WANJIA GROUP
萬嘉集團

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 2020

FINANCIAL HIGHLIGHTS

Summary of the results of the Group for the financial year ended 31 March 2020 is as follows:

- Total revenue from continuing operations was approximately HK$96.977 million (2019: approximately HK$96.480 million), representing a slight increase over 2019.
- Gross profit from continuing operations was approximately HK$25.352 million (2019: approximately HK$16.032 million), representing an increase of approximately 58.13% over 2019.
- Loss from operations was approximately HK$9.470 million (2019: approximately HK$43.388 million).
- Loss for the year attributable to owners of the Company was approximately HK$20.744 million (2019: approximately HK$66.592 million).
- The Group had total cash and cash equivalents of approximately HK$24.801 million as at 31 March 2020 (2019: approximately HK$28.816 million).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: 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 2020 together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Continuing operations			
Revenue	*5*	**96,977**	96,480
Cost of sales		**(71,625)**	(80,448)
Gross profit		**25,352**	16,032
Other revenue	*6*	**158**	607
Other gain and loss, net	*7*	**219**	(646)
(Provision)/reversal of impartment loss in respect of trade receivables and other receivables, net	*8*	**(3,617)**	4,788
Impairment loss on goodwill	*13*	**–**	(35,459)
Selling and distribution expenses		**(17,139)**	(3,669)
Administrative expenses		**(14,443)**	(25,041)
Loss from operations	*8*	**(9,470)**	(43,388)
Finance costs	*9*	**(11,089)**	(12,839)
Loss before taxation		**(20,559)**	(56,227)
Taxation	*10*	**(308)**	(1,946)
Loss for the year from continuing operations		**(20,867)**	(58,173)
Loss for the year from discontinued operation		**–**	(7,570)
Loss for the year		**(20,867)**	(65,743)
Other comprehensive loss for the year			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translating of foreign operations		**(9,738)**	(19,332)
Reclassification adjustment from translation reserve upon disposal a subsidiary		**–**	2,702
Other comprehensive loss for the year		**(9,738)**	(16,630)
Total comprehensive loss for the year		**(30,605)**	(82,373)

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company			
– from continuing operations		**(20,744)**	(59,046)
– from discontinued operation		**–**	(7,546)
		(20,744)	(66,592)
Non-controlling interests			
– from continuing operations		**(123)**	873
– from discontinued operation		**–**	(24)
		(123)	849
		(20,867)	(65,743)
Total comprehensive loss for the year attributable to:			
Owners of the Company			
– from continuing operations		**(30,332)**	(68,207)
– from discontinued operation		**–**	(11,696)
		(30,332)	(79,903)
Non-controlling interests			
– from continuing operations		**(273)**	(2,437)
– from discontinued operation		**–**	(33)
		(273)	(2,470)
		(30,605)	(82,373)

	Notes	**2020**	2019 (Restated)
Loss per share attributable to owners of the Company:			
From continuing operations and discontinued operation			
– Basic and Diluted (HK cents per share)	*12*	**(9.88)**	(46.47)
From continuing operations			
– Basic and Diluted (HK cents per share)	*12*	**(9.88)**	(41.20)
From discontinued operation			
– Basic and Diluted (HK cents per share)	*12*	**–**	(5.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**34,319**	32,872
Right-of-use assets		**22,802**	–
Goodwill	*13*	**89,010**	95,208
Deposit paid for property, plant and equipment		**1,439**	–
		147,570	128,080
Current assets			
Inventories		**7,435**	10,920
Trade and other receivables and deposits	*14*	**26,894**	58,773
Cash and cash equivalents		**24,801**	28,816
		59,130	98,509
Current liabilities			
Trade and other payables	*15*	**23,114**	28,236
Lease liabilities		**2,640**	–
Amounts due to directors		**1,200**	–
Amount due to a shareholder		**–**	2,000
Other borrowing	*16*	**–**	60,000
Tax payables		**520**	1,258
		27,474	91,494
Net current assets		**31,656**	7,015
Total assets less current liabilities		**179,226**	135,095
Non-current liabilities			
Lease liabilities		**20,891**	–
		20,891	–
Net assets		**158,335**	135,095

	2020	2019
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**28,011**	7,781
Reserves	**128,774**	77,167
Equity attributable to owners of the Company	**156,785**	84,948
Non-controlling interests	**1,550**	50,147
Total equity	**158,335**	135,095

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL INFORMATION

The Company was incorporated as an exempted Company with limited liabilities in the Cayman Islands. The Company's immediate holding company and ultimate holding company is Power King Investment Development Limited, a company incorporated in British Virgin Islands (the "**BVI**") 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 Second Floor, Century Yard, Circket Square, P.O. Box 902, Grand Cayman, KY1-1003, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is located at Suite 1801, 18/F, Tower 1, The Gateway, Harbour City, 25 Canton Road, Kowloon, Hong Kong.

The 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to Hong Kong Financial Reporting Standards ("**new and amendments HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatment

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

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

(ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment;

(iv) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review; and

(v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 4.63% to 6.72%.

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	HK$'000
Operating lease commitments disclosed as at 31 March 2019	29,060
Lease liabilities discounted at relevant incremental borrowing rates	22,934
Less: Commitments relating to leases contracted but not commenced on 1 April 2019	(5,270)
Lease liabilities as at 1 April 2019	17,664
Analysis as:	
Non-current	16,318
Current	1,346
	17,664

	As at 31 March 2020	As at 1 April 2019
	HK$'000	*HK$'000*
Leased properties	**23,531**	17,664

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 1 April 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 31 March 2019	**Adjustments**	**Carrying amount under HKFRS 16 at 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Non-current assets			
Right-of-use assets	–	17,664	17,664
Current liabilities			
Lease liabilities	–	1,346	1,346
Non-current liabilities			
Lease liabilities	–	16,318	16,318

The application of HKFRS 16 to lease previously classified as operating leases under HKAS 17 resulted in the recognition of right-of-use assets of HK$17,664,000 and lease liabilities of HK$17,664,000 at the initial adoption of HKFRS 16.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[2]
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions[5]

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

2 Effective for annual periods beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2021.

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

5 Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA. In addition, these consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and 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 accounted for in accordance with HKFRS 16, 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 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 Pharmaceutical Chain Company Limited ("**Fujian Huihao Sihai**"). The segment information report below does not included any amounts from the discontinued operation.

Segment revenue and results

For the year ended 31 March 2020

Continuing operations:

	Pharmaceutical wholesale and distribution business	Hemodialysis treatment and consultancy service business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
Revenue from external customers	**69,523**	**27,454**	**96,977**
Results			
Segment results	**500**	**(994)**	**(494)**
Unallocated corporate income and expenses, net			**(8,976)**
Loss from operations			**(9,470)**
Finance costs			**(11,089)**
Loss before taxation			**(20,559)**
Taxation			**(308)**
Loss for the year			**(20,867)**

For the year ended 31 March 2019

Continuing operations:

	Pharmaceutical wholesale and distribution business	Hemodialysis treatment and consultancy service business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
Revenue from external customers	82,154	14,326	96,480
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)

Segment assets and liabilities

As at 31 March 2020

	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	**28,569**	**81,365**	**109,934**
Goodwill	**–**	**89,010**	**89,010**
Unallocated corporate assets			**7,756**
Consolidated total assets			**206,700**
Liabilities			
Segment liabilities	**8,237**	**26,432**	**34,669**
Amounts due to directors			**1,200**
Unallocated corporate liabilities			**12,496**
Consolidated total liabilities			**48,365**

As at 31 March 2019

	Pharmaceutical wholesale and distribution business	Hemodialysis treatment and consultancy service business	Consolidated
	HK$'000	*HK$'000*	*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

Other segment assets and liabilities

For the year ended 31 March 2020

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)*	**91**	**14,648**	**3,057**	**17,796**
Depreciation	**757**	**6,439**	**88**	**7,284**
Loss/(gain) on disposal of property, plant and equipment	**344**	**–**	**(10)**	**334**
Provision/(reversal) of impairment loss in respect of trade receivables and other receivables, net	**(2,485)**	**6,102**	**–**	**3,617**
Finance costs	**89**	**877**	**10,123**	**11,089**
Interest income	**97**	**10**	**3**	**110**

Note:

Capital expenditure consists of additions to property, plant and equipment and right-of-use assets during the year.

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 in respect of trade receivables and other receivables, net	(1,185)	(3,603)	–	(4,788)
Finance costs	–	–	12,839	12,839
Interest income	100	35	1	136

Note:

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. 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, right-of-use asset and cash and cash equivalent of the central administration companies and certain deposits and other receivables.

- all liabilities are allocated to reportable segments other than other borrowing, amounts due to directors, amount due to a shareholder, lease liabilities and certain other payables and accrual expenses 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 amount of non-current assets	
	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**2,972**	4
PRC	**144,598**	128,076
	147,570	128,080

Information about major customers

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

	2020	2019
	HK$'000	*HK$'000*
Customer A	**22,287**	28,018
Customer B	**18,186**	19,096

Customer A and B are both relating to pharmaceutical wholesale and distribution business.

5. REVENUE

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

	2020	2019
	HK$'000	*HK$'000*
Continuing operations:		
Revenue from contract with customers recognised at a point in time		
Wholesale and distribution of pharmaceutical and related products	**69,523**	82,154
Provision of hemodialysis treatment and consultancy services	**27,454**	14,326
	96,977	96,480

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

	2020	2019
	HK$'000	*HK$'000*
Continuing operations:		
Interest income	**110**	136
Government grants	**–**	374
Sundry income	**48**	97
	158	607

7. OTHER GAIN AND LOSS, NET

	2020	2019
	HK$'000	*HK$'000*
Continuing operations:		
Loss on disposal of property, plant and equipment	**(334)**	(646)
Gain on deregistration of a subsidiary	**553**	–
	219	(646)

8. LOSS FROM OPERATIONS

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

	2020	2019
	HK$'000	*HK$'000*
Continuing operations:		
Staff costs:		
Employee benefits expense (including directors' emoluments)		
Salaries and allowances	**13,889**	11,098
Retirement scheme contributions	**781**	878
Share-based payment	**–**	3,944
	14,670	15,920
Other items:		
Depreciation of property, plant and equipment	**5,211**	4,977
Depreciation of right-of-use assets	**2,073**	–
Auditors' remuneration		
– audit services	**839**	1,088
– non-audit services	**183**	130
Cost of inventories sold	**71,625**	80,488
Impairment loss on goodwill	**–**	35,459
Provision/(reversal) of impairment loss in respect of trade receivables and other receivables, net	**3,617**	(4,788)
Expense relating to short-term lease	**809**	–
Operating lease rentals in respect of land and building	**–**	2,433

9. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Continuing operations:		
Interest on:		
– Other borrowing	**10,113**	12,839
– Lease liabilities	**976**	–
	11,089	12,839

10. TAXATION

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
– PRC Enterprise Income Tax	**308**	1,946

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 considered the amount involved upon implementation of the two-tiered profits tax rate as insignificant to the consolidation financial statement. Hong Kong Profits Tax is calculated at 16.5% for both years. No provision for Hong Kong Profits tax has been made for both years 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 2020 (2019: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic loss per share

The calculation of the basic loss per share from continuing operations, discontinued operation and continuing and discontinued operations are based on loss attributable to the owners of the Company and the weighted average number ordinary shares in issue during the year as follows:

Loss for the year

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company:		
– from continuing operations	**(20,744)**	(59,046)
– from discontinued operation	**–**	(7,546)
– from continuing and discontinued operations	**(20,744)**	(66,592)

Number of shares

	2020	2019
		(Restated)
Weighted average number of ordinary shares *(Note)*	**210,029,767**	143,301,754

Note:

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 March 2020 has been adjusted to reflect placing of shares, share consolidation and rights issue.

The weighted average number of ordinary shares for the year ended 31 March 2019 has been restated to reflect share consolidation and rights issue during the year ended 31 March 2020.

(b) Diluted loss per share

Continuing and discontinued operations

For the year ended 31 March 2020 and 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.

Continuing operations

For the year ended 31 March 2020 and 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.

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.

13. GOODWILL

	2020	2019
	HK$'000	*HK$'000*
Cost		
As at 1 April	**915,844**	922,147
Additional amounts recognised from business combination occurring during the year	**–**	2,506
Deregistration of a subsidiary	**–**	(333)
Exchange realignment	**(8,508)**	(8,476)
As at 31 March	**907,336**	915,844
Accumulated impairment losses		
As at 1 April	**820,636**	785,524
Impairment loss recognised during the year	**–**	35,459
Deregistration of a subsidiary	**–**	(333)
Exchange realignment	**(2,310)**	(14)
As at 31 March	**818,326**	820,636
Carrying amounts		
As at 31 March	**89,010**	95,208

14. TRADE RECEIVABLES

Payment terms with customers from the pharmaceutical wholesale and distribution business, and hemodialysis treatment and consultancy service business are mainly on credit. Invoices are normally payable from 30 to 90 days (2019: 30 to 90 days) for pharmaceutical wholesale and distribution business and 5 to 365 days (2019: 5 to 365 days) for hemodialysis treatment and consultancy service business respectively of issuance of invoices. The ageing analysis of the gross amount of trade receivables based on the invoices date is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 90 days	**10,523**	21,070
91-180 days	**2,465**	1,254
181-365 days	**1,818**	3,290
Over 365 days	**3,608**	6,132
	18,414	31,746

15. TRADE PAYABLES

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

	2020	2019
	HK$'000	*HK$'000*
Within 90 days	**1,744**	6,588
91 – 180 days	**802**	99
181 – 365 days	**177**	3,080
Over 365 days	**5,511**	11,401
	8,234	21,168

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

16. OTHER BORROWING

	2020	2019
	HK$'000	*HK$'000*
Carrying amount repayable within one year:		
Secured loan repayable within one year	**–**	60,000

On 28 November 2017, the Company entered into a loan agreement with an independent third party for borrowing of principal amount HK$100,000,000.

The amount was fully settled during the year ended 31 March 2020.

17. EVENT AFTER THE REPORTING PERIOD

(i) Grant of share options

On 24 April 2020 (the "**Date of Grant**"), the Company grant an aggregate of 18,670,000 share options (the "**Options**") to the grantees (the "**Grantees**") to subscribe, in aggregate, for up to 18,670,000 ordinary shares (each a "**Share**") of HK$0.05 each in the share capital of the Company subject to acceptance of the Grantees under the share option scheme (the "**Share Option Scheme**") adopted by the Company on 24 September 2013 and the payment of HK$1.00 by each of the Grantees upon acceptance of the Options. The exercise price of Options granted is HK$0.190 per Share and the validity period of the Option is from the Date of Grant to 24 April 2030 (both days inclusive) (unless otherwise lapsed in accordance with the terms of the Share Option Scheme). For more detail of the Options, please refer to the Company's announcement dated 24 April 2020.

(ii) Outbreak on Novel Coronarvirus ("Covid-19")

Since early 2020, the Covid-19 pandemic has spread across the PRC and other countries. The Group will pay close attention to the development of the Covid-19 and continue to evaluate its impact on the financial position and operating results of the Group.

18. COMPARATIVE FIGURES

The comparative figures of loss per share attributable to owners of the Company have been restated to reflect the share consolidation and the rights issue which was effective on 20 January 2020 and 24 February 2020 respectively.

The Group has initially applied HKFRS 16 at 1 April 2019. Under the transition methods, comparative information is not restated.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The past financial year was an extraordinary year as the 2019 Novel Coronarvirus ("**Covid-19**") is negatively impacting the PRC economy, causing uncertainties and challenges of all kinds in the pharmaceutical and healthcare industry. In the face of the Covid-19, the Group strengthened its infection prevention and supervision measures and complied with the local government's direction. During the early 2020, at the height of the outbreak of Covid-19 pandemic in the PRC, the Group followed the government's regulations by allowing our staff work from home in our pharmaceutical wholesale and distribution business. Fortunately, our pharmaceutical wholesale and distribution business remained relatively stable credited to our automated drugs supply ERP system and operational efficiency. Moreover, during the pandemic, our hemodialysis treatment centers continued in operation to serve the patients in need to different levels of care for treatment.

However, given the inherent unpredictable nature and development of the Covid-19, the Group's business might be affected and we will closely monitor the overall situation and development of events in the regard.

Segment information

During the year, the revenue of the Group was principally generated from: (1) pharmaceutical wholesale and distribution business, and (2) hemodialysis treatment and consultancy service business in the PRC. Financial information in respect of these operations is presented in Note 4 to the results announcement.

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.

In the early part of 2019, the medical reform policy further controlled the pharmaceutical costs in public hospitals in Fujian Province which reduced the overall size of the pharmaceutical distribution business in public hospitals. In addition, the distribution policy broke the original rules that essential medicines in public hospitals in Fujian Province were only distributed by 10 wholesale companies, thereby causing material adverse impact in the operation and its overall performance of the Group in pharmaceutical wholesale and distribution business. As a result, revenue from this segment was approximately HK$69.523 million (2019: approximately HK$82.154 million), representing a decrease of 15.37%. Gain from this segment was approximately HK$0.500 million (2019: loss approximately HK$1.988 million), representing an increase of 125.15% which was attributable to our stringent cost control measures.

2) Hemodialysis treatment and consultancy service business

In respect of the Hemodialysis Business, the Group currently operates a total of 6 jointly-operated hemodialysis treatment centers under co-operations contracts and self-operated hemodialysis treatment centers spread across the Gangdong, Shandong and Fujian Provinces, PRC. On 13 March 2020, the Group also signed a 10 years service contract with Zhuhai Jiulong Hospital Company Limited# (珠海九龍醫院有限公司) for providing hemodialysis treatment and consultancy service business to the hospital. During the year ended 31 March 2020 the revenue from this segment was approximately HK$27.454 million (2019: approximately HK$14.326 million), representing an increase of 91.64%. A slight loss of approximately HK$0.994 million (2019: approximately HK$37.813 million) from this segment was recorded due to the increase in operating expenses.

FINANCIAL REVIEW

Revenue from continuing operations

Looking back at 2019/20, the Group's revenue from the operating segment experienced a slight increase. For the year ended 31 March 2020, revenue was approximately HK$96.977 million (2019: approximately HK$96.480 million), accounting for a slight increase of approximately 0.52% over last year. The gross profit margin was increased by approximately 26.14%, while it was approximately 16.62% in 2019 attributable to less cost of sales associated with the Hemodialysis Business for the year ended 31 March 2020.

Other revenue

Other revenue, primarily including sundry income and bank interest income amounted to approximately HK$0.158 million (2019: approximately HK$0.607 million) for the year ended 31 March 2020.

English translations of official Chinese names are for identification purpose only

Selling and distribution expenses

For the year ended 31 March 2020, selling and distribution expenses amounted to approximately HK$17.139 million (2019: approximately HK$3.669 million), representing a significant increase of approximately 367.13% over the last year. The increase in the selling and distribution expenses was due to the increase of operating expenses for the Hemodialysis Business.

Administrative expenses

Administrative expenses for the year ended 31 March 2020 amounted to approximately HK$14.443 million (2019: approximately HK$25.041 million), representing a decrease of approximately 44% over last year, which was due to the reduction of consultancy services from external parties and no share based payment expense during the year.

Finance costs

For the year ended 31 March 2020, the finance costs of the Group were approximately HK$11.089 million (2019: approximately HK$12.839 million), representing a decrease of approximately 13.63% over the last year. As the other borrowing of HK$60 million was fully settled on 25 February 2020 upon completion of the Rights Issue, the finance cost was reduced.

Loss for the year attributable to owners of the Company

The Group had recorded loss for the year attributable to owners of the Company of approximately HK$20.744 million for the year ended 31 March 2020 (2019: approximately HK$66.592 million (continuing and discontinued operations)).

The significant decrease in loss for the year attributable to owners of the Company was mainly attributable to the implementation of stringent cost control measures, and no impairment loss of goodwill for the year ended 31 March 2020 (2019: approximately HK$35.459 million).

OUTLOOK AND FUTURE PROSPECTS

The Group will centralise 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 and provide hemodialysis consultancy service to hospitals 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 PRC 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 further influence in the market and create better return to the shareholders.

The Group will continue to pay attention to different investment opportunities, identify appropriate businesses and projects for shareholders, and increase shareholders returns.

LIQUIDITY AND FINANCIAL RESOURCES

Overall financial position

The Group had total cash and cash equivalents of approximately HK$24.801 million as at 31 March 2020 (2019: approximately HK$28.816 million). The Group recorded total current assets of approximately HK$59.130 million as at 31 March 2020 (2019: approximately HK$98.509 million) and total current liabilities of approximately HK$27.474 million as at 31 March 2020 (2019: approximately HK$91.494 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 2.15 as at 31 March 2020 (2019: approximately 1.077).

Gearing ratio

As at 31 March 2020, the Group's gearing ratio which was calculated based on outstanding debts (comprising other borrowing and lease liabilities) less cash and cash equivalents over total equity (including all capital and reserves attributable to owners of the Company) was approximately 0.03 (2019: approximately 0.40).

Contingent liabilities

As at 31 March 2020 and 2019, 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 2020, there were respective capital commitments for construction contracted for but not provided in the consolidated financial statements amounting to approximately HK$4.330 million (2019: approximately HK$5.732 million).

CAPITAL STRUCTURE

On 23 August 2019, 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 155,617,260 placing shares and whose ultimate beneficial owners shall be independent third parties at a price of HK$0.054 per placing share. The gross proceeds from the placing was approximately HK$8.403 million and the net proceeds was approximately HK$7.956 million, which was used for general working capital of the Group. The placing was completed on 12 September 2019.

On 6 December 2019, the Company announced a proposed that every five existing shares of HK$0.01 each in the share capital of the Company be consolidated into one consolidated share ("**Consolidated Share**") of HK$0.05 each in the share capital of the Company (the "**Share Consolidation**") and increase in authorised share capital from HK$20 million divided into 400,000,000 Consolidated Shares to HK$50 million divided into 1,000,000,000 Consolidated Shares by creating an additional 600,000,000 unissued Consolidated Shares. Upon the Share Consolidation and the increase in authorised share capital becoming effective by shareholders' resolution passed at an extraordinary general meeting on 16 January 2020, the authorised share capital of the Company became HK$50 million divided into 1,000,000,000 Consolidated Shares of par value of HK$0.05 each, and the number of shares in issue became 186,740,712 thereafter.

On 6 December 2019, the Company announced a proposed rights issue on the basis of two rights share for every one Consolidated Shares in issue at a subscription price of HK$0.192 per rights share (the "**Rights Issue**"). The gross proceeds from Rights Issue were approximately HK$71.708 million and the net proceeds from the Rights Issue after deducting related expenses were approximately HK$68.396 million, which was used for the repayment of loans in the amount of approximately HK$63 million, and remaining amount was used for general working capital of the Company. Upon completion of the Rights Issue on 24 February 2020, the number of issued share capital of the Company was increased by 373,481,424.

As at 31 March 2020, the total issued share capital of the Company was approximately HK$28.011 million (2019: approximately HK$7.781 million) representing 560,222,136 ordinary shares (2019: 778,086,300 ordinary shares).

PRINCIPAL RISKS AND UNCERTAINTIES

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

Market risks

PRC government policy
2019 witnessed changes in the policy on centralised procurement of drugs was quickly implemented, emphasis was placed on both quality improvement and price control of drugs, and import substitution was accelerated. Under the national medical reform, fees control because of medical insurance, drug price reductions brought by new round of bidding, new drug review policies, and generic drug consistency evaluation. Some drugs may also be facing new round of bidding price cuts and bid losing. The price of medicines may be further reduced, which squeeze the Group's gross profit margin.

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

Operational risks

Risks of the Covid-19 pandemic. Due to factors such as the regulatory lock-down, voluntary quarantine of people, and delayed resumption of work and production as a result of the epidemic, the operations of the Group may have been affected to some extent. The Group will pay close attention and development of the Covid-19 and continue to evaluate its impact on the financial position and operating results of the Group.

Foreign exchange and goodwill impairment risks

Since almost all transactions of the Group are denominated in Renminbi and Hong Kong dollars, most of the bank deposits are being kept in Renminbi and Hong Kong dollars to minimise exposure to foreign exchange risk, the Directors consider that the Group's risk exposure to currency fluctuations to be manageable. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the year.

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had 124 (2019: 96) full time employees (including Directors) as shown in the following table:

Location	Number of staff
Hong Kong	12
PRC	112

For the year ended 31 March 2020, staff costs (including directors emoluments) amounted to approximately HK$14.670 million (2019: approximately HK$15.920 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.

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.

On 6 March 2020, the Company received the deed of release from the Lender as the other borrowing of amount HK$60 million was fully settled. A notification of release from charge (i.e. NM2) has been filed by the Lender to the Company Registry in Hong Kong on 18 June 2020. For more details of the charge, please refer to the Company's announcement dated 25 February 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

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

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

During the year ended 31 March 2020, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

EVENT AFTER THE REPORTING PERIOD

(i) Grant of share options

On 24 April 2020 (the "**Date of Grant**"), the Company grant an aggregate of 18,670,000 share options (the "**Options**") to the grantees (the "**Grantees**") to subscribe, in aggregate, for up to 18,670,000 ordinary shares (each a "**Share**") of HK$0.05 each in the share capital of the Company subject to acceptance of the Grantees under the share option scheme (the "**Share Option Scheme**") adopted by the Company on 24 September 2013 and the payment of HK$1.00 by each of the Grantees upon acceptance of the Options. The exercise price of Options granted is HK$0.190 per Share and the validity period of the Option is from the Date of Grant to 24 April 2030 (both days inclusive) (unless otherwise lapsed in accordance with the terms of the Share Option Scheme). For more detail of the Options, please refer to the Company's announcement dated 24 April 2020.

(ii) Outbreak on Covid-19

Since early 2020, the Covid-19 pandemic has spread across the PRC and other countries. The Group will pay close attention to the pandemic development of the Covid-19 and continue to evaluate its impact on the financial position and operating results of the Group.

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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. After the former Chairman resigned from the Company in 2014, there is no position of the chairman. The company did not have the chairman and the chief executive officer during the year ended 31 March 2020. The Board considered that the existing Board members were able to share and power and responsibilities of chairman and chief executive officer among themselves during the year ended 31 March 2020.

Mr. Wang Jia Jun has been appointed as the Chief Executive Officer of the Company since 1 April 2020 and up to the date of this announcement. The Company will, from time to time, review the effectiveness of the Group's corporate governance structure and consider whether any changes, including the establishment of the role of the chairman.

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 2020, the Audit Committee held three 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 2020. The Group's audited consolidated financial results for the year ended 31 March 2020 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
Mr. Wang Jia Jun (appointed on 1 December 2019)

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 two meetings during the year ended 31 March 2020.

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. Wang Jia Jun *(Chairman)*
(appointed on 1 December 2019)
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 two meetings during the year ended 31 March 2020.

CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

With effect from 7 April 2020, the address of the head office and principal place of business in Hong Kong of the Company has been changed to Suite 1801, 18/F., Tower 1, The Gateway, Harbour City, 25 Canton Road, Kowloon, Hong Kong.

The telephone number, facsimile number and website of the Company remain unchanged.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("AGM") will be held on Friday, 11 September 2020 at Suite 1801, 18/F., Tower 1, The Gateway, Harbour City, 25 Canton Road, Kowloon, Hong Kong. The register of members of the Company will be closed from Tuesday, 8 September 2020 to Friday, 11 September 2020, both days inclusive, during which period no transfer of shares will be effected.

In order to be entitled to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 7 September 2020.

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
Chief Executive Officer and Executive Director

Hong Kong, 26 June 2020

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