)
Loss before taxation		**(56,227)**	(14,093)
Taxation	*10*	**(1,946)**	(4,856)
Loss for the year from continuing operations		**(58,173)**	(18,949)
Loss for the period/year from discontinued operation	*17*	**(7,570)**	(36,478)
Loss for the year		**(65,743)**	(55,427)
Other comprehensive (loss)/income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating of foreign operations		**(19,332)**	32,059
Reclassification adjustment from translation reserve upon disposal a subsidiary		**2,702**	–
Other comprehensive (loss)/income for the year		**(16,630)**	32,059
Total comprehensive loss for the year		**(82,373)**	(23,368)

	Notes	2019 HK$'000	2018 HK$'000 (Restated)
Loss for the year attributable to:			
Owners of the Company			
– from continuing operations		**(59,046)**	(19,181)
– from discontinued operation		**(7,546)**	(36,405)
		(66,592)	(55,586)
Non-controlling interests			
– from continuing operations		**873**	232
– from discontinued operation		**(24)**	(73)
		849	159
		(65,743)	(55,427)
Total comprehensive loss for the year attributable to:			
Owners of the Company			
– from continuing operations		**(68,207)**	(1,551)
– from discontinued operation		**(11,696)**	(27,285)
		(79,903)	(28,836)
Non-controlling interests			
– from continuing operations		**(2,437)**	5,522
– from discontinued operation		**(33)**	(54)
		(2,470)	5,468
		(82,373)	(23,368)
Loss per share attributable to owners of the Company:			
From continuing and discontinued operations			
– Basic (HK cents per share)	*12*	**(9.39)**	(8.57)
– Diluted (HK cents per share)	*12*	**(9.39)**	(8.57)
From continuing operations			
– Basic (HK cents per share)	*12*	**(8.33)**	(2.96)
– Diluted (HK cents per share)	*12*	**(8.33)**	(2.96)
From discontinued operation			
– Basic (HK cents per share)	*12*	**(1.06)**	(5.61)
– Diluted (HK cents per share)	*12*	**(1.06)**	(5.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**32,872**	26,544
Prepaid lease payments		**–**	10,958
Investment property		**–**	9,789
Goodwill	*13*	**95,208**	136,623
		128,080	183,914
Current assets			
Inventories		**10,920**	62,136
Prepaid lease payments		**–**	383
Trade and other receivables and deposits	*14*	**58,773**	118,453
Cash and cash equivalents		**28,816**	91,922
		98,509	272,894
Current liabilities			
Trade and other payables	*15*	**28,236**	137,268
Amount due to a director		**–**	2,000
Amount due to a shareholder		**2,000**	–
Other borrowing	*16*	**60,000**	100,000
Tax payables		**1,258**	3,124
		91,494	242,392
Net current assets		**7,015**	30,502
Total assets less current liabilities		**135,095**	214,416
Net assets		**135,095**	214,416

	2019	2018
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**7,781**	6,484
Reserves	**77,167**	152,791
Equity attributable to owners of the Company	**84,948**	159,275
Non-controlling interests	**50,147**	55,141
Total equity	**135,095**	214,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL INFORMATION

The Company was incorporated as an exempted Company with limited liabilities in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The address of the registered office of the Company is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands. The head office and principal 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 holdings. The Group is principally engaged in pharmaceutical wholesale and distribution business and hemodialysis treatment and consultancy service business in the People's Republic of China (the "**PRC**").

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

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

In the current year, the Company has applied, for the first time, the following new and revised HKFRS and interpretations ("**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Company's financial year beginning 1 April 2018. A summary of the new and revised HKFRSs are set out as below:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related amendments
Amendments to HKFRSs	Annual Improvement to HKFRSs 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, for the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

(a) Classification and measurement

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to expected credit loss under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	31 March 2018	Reclassification	Remeasurement	1 April 2018 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Trade and other receivables and deposits	118,453	–	(14,711)	103,742
Equity				
Reserves	152,791	–	(11,495)	141,296
Non-controlling interests	55,141	–	(3,216)	51,925

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at the date of initial application have not been impacted by the initial application of HKFRS 9.

(b) *Impairment under ECL model*

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis.

In general, the directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost upon application of HKFRS 9 by the Group. The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Except for those which had been determinated as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including deposits, other receivables and bank balance, are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment is as follows.

All loss allowances, including trade receivables, and other receivables and deposits as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Trade Receivables	**Other receivables and deposits**
	HK$'000	*HK$'000*
As at 31 March 2018 – HKAS 39	7,070	4,170
Amounts re-measured through opening – accumulated loss	13,729	982
At 1 April 2018 – HKFRS 9 (restated)	20,799	5,152

The following tables summarised the impact, net of tax, of transition HKFRS 9 on the opening balance of accumulated losses and non-controlling interests 1 April 2018 as follow:

	Accumulated losses *HK$'000*	**Non-controlling interest** *HK$'000*
As at 31 March 2018	(723,896)	55,141
Increase in expected credit loss ("**ECLs**") in		
– Trade and other receivables and deposits	(11,495)	(3,216)
As at 1 April 2018 (restated)	(735,391)	51,925

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated loss (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to the contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared with HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue mainly from following major sources which arise from contracts with customers.

– Pharmaceutical wholesale and distribution

– Hemodialysis treatment and consultancy service business

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in consolidated financial statements.

Except for the reclassification of the contract liabilities from receipt in advance of HK$18,837,000 at initial application, HKFRS 15 was generally adopted without restating any other comparative information. There is no impact of transition to HKFRS 15 on accumulated loss at 1 April 2018.

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 March 2018	HKFRS 9	HKFRS 15	1 April 2018 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Trade and other receivables and deposits	118,453	(14,711)	–	103,742
Current liabilities				
Trade and other payables				
– Receipts in advance	18,837	–	(18,837)	–
– Contract liabilities	–	–	18,837	18,837
Equity				
Reserves	152,791	(11,495)	–	141,296
Non-controlling interests	55,141	(3,216)	–	51,925

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (Amendments)	Prepayment Features with Negative Compensations[1]
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HKAS 19 (Amendments)	Employee Benefits[1]
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[1]
HKFRSs (Amendments)	Annual Improvement to HKFRSs 2015-2017 Cycle[1]
HK(IFRIC)–Int 23	Uncertainty Over Income Tax Treatment[1]
HKFRS 3 (Amendments)	Definition of a Business[5]
HKAS 1 and HKAS 8 (Amendments)	Definition of a Material[4]

[1] *Effective for annual periods beginning on or after 1 January 2019.*

[2] *Effective for annual periods beginning on or after 1 January 2021.*

[3] *Effective for annual periods beginning on or after a date to be determined.*

[4] *Effective for annual periods beginning on or after 1 January 2020.*

[5] *Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the annual period beginning on or after 1 January 2020.*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities ("**Listing Rules**") on the Stock Exchange and by the Hong Kong Companies Ordinance ("**CO**").

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in areas where assumptions and estimates are significant to the consolidated financial statements.

A summary of significant accounting policies followed by the Group in the preparation of the consolidated financial statements is set out below:

Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements is historical cost except for certain financial instruments and investment property that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration of given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. 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 continuing operating divisions: (a) pharmaceutical wholesale and distribution business, and (b) hemodialysis treatment and consultancy service business in the PRC. These divisions are the basis on which the Group reports its segment information.

The pharmaceutical retail chain business was discontinued during the year ended 31 March 2019 upon completion of disposal of Fujian Huihao Sihai which are described in more detail in Note 17. The segment information report below does not include any amounts for the discontinued operation.

Segment revenue and results

For the year ended 31 March 2019

Continuing operations:

	Pharmaceutical wholesale and distribution business	Hemodialysis treatment and consultancy service business	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
External sales	**82,154**	**14,326**	**–**	**96,480**
Inter-segment sales	**–**	**–**	**–**	**–**
Total revenue	**82,154**	**14,326**	**–**	**96,480**
Inter-segment sales are charged at arm's length				
Results				
Segment results	**(1,988)**	**(37,813)**	**–**	**(39,801)**
Unallocated corporate income and expenses, net				**(3,587)**
Loss from operations				**(43,388)**
Finance costs				**(12,839)**
Loss before taxation				**(56,227)**
Taxation				**(1,946)**
Loss for the year				**(58,173)**

For the year ended 31 March 2018

Continuing operations:

	Pharmaceutical wholesale and distribution business *HK$'000*	Hemodialysis treatment and consultancy service business *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000* (Restated)
Revenue				
External sales	318,809	34,205	–	353,014
Inter-segment sales	3,947	112	(4,059)	–
Total revenue	322,756	34,317	(4,059)	353,014
Inter-segment sales are charged at arm's length				
Results				
Segment results	(4,864)	12,455	–	7,591
Unallocated corporate income and expenses, net				(6,988)
Profit from operations				603
Finance costs				(14,696)
Loss before taxation				(14,093)
Taxation				(4,856)
Loss for the year				(18,949)

Segment assets and liabilities

As at 31 March 2019

	Pharmaceutical Wholesale and distribution business *HK$'000*	Hemodialysis treatment and consultancy service business *HK$'000*	Consolidated *HK$'000*
Consolidated statement of financial position			
Assets			
Segment assets	**81,808**	**47,679**	**129,487**
Goodwill	**–**	**95,208**	**95,208**
Unallocated corporate assets			**1,894**
Consolidated total assets			**226,589**
Liabilities			
Segment liabilities	**19,155**	**7,338**	**26,493**
Other borrowing			**60,000**
Amount due to a shareholder			**2,000**
Unallocated corporate liabilities			**3,001**
Consolidated total liabilities			**91,494**

As at 31 March 2018

	Pharmaceutical wholesale and distribution business *HK$'000*	Pharmaceutical retail chain business (Discontinued operation) *HK$'000*	Hemodialysis treatment and consultancy service business *HK$'000*	Consolidated *HK$'000*
Consolidated statement of financial position				
Assets				
Segment assets	119,429	134,871	65,646	319,946
Goodwill	–	–	136,623	136,623
Unallocated corporate assets				239
Consolidated total assets				456,808
Liabilities				
Segment liabilities	30,156	86,747	20,982	137,885
Other borrowing				100,000
Amount due to a director				2,000
Unallocated corporate liabilities				2,507
Consolidated total liabilities				242,392

Other segment information

For the year ended 31 March 2019

Continuing operations:

	Pharmaceutical wholesale and distribution business *HK$'000*	Hemodialysis treatment and consultancy service business *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other information				
Capital expenditure *(Note)*	**235**	**30,241**	**–**	**30,476**
Depreciation	**1,543**	**3,430**	**4**	**4,977**
Loss on disposal of property, plant and equipment	**646**	**–**	**–**	**646**
Impairment loss on goodwill	**–**	**35,459**	**–**	**35,459**
Reversal of impairment loss recognised in respect of trade receivables	**(2,391)**	**(3,603)**	**–**	**(5,994)**
Impairment loss recognised in respect of other receivables	**1,206**	**–**	**–**	**1,206**

Note:

Capital expenditure consists of additions to property, plant and equipment and assets acquired from acquisition of subsidiaries during the year.

For the year ended 31 March 2018

Continuing operations:

	Pharmaceutical wholesale and distribution business *HK$'000*	Hemodialysis treatment and consultancy service business *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000* (Restated)
Other information				
Capital expenditure *(Note)*	12	2,390	2	2,404
Depreciation	1,205	3,104	7	4,316
Loss on disposal of property, plant and equipment	72	–	–	72
Impairment loss recognised in respect of trade receivables	524	201	–	725
Reversal of impairment loss recognised in respect of trade receivables	(268)	–	–	(268)

Note:

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in consolidated financial statements. Segment results represent the profit or loss generated by each segment without allocation of 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 unallocated corporate assets. Unallocated corporate assets mainly include office equipment of the central administration companies.

- all liabilities are allocated to reportable segments other than other borrowing, amount due to a director, amount due to a shareholder and certain other payables of certain administrative.

Geographical information

The Group operates in two principal areas – pharmaceutical wholesale and distribution business, and hemodialysis treatment and consultancy service business in the PRC and administrative 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 carryings amount of non-current assets analysed by the geographical area in which the assets are located:

	Carrying amounts of non-current assets	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**4**	9
PRC	**128,076**	183,905
	128,080	183,914

Information about major customers

Revenue from customers over 10% of the Group's total revenue of the continuing operations are as follows:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Customer A *(Note)*	**28,018**	N/A
Customer B *(Note)*	**19,096**	N/A

Note:

No information on revenue is disclosed for the customers as it contributed less than 10% to the Group's total revenue of the continuing operations for the year ended 31 March 2018.

Revenue from major products and services

The Group's revenue from its major products and services were stated in Note 5 to the result announcement.

5. REVENUE

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

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Revenue from contract with customers recognised at a point in time		
Wholesale and distribution of pharmaceutical and related products	**82,154**	318,809
Provision of hemodialysis treatment and consultancy services	**14,326**	34,205
	96,480	353,014

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

6. OTHER REVENUE

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Interest income	**136**	236
Government grant	**374**	–
Sundry income	**97**	364
	607	600

7. OTHER GAIN AND LOSS, NET

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Reversal of impairment loss of trade receivables	**–**	268
Loss on disposal of property, plant and equipment	**(646)**	(72)
	(646)	196

8. (LOSS)/PROFIT FROM OPERATIONS

The Group's (loss)/profit for the year from continuing operations is arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Staff costs:		
Employee benefits expense (including directors' emoluments):		
Salaries and allowances	**11,098**	16,870
Retirement scheme contributions	**878**	927
Share-based payment	**3,944**	–
	15,920	17,797
Other items:		
Depreciation of property, plant and equipment	**4,977**	4,316
Auditors' remuneration		
– audit services	**1,088**	987
– non-audit services	**130**	–
Cost of inventories sold	**80,448**	313,825
Impairment loss on goodwill	**35,459**	336
Net (reversals)/provision impairment loss in respect of trade receivables and other receivables	**(4,788)**	457
Operating lease rentals in respect of land and building	**2,433**	4,085

9. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Interest on:		
– Bank borrowings	**–**	1,595
– Other borrowing	**12,839**	8,200
– Convertible notes	**–**	4,901
	12,839	14,696

10. TAXATION

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
– PRC Enterprise Income Tax	**1,946**	4,936
Deferred tax:		
– Current year credit	**–**	(80)
	1,946	4,856

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.

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

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 onward 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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rate regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25% and profits tax above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Group considered the amount involved upon implementation of the two-tiered profits tax rate as insignificant to the consolidation financial statements. Hong Kong Profits Tax is calculated at 16.5% for both years. No tax is payable for the year ended 31 March 2019 (2018: HK$Nil) since there were no assessable profit generated in Hong Kong.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

11. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2019 (2018: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic loss per share

Continuing and discontinued operations

The computation of the basic loss per share amount from continuing and discontinued operations are based on the loss for the year attributable to ordinary equity holders of the Company from continuing and discontinued operations of HK$66,592,000 (2018: HK$55,586,000) and the weighted average number of ordinary shares of 709,159,960 (2018: 648,405,300) during the year.

Continuing operations

The computation of the basic loss per share amount from continuing operations are based on the loss for the year attributable to ordinary equity holders of the Company from continuing operations of HK$59,046,000 (2018: HK$19,181,000) and the weighted average number of ordinary shares of 709,159,960 (2018: 648,405,300) during the year.

Discontinued operation

The computation of the basic loss per share amount from discontinued operation are based on loss for the period attributable to ordinary equity holders of the Company from discontinued operations of HK$7,546,000 (2018: HK$36,405,000) and the weighted average number of ordinary shares of 709,159,960 (2018: 648,405,300) during the year.

(b) Diluted loss per share

Continuing and discontinued operations

For the year ended 31 March 2019, the computation of diluted loss per share from continuing and discontinued operations does not include the Company's outstanding share options because the effect were anti-dilutive. Therefore, the diluted loss per share from continuing and discontinued operations of the Company is the same as the basic loss per share.

For the year ended 31 March 2018, diluted loss per share from continuing and discontinued operations is the same as the basic loss per share from continuing and discontinued operations as there was no potential diluted event.

Continuing operations

For the year ended 31 March 2019, the computation of diluted loss per share from continuing operations does not include the Company's outstanding share options because the effect were anti-dilutive. Therefore, the diluted loss per share from continuing operations of the Company is the same as the basic loss per share.

For the year ended 31 March 2018, diluted loss per share from continuing operations is the same as the basic loss per share from continuing operations as there was no potential diluted event.

Discontinued operation

From 1 April 2018 to 15 November 2018(completion date), the computation of diluted loss per share from discontinued operation does not included the Company's outstanding share options because the effect were anti-dilutive. Therefore, the diluted loss per share from discontinued operation of the Company is the same as the basic loss per share.

For the year ended 31 March 2018, diluted loss per share from discontinued operation is the same as the basic loss per share from discontinued operation as there was no potential diluted event.

13. GOODWILL

	2019	2018
	HK$'000	*HK$'000*
Cost		
As at 1 April	**922,147**	909,040
Additional amounts recognised from business combination occurring during the year	**2,506**	–
Deregistration of a subsidiary	**(333)**	–
Exchange realignment	**(8,476)**	13,107
As at 31 March	**915,844**	922,147
Accumulated impairment losses		
As at 1 April	**785,524**	785,169
Impairment loss recognised during the year	**35,459**	336
Deregistration of a subsidiary	**(333)**	–
Exchange realignment	**(14)**	19
As at 31 March	**820,636**	785,524
Carrying amounts		
As at 31 March	**95,208**	136,623

14. TRADE AND OTHER RECEIVABLES AND DEPOSITS

Trade receivables

Payment terms with customers from the pharmaceutical wholesale and distribution business, pharmaceutical retail chain business and hemodialysis treatment and consultancy service business are mainly on credit. Invoices are normally payable from 30 to 90 days (2018: 30 to 90 days) for pharmaceutical wholesale and distribution business and 5 to 365 days (2018: 5 to 365 days) for hemodialysis treatment and consulting service business respectively of issuance of invoices. The ageing analysis of the gross amount of trade receivables based on the invoices date is as follows:

	2019	2018
	HK\$'000	*HK\$'000*
Within 90 days	**21,070**	58,396
91 – 180 days	**1,254**	21,232
181 – 365 days	**3,290**	13,192
Over 365 days	**6,132**	7,070
	31,746	99,890

15. TRADE AND OTHER PAYABLES

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

	2019	2018
	HK\$'000	*HK\$'000*
Within 90 days	**6,588**	60,454
91 – 180 days	**99**	8,911
181 – 365 days	**3,080**	5,817
Over 365 days	**11,401**	17,415
	21,168	92,597

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

16. OTHER BORROWING

	2019	2018
	HK$'000	*HK$'000*
Carrying amount repayable within one year:		
Secured loan repayable within one year	**60,000**	100,000

On 28 November 2017, the Company entered into a loan agreement with an independent third party ("**Lender**") for borrowing of principal amount HK$100,000,000 (the "**Loan**") for a term of 3 months from the date of drawing down with an option to renew for another 3 months after the maturity of the loan.

During the year ended 31 March 2019, the principal amount of HK$40,000,000 was settled and the outstanding balance as at 31 March 2019 was HK$60,000,000.

On 28 February 2018, the Company exercised the renewal option and the Lender agreed to the extension of the Loan to another 3 months to 28 May 2018 with the same terms.

On 27 June 2018, the Lender and the Company agreed to further extend the Repayment Date to 28 May 2019 with the same terms.

17. DISCONTINUED OPERATION

On 23 August 2018, an indirect non-wholly owned subsidiary of the Company, Fujian Huihao Sihai Pharmaceutical Chain Company Limited ("**Fujian Huihao Sihai**"), entered into a sale and purchase agreement and agreed to sell the entire 99.8% equity interests in Fujian Huihao Sihai, with a consideration of HK$49,000,000. The disposal was completed on 15 November 2018.

The loss for the period/year from discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income and related notes have been represented as if pharmaceutical retail chain business had been discontinued at the beginning of the year.

	From 1 April 2018 to 15 November 2018 (Completion date)	Year ended 31 March 2018
	HK$'000	*HK$'000*
Loss from pharmaceutical retail chain business for the period/year	**(12,497)**	(36,478)
Gain on disposal	**4,927**	–
Loss for the period/year from discontinued operation	**(7,570)**	(36,478)

18. COMPARATIVES FIGURE

The comparative statement of profit or loss has been restated as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.

The Group had initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition method, comparative information is not restated.

19. EVENT AFTER THE REPORTING PERIOD

Capital reduction

On 21 February 2019, the Hui Hao (HK) Group Limited, a wholly own subsidiary, the Fuzhou Ren An Medical Technology Limited（福州仁安醫藥科技有限公司）(“**PRC Minority Shareholder**”) and the Fujian Province Fuzhou City Huihao Pharmaceutical Co. Ltd.（福建省福州市惠好藥業有限公司）(“**Target Company**”) entered into the capital reduction agreement in relation to the reduction of the registered capital of the Target Company by RMB20 million, representing approximately 21.86% of existing registered capital of the Target Company, of which RMB715,000 will be reduced from the registered capital owned by the Hui Hao (HK) Group Limited and RMB19,285,000 will be reduced from the registered capital owned by the PRC Minority Shareholder. This transaction was completed on 23 April 2019. For more details please refer the Company’s announcement date 21 February 2019 and 23 April 2019.

Renewal of loan agreement

On 7 May 2019, the Company and the Lender entered into a supplemental loan agreement pursuant to which the Repayment Date of the Loan be extended to 28 June 2020, the interest rate for the month from 29 May 2019 to 28 June 2019 be amended to 2.5% per month while the interest rate for the period from 29 June 2019 to 28 June 2020 be amended to 1.5% per month. Save as disclosed, all other terms of the Loan Agreement remain unchanged. For more details please refer the Company’s announcement date 8 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In August 2018, the Group came across an opportunity to dispose of the pharmaceutical retail chain business at a consideration of HK$49 million. The transaction was completed in November 2018. The sale proceeds were used to repay part of the Group's loan. That business was discontinued in operation.

In October 2018, the Group acquired Wuhua Yongke Kidney Hemodialysis Company Limited# ("**Wuhua**").The principal activity of the Wuhua is provision of hemodialysis treatment service through self-operated hemodialysis treatment centers in the PRC.

In March 2019, the Group acquired Wuchuan Zhining Hemodialysis Company Limited# ("**Wuchuan**"). The principal activity of the Wuchuan is provision of hemodialysis treatment service through self-operated hemodialysis treatment centers in the PRC.

This year, the Group continues business on pharmaceutical wholesale and distribution business and hemodialysis treatment and consultancy service in the PRC.

The pharmaceutical retail chain business was discontinued during the year.

Revenue from continuing operations

Looking back at 2018/19, the Group's revenue from that operating segment experienced a decrease. For the year ended 31 March 2019, revenue was approximately HK$96.480 million (2018: approximately HK$353.014 million), accounting for a decrease of approximately 72.66% over last year. The gross profit margin was approximately 16.61%, while it was approximately 11.1% in 2018.

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Continuing Operations

1) Pharmaceutical wholesale and distribution business

The Group has a large and broad customer base through our distribution network in Fujian Province in the PRC. The Group distributes pharmaceutical products to our customers located principally in the Fujian Province. Our customers can be categorized into three types namely hospitals and healthcare institutions, 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.

As mentioned in the 2017/2018 annual report, in the early part of 2018, the medical reform policy further controlled the pharmaceutical costs in public hospitals in Fujian Province which reduced the overall size of the pharmaceutical distribution business in public hospitals. In addition, the distribution policy broke the original rules that essential medicines in public hospitals in Fujian Province were only distributed by 10 wholesale companies, thereby causing material adverse impact in the operation and its overall performance of the Group in pharmaceutical wholesale and distribution business. As a result, the turnover from this segment was approximately HK$82.154 million (2018: HK$318.809 million) representing a 74.23% decrease. And the loss from this segment was approximately HK$1.988 million (2018: HK$4.864 million), representing a 59.12% decrease.

2) Hemodialysis treatment and consultancy service business

To diversify the Group's business, the Group had acquired a new business which is engaged in hemodialysis treatment and consultancy service business (the "**Hemodialysis Business**") through Mingxi County Trading Company Limited# in March 2017. In respect of the Hemodialysis Business, the Group currently operates jointly-operated hemodialysis treatment centers under co-operations contracts and owns several self-operated hemodialysis treatment centers. The turnover from this segment was approximately HK$ 14.326 million (2018: HK$34.205 million), representing a decrease of 58.11%. And loss from this segment was approximately HK$37.813 million (2018: Profit of HK$12.455 million).

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The loss was mainly due to an impairment loss of goodwill of approximately HK$35.459 million which was attributable to fierce competition from other hospitals in the hemodialysis business.

Discontinued Operation

Pharmaceutical retail chain business

To improve the Group's operating result, the Group tried its best to concentrate its resources to strengthen the competitiveness of the pharmaceutical retail chain business. Revenue and loss from the segment of pharmaceutical retail chain business for approximately 8 months was approximately HK$160.942 million and HK$7.570 million respectively. Despite the improvement resulted from the effort of the management under such a difficult business environment, the results of the pharmaceutical retail chain business were still not satisfactory, thus the Group decided to dispose of the pharmaceutical retail chain business because of its weak profitability and the fact that the Group was facing a substantial financial pressure. In August 2018, the Group came across an opportunity to dispose of the pharmaceutical retail chain business at a consideration of HK$49 million. After the disposal is completed in November 2018, the sale proceeds was used to repay part of the Group's loan. Consequently, the financial cost of the Group was reduced by 40%.

Other revenue

Other revenue, primarily including sundry income, bank interest income and rental income amounted to approximately HK$0.607 million (2018: approximately HK$0.600 million) for the year ended 31 March 2019.

Selling and distribution expenses

For the year ended 31 March 2019, selling and distribution expenses amounted to approximately HK$3.669 million (2018: approximately HK$13.094 million), representing a decrease of approximately 71.97% over the last year. The decrease in the selling and distribution expenses was due to the decrease in the turnover of the Group.

Administrative expenses

Administrative expenses for the year ended 31 March 2019 amounted to approximately HK$25.041 million (2018: approximately HK$25.952 million), representing a slight decrease of approximately 3.51% over last year, which was similar to last year's level.

Finance costs

For the year ended 31 March 2019, the finance costs of the Group were approximately HK$12.839 million (2018: approximately HK$14.696 million), representing a decrease of approximately 12.63% over the last year.

Loss for the year attributable to owners of the Company

The Group had loss for the year attributable to owners of the Company of approximately HK$66.592 million for the year ended 31 March 2019 (2018: HK$55.586 million).

The increase in loss for the year attributable to owners of the Company was due to the fierce competition in the retail business and the Hemodialysis Business is still at its initial stage of operation.

OUTLOOK AND FUTURE PROSPECTS

Despite the fact that the Group has been making effort and hoping the pharmaceutical retail chain business could turn around, the financial performance of which could not meet the expectation of the Board. In August 2018, the Company was approached by the purchaser, which showed its interest in the pharmaceutical retail chain business. Hence the pharmaceutical retail chain business was completely disposed of on 15 November 2018, the Group will continue to be principally engaged in (i) pharmaceutical wholesale and distribution business; and (ii) provision of hemodialysis treatment and consultancy service business in the PRC. In future, the Company will centralize its resources in developing the Hemodialysis Business. The Group will look to further develop its Hemodialysis Business through organic growth and acquisitions.

Looking forward, the Group will focus on developing such segment through establishment of new self-operated centers in the PRC so as to expand its operating scale and further penetrate in the market. For this purpose, a business development team has been set up and has performed initial feasibility studies on the market potential in various cities or regions in the PRC.

The Group believes that the demand for hemodialysis services in the Chinese market is still far from being met and has great potential for development. Based on the Group's experience and strength in the medical field, the further exploration and expansion from our existing businesses to the continuously rising hemodialysis sector will become the driving force for building our influence in the market and create better return to the shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had total cash and cash equivalents of approximately HK$28.816 million as at 31 March 2019 (2018: approximately HK$91.922 million). The Group recorded total current assets of approximately HK$98.509 million as at 31 March 2019 (2018: approximately HK$272.894 million) and total current liabilities of approximately HK$91.494 million as at 31 March 2019 (2018: approximately HK$242.392 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.077 as at 31 March 2019 (2018: approximately 1.126).

As at 31 March 2019, the Group's gearing ratio which was calculated based on outstanding debts (comprising other borrowing and convertible notes) less cash and cash equivalents over total equity (including all capital and reserves attributable to owners of the Company) was approximately 36.70% (2018: 5.07%).

CAPITAL COMMITMENTS

As at 31 March 2019, there were respective capital commitments for construction contracted for but not provided in the consolidated financial statements amounting to HK$5.739 million (2018: 1.836 million).

MATERIAL ACQUISITIONS AND DISPOSALS

During the year, details of the Group's material acquisitions and disposals of subsidiaries, associates or joint ventures are set out below.

Acquisition of subsidiaries

(a) Wuhua

On 10 October 2018, an indirect wholly owned subsidiary of the Company, Zhuhai Sheng Chuang Medical Investment Management Limited#, entered into a sale and purchase agreement with the vendor and agreed to acquire the entire equity interest in Wuhua Yongke Kidney Hemodialysis Company Limited# ("**Wuhua**"), with a consideration of RMB3 million (equivalent to approximately HK$3.395 million). The principal activity of the Wuhua is provision of hemodialysis treatment service through self-operated hemodialysis treatment centers in the PRC. The acquisition was completed on 17 October 2018.

(b) Wuchuan

On 25 March 2019, an indirect wholly owned subsidiary of the Company, Zhuhai Sheng Chuang Medical Investment Management Limited#, entered into a sale and purchase agreement with the vendor and agreed to acquire the entire equity interest in Wuchuan Zhining Hemodialysis Company Limited# ("**Wuchuan**"), with a consideration of RMB3 million (equivalent to approximately HK$3.507 million). The principal activity of the Wuchuan is provision of hemodialysis treatment service through self-operated hemodialysis treatment centers in the PRC. The acquisition was completed on 25 March 2019.

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Disposal of a subsidiary

On 23 August 2018, an indirect wholly owned subsidiary of the Company, Hui Hao (HK) Group Limited, entered into a sale and purchase agreement with a buyer and agreed to sell the entire 99.8% equity interests in Fujian Huihao Sihai Pharmaceutical Chain Company Limited#, an indirect non-wholly owned subsidiary of the Company, with a consideration of HK$49 million. The disposal was completed on 15 November 2018.

CONTINGENT LIABILITIES

As at 31 March 2019 and 2018, 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.

FOREIGN EXCHANGE RISK

Since almost all transactions of the Group are denominated in Renminbi and Hong Kong dollars, most of the bank deposits are being kept in Renminbi and Hong Kong dollars to minimise exposure to foreign exchange risk, the Directors consider that the Group's risk exposure to currency fluctuations to be 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 2019, the Group charged to the lender of other borrowing by way of first floating charge all its undertaking, property, assets, goodwill, rights and revenues, whatsoever and whosesoever, both present and future, including all book and other debts now and from time to time due or owing to the Company, the uncalled capital, goodwill and all intellectual properties and intellectual property rights, patents, patent applications, trademarks, service marks, trade names, registered designs, copyrights, licenses and ancillary and connected rights both present and future of the Company so that the charge hereby created shall be a continuing security by way of first floating.

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SEGMENT INFORMATION

During the year, the revenue of the Group was principally generated from continuing operations: (1) pharmaceutical wholesale and distribution business and (2) Hemodialysis treatment and consultancy service business in the PRC.

CAPITAL STRUCTURE

On 3 October 2018, the Company and the placing agent ("**Placing Agent**") entered into the placing agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent to 129,681,000 placing shares and whose ultimate beneficial owners shall be an independent third party at a price of HK$0.105 per placing share. The gross proceeds from the placing was HK$13.617 million and the net proceeds was approximately HK$13.127 million. The placing was completed on 11 October 2018.

As at 31 March 2019, the total issued share capital of the Company was approximately HK$7.781 million (2018: HK$6.484 million) representing 778,086,300 ordinary shares (2018: 648,405,300 ordinary shares).

The Company had no issued convertible notes as at 31 March 2019 (2018: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had 102 (2018: 953) full time employees (including Directors) as shown in the following table:

Location	**Number of staff**
Hong Kong	8
PRC	94

For the year ended 31 March 2019, staff costs (including directors emoluments) amounted to approximately HK$15.920 million (2018: approximately HK$69.241 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 2019, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE PRACTICES

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

The Company strived to maintain a high standard of corporate governance and complied with the Corporate Governance Code (the "**CG Code**") as stated in Appendix 14 of the Rules Governing the Listing Securities on Main Board (the "**Listing Rules**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). During the year under review, the Company had revised the Terms of Reference for its Audit Committee in order to fully comply with the amendments to the Listing Rules in relation to corporate governance that took effect since 1 January 2019.

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

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Audit Committee was established on 24 September 2013 with written terms of reference in compliance with Rule 3.2.1 of the Listing Rules and a copy of which is posted on the website of the Company and of the Stock Exchange. In order to comply with the amended CG Code, the Board adopted the revised Terms of Reference of the Audit Committee on 31 December 2018. The Audit Committee's current members are:

Mr. Wong Hon Kit *(Chairman)*
Dr. Liu Yongping
Mr. Ho Man

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

(a) reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;

(b) monitoring integrity of financial statements of the Company and the Company's annual report and accounts and the interim report;

(c) reviewing the Company's financial controls, risk management and internal control systems;

(d) reporting to the Board on the matters set out in the code provisions as stated in Appendix 14 to the Listing Rules.

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

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

During the year ended 31 March 2019, the Audit Committee held two meetings.

The Audit Committee has reviewed with management accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters for the year ended 31 March 2019. The Group's audited consolidated financial results for the year ended 31 March 2019 were reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures has been made.

The accounts for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 24 September 2013 with written terms of reference in compliance with Rule 3.25 of the Listing Rule and a copy of which is posted on the website of the Company and of the Stock Exchange. The Remuneration Committee has adopted the approach under code provision B.1.2(c)(ii) of the CG Code and made recommendations to the Board on the Group's overall policy and structure for the remuneration of Directors and senior management. The Remuneration Committee's current members are:

Mr. Wong Hon Kit *(Chairman)*
Dr. Liu Yongping
Mr. Ho Man

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

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

The Remuneration Committee held four meetings during the year ended 31 March 2019.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination and Corporate Governance Committee was established in 24 September 2013 with written terms of reference in compliance with paragraph A.5.1 and D.3.1 of Appendix 14 to the Listing Rule and a copy of which is posted on the website of the Company and of the Stock Exchange. The Nomination and Corporate Governance Committee's current members are:

Mr. Wong Hon Kit
Dr. Liu Yongping
Mr. Ho Man

All of the members are independent non-executive Directors. The primary duties of the nomination and corporate governance committee include, but are not limited to:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and making recommendations to the Board regarding any proposed changes;

(b) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of, individuals nominated for directorship;

(c) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of the Board and the chief executive officer of the Company; and

(d) keeping the effectiveness of the corporate governance and system of internal controls of the Group.

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

The Nomination and Corporate Governance Committee held three meetings during the year ended 31 March 2019.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the management team and staff for their tireless dedicated that helps fuel the Group's healthy development. In addition, I would also like to thank all our shareholders, business partners and customers for their continuous support. We will continue to devote unwavering efforts to reap promising returns for all parties.

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

Hong Kong, 27 June 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chen Jinshan and Mr. Wang Jia Jun, and three independent non-executive Directors, namely Mr. Wong Hon Kit, Dr. Liu Yongping and Mr. Ho Man.