



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

Third Quarterly Report **2013/2014**

HIGHLIGHTS

- The Group has recorded total turnover of approximately HK\$1,567.179 million for the nine months ended 31 December 2013 as compared to a total turnover of approximately HK\$1,388.443 million recorded in the corresponding period in year 2012, representing an increase of approximately 12.87%.
- Profit attributable to owners of the Company was approximately HK\$31.368 million (2012: approximately HK\$29.596 million), representing an increase of approximately 5.99% as compared to the same period last year.
- The basic and diluted earnings per share for the nine months ended 31 December 2013 was approximately HK4.838 cents (2012: approximately HK4.564 cents).
- The directors do not recommend the payment of a dividend (2012: Nil).

THIRD QUARTERLY RESULTS

The board of directors (the “**Board**”) of Wanjia Group Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and nine months ended 31 December 2013, together with the unaudited comparative figures for the corresponding periods in 2012 as follows:

Condensed Consolidated Statement of Comprehensive Income For the three months and nine months ended 31 December 2013

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Turnover	3	497,809	462,064	1,567,179	1,388,443
Cost of sales		<u>(449,427)</u>	<u>(419,847)</u>	<u>(1,428,497)</u>	<u>(1,266,558)</u>
Gross profit		48,382	42,217	138,682	121,885
Other revenue		1,763	278	6,654	5,765
Selling and distribution expenses		(18,512)	(14,596)	(52,154)	(45,354)
Administrative expenses		(12,758)	(13,300)	(38,568)	(35,850)
Profit from operations		18,875	14,599	54,614	46,446
Finance costs		(1,454)	(237)	(3,855)	(3,108)
Profit before taxation		17,421	14,362	50,759	43,338
Taxation	4	(6,396)	(4,782)	(19,278)	(13,636)
Profit for the period		11,025	9,580	31,481	29,702
Other comprehensive income/(loss), net of tax:					
Exchange differences arising on translating foreign operations		1,485	745	5,904	(67)
Total comprehensive income for the period		12,510	10,325	37,385	29,635

Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 31 December 2013

	Notes	Three months ended		Nine months ended	
		31 December		31 December	
		2013	2012	2013	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period					
attributable to:					
Owners of the Company		10,985	9,539	31,368	29,596
Non-controlling interests		40	41	113	106
		<u>11,025</u>	<u>9,580</u>	<u>31,481</u>	<u>29,702</u>
Total comprehensive income					
attributable to:					
Owners of the Company		12,467	10,230	37,261	29,529
Non-controlling interests		43	95	124	106
		<u>12,510</u>	<u>10,325</u>	<u>37,385</u>	<u>29,635</u>
Dividends	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings per share attributable to the owners of the Company					
- Basic and diluted (cents)	6	<u>HK1.694</u>	<u>HK1.471</u>	<u>HK4.838</u>	<u>HK4.564</u>

Unaudited Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2013

	Attributable to the owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Contribution reserve	Translation reserve	Statutory reserve	Retained earnings	Sub-total		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
	(Note (a))	(Note (b))	(Note (c))							
At 1 April 2012	-	-	-	-	9,972	13,079	66,448	89,499	294	89,793
Profit for the period	-	-	-	-	-	-	29,596	29,596	106	29,702
Other comprehensive loss for the period	-	-	-	-	(67)	-	-	(67)	-	(67)
Total comprehensive income/(loss) for the period	-	-	-	-	(67)	-	29,596	29,529	106	29,635
Issue of shares	1	-	-	-	-	-	-	1	-	1
Transfer to statutory reserve	-	-	-	-	-	4,301	(4,301)	-	-	-
At 31 December 2012	1	-	-	-	9,905	17,380	91,743	119,029	400	119,429

	Attributable to the owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Contribution reserve	Translation reserve	Statutory reserve	Retained earnings	Sub-total		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
	(Note (a))	(Note (b))	(Note (c))							
1 April 2013	1	-	-	-	11,471	18,810	102,480	132,762	439	133,201
Profit for the period	-	-	-	-	-	-	31,368	31,368	113	31,481
Other comprehensive income for the period	-	-	-	-	5,893	-	-	5,893	11	5,904
Total comprehensive income for the period	-	-	-	-	5,893	-	31,368	37,261	124	37,385
Issue of shares pursuant to capitalisation issue	6,483	-	-	866,811	-	-	-	873,294	-	873,294
Recognise upon reorganisation	-	-	(6,483)	-	-	-	-	(6,483)	-	(6,483)
Capitalisation of listing expenses	-	(7,653)	-	-	-	-	-	(7,653)	-	(7,653)
Dividend to non-controlling shareholders	-	-	-	-	-	-	-	-	(179)	(179)
At 31 December 2013	6,484	(7,653)	(6,483)	866,811	17,364	18,810	133,848	1,029,181	384	1,029,565

Notes:

- The share capital of the Group as at 31 December 2012 represents the issued share capital of Luxuriant Expand Global Investments Limited and Timely Hero Enterprises Limited prior to the completion of the corporate reorganisation of the Group (the “**Reorganisation**”) in preparation for the listing of the shares of the Company, details of which are explained under the paragraph headed “**Reorganisation**” in the section headed “**History, development and reorganisation**” in the listing document of the Company dated 30 September 2013 (the “**Listing Document**”). As at 31 December 2013, the share capital of the Group represents the issued share capital of the Company after the completion of Reorganisation.
- The share premium represents the capitalised listing expenses arised from the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 October 2013.
- The increase in other reserve amounting to approximately HK\$6,483,000 of the Group as the results of reorganisation taken by the Group during the period.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 31 December 2013

1. Corporate Information

The Company was an exempted company incorporated with limited liability in the Cayman Islands on 9 July 2012. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is located at Room 1902, 19th Floor, No. 101 King's Road, Hong Kong.

The Company acts as an investment holding company while its subsidiaries are principally engaged in pharmaceutical wholesale and distribution and pharmaceutical retail chain business as in the People's Republic of China ("PRC").

The Company's ultimate holding company is Hua Xia Healthcare Holdings Limited ("Hua Xia"), a company incorporated in the Cayman Islands on 28 May 2001 as an exempted company with limited liability, of which its shares are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange.

For the purpose of applying the listing of the shares of the Company on the Stock Exchange (the "Listing"), the Group underwent the Reorganisation, details of which are explained under the paragraphs headed "Reorganisation" in the section headed "History, development and reorganisation" in the Listing Document.

Upon completion of the Reorganisation, Hua Xia in substance transferred its entire equity interests in the companies now comprising the Group to the Company on 3 September 2013. The Group comprising the Company and its subsidiaries resulting from the reorganisation is regarded as a continuing entity.

The condensed consolidated financial statements for the nine months ended 31 December 2013 have been prepared as if the Company has been the holding company of the companies now comprising the Group during that period.

The shares of the Company were listed on the Main Board of the Stock Exchange on 11 October 2013.

2. Basis of preparation and principal accounting policies

The condensed consolidated financial results for the nine months ended 31 December 2013 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (the “Interpretations”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The unaudited condensed consolidated financial results have been prepared under the historical cost except for certain financial instruments and investment properties, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies adopted in preparing the unaudited condensed consolidated financial results for the nine months ended 31 December 2013 are consistent with those used in the preparation of the Listing Document (as detailed under the paragraph headed “Basis of preparation” in Appendix I – Accountants’ Report to the Listing Document).

3. Turnover

The principal activities of the Group are the pharmaceutical wholesale and distribution business and pharmaceutical retail chain business in the PRC. The Group’s turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts. The turnover for the period is as follows:

	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover				
Wholesale and distribution of pharmaceutical products	436,669	406,616	1,392,511	1,230,581
Retail of pharmaceutical products	61,140	55,448	174,668	157,862
	<u>497,809</u>	<u>462,064</u>	<u>1,567,179</u>	<u>1,388,443</u>

4. Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profits derived from Hong Kong's operations during the period (2012: Nil).

Corporate income tax of approximately 25% has been provided for the profit generated from the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses in the PRC (2012: approximately 25%).

5. Dividends

The directors do not recommend the payment of a dividend for the nine months ended 31 December 2013 (2012: Nil).

6. Earnings per share

The calculation of basic earnings per share for the three months ended and nine months ended 31 December 2013 is based on the profit attributable to owners of the Company of approximately HK\$10.985 million (three months ended 31 December 2012: approximately HK\$9.539 million) and approximately HK\$31.368 million (nine months ended 31 December 2012: approximately HK\$29.596 million) respectively and on the assumptions that the 648,405,300 ordinary shares in issue as at the date of listing of the Company's shares on the Stock Exchange were outstanding throughout the entire period for the three months and nine months ended 31 December 2013 and 2012.

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the three months and nine months ended 31 December 2013 and 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 31 December 2013 (the “**period under review**”), the Group recorded a turnover on business operations of approximately HK\$1,567.179 million (2012: approximately HK\$1,388.443 million), representing an increase of approximately 12.87% as compared to the same period last year. The rise in turnover was mainly driven by the increase in sales from the pharmaceutical wholesale and distribution segment.

Selling and distribution expenses for the period under review amounted to approximately HK\$52.154 million (2012: approximately HK\$45.354 million), increasing by approximately 14.99% as compared to the same period last year. More selling and distribution expenses incurred due to the expansion of the business scale.

Administrative expenses for the period under review amounted to approximately HK\$38.568 million (2012: approximately HK\$35.850 million), increasing by approximately 7.58% as compared to the same period last year. The increase was mainly related to the expenses incurred for the listing of the shares of the Company on the Main Board of the Stock Exchange on 11 October 2013. By excluding such listing expenses, the Group recorded an increase of administrative expenses by approximately 4.29% as compared to the same period last year which is due to the expansion of the business scale. Due to the combined factors as stated above, the Group recorded a profit attributable to owners of the Company of approximately HK\$31.368 million for the period under review (2012: approximately HK\$29.596 million), representing an increase of approximately 5.99% as compared to the same period last year.

Business Review and Outlook

Pharmaceutical wholesale and distribution

The Group has a large and broad customer base through our distribution network in Fujian Province in the PRC. The Group distributes pharmaceutical products to our customers located principally in the Fujian Province and also sell pharmaceutical products in neighbouring provinces such as Guangdong, Hunan, Hubei, Jiangxi, Anhui and Zhejiang. Our customers can be categorized into three types – hospitals and healthcare institutions, distributor customers and end customers such as companies operating pharmaceutical retail chain stores, independent pharmacies, outpatient departments of community hospitals, healthcare service stations and clinics. The turnover contributed by the pharmaceutical wholesale and distribution for the nine months ended 31 December 2013 was approximately HK\$1,392.511 million (2012: approximately HK\$1,230.581 million), increasing by approximately 13.16% as compared to the same period last year.

Pharmaceutical retail chain

The Group operates pharmaceutical retail business through Fujian Huihao Sihai Pharmaceutical Chain Company Limited# (福建惠好四海醫藥連鎖有限責任公司) which was accounted for as one of our subsidiaries. The Group offers a wide variety of products in our retail pharmacies including prescription medicines, over-the-counter medicines, healthcare food products, traditional Chinese medicines, medical supplies and medical devices. The Group seeks to introduce new products and services to meet changing customer preferences and to differentiate the Group from our competitors. The turnover contributed by the pharmaceutical retail business for the nine months ended 31 December 2013 was approximately HK\$174.668 million (2012: approximately HK\$157.862 million), increasing by approximately 10.65% as compared to the same period last year.

Future Prospects

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

The pharmaceutical market consolidation has continued at national and local levels, providing promising opportunities for companies with large scale operations like the Group. Among many of favorable trends, we see potential opportunities for the development of our wholesale and distribution business at hospital levels and also our retail business. The unique composition of the Group in these businesses allows us to take advantage of the market growth. We will continue to see the strong growth of drug delivery to hospitals and wholesales segments while the expansion of retail pharmacies will enlarge the market share in the year 2013/14.

The new financial year 2013/14 will reach the late part of the 12th Five Year Plan in China, and the Group will begin to achieve the fruitful performances supported by the early financial and technical investments and preparation for the businesses. Therefore, the management of the Group will make great efforts to steadily increase our pharmaceutical business.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Disclosure of Interests

(a) **Directors' interests and short positions in the securities of the Company and its associated corporations**

As at 31 December 2013, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), were as follows:

(i) *Interests in shares of the Company:*

Name of director	Nature of interest	Number of shares	Position	Approximate percentage of the total issued shares
Mr. Weng Jiaxing	Personal interest	281,250	Long	0.04%
Mr. Chen Yong	Personal interest	80,000	Long	0.01%

(ii) *Interests in the issued share capital of the Company's associated corporation*

Name of director	Name of associated corporation	Capacity/ Nature of interest	Number of Shares	Position	Approximate percentage of shareholding in the associated corporation's issued share capital
Mr. Weng Jiaxing	Hua Xia (Note 1)	Beneficial interest	1,406,250	Long	0.12%
Mr. Chen Yong	Hua Xia (Note 1)	Beneficial interest	400,000	Long	0.03%

Note 1: Hua Xia held the entire issued share capital of Greatly Wealth Global Group Limited (“**Greatly Wealth**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability, which is in turn interested in 411,917,648 shares of the Company (representing approximately 63.53% of the issued share capital of the Company). Therefore, Hua Xia is an associated corporation of the Company for the purposes of the SFO.

(b) Substantial shareholders’ interests and short positions in shares and underlying shares

As at 31 December 2013, other than the interests of a director or chief executive of the Company as disclosed under the heading “Directors’ and chief executive’s interests in shares, underlying shares and debentures” above, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(i) Long positions in shares of the Company:

Name of shareholder	Capacity	Position	Number of shares	Approximate percentage of the total issued shares
Hua Xia (<i>Note 1</i>)	Interested in controlled corporation	Long	411,917,648	63.53%
Greatly Wealth (<i>Note 1</i>)	Beneficial owner	Long	411,917,648	63.53%
Mr. Yung Kwok Leong (<i>Note 2</i>)	Interested in controlled corporation	Long	24,192,100	3.73%
	Beneficial owner	Long	47,009,375	7.25%
Marshal International Investments Limited (<i>Note 2</i>)	Interested in controlled corporation	Long	24,192,100	3.73%
Easeglory Holdings Limited (<i>Note 2</i>)	Beneficial owner	Long	24,192,100	3.73%
Mrs. Yung Muk Ying (<i>Note 3</i>)	Interest of spouse	Long	71,201,475	10.98%

Notes:

1. Greatly Wealth is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Hua Xia. By virtue of the SFO, Hua Xia is deemed to be interested in the entire 411,917,648 shares held by Greatly Wealth.
2. Easeglory Holdings Limited (“**Easeglory**”) is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Marshal International Investments Limited (“**Marshal**”), a company incorporated in the BVI with limited liability and is wholly and beneficially owned by Mr. Yung Kwok Leong (“**Mr. Yung**”). By virtue of the SFO, both Marshal and Mr. Yung are deemed to be interested in the entire 24,192,100 shares held by Easeglory.
3. Mrs. Yung Muk Ying, the spouse of Mr. Yung, is deemed to be interested in 71,201,475 shares held by Mr. Yung in person or through his controlled corporations under the SFO.

(ii) Long position in shares of the associated corporation

Name of associated corporation	Name of registered owner	Capacity	Position	Number of shares in the associated corporation	Approximate percentage of shareholding in the associated corporation’s issued share capital
Greatly Wealth	Hua Xia	Beneficial owner	Long	200 shares of US\$1 each	100%

Save as disclosed above, as at 31 December 2013, the directors of the Company were not aware of any other person (other than the directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS’ RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the heading “Directors’ and chief executive’s interests in shares, underlying shares and debentures” above, at no time since incorporation of the Company were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

On 24 September 2013, the Company adopted a share option scheme (the “**Share Option Scheme**”) whereby the Board can grant options for the subscription of our shares to the employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group (the “**Participants**”) as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The maximum number of shares that can be issued according to the Share Option Scheme was 64,840,530 shares, which is equivalent to 10% of the issued capital of the Company after completion of the Listing on the Stock Exchange. The number of options that may be granted pursuant to the terms of the Share Option Scheme shall not exceed 10% of the issued shares immediately after the completion of the Listing. Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to a Participant under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders (as defined in the Listing Rules) of the Company or the independent non-executive Directors or any of their respective associates (as defined in the Listing Rules)), or the total number of shares that may be granted under the options to the substantial shareholders of the Company or the independent non-executive Directors or any of their respective associates shall not exceed 0.1% of the shares in issue of the Company from time to time. There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board; however no options shall be exercised 10 years after they have been granted. The exercise price of the option shall be the higher of (a) the closing price of the shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average closing price of the shares on the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding the date of grant; and (c) nominal value of the share. Each grantee shall pay a consideration of HK\$1.00 at the time the option is granted. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

Since the Share Option Scheme was adopted, no options have been granted up to the date of this quarterly report.

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

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries since the listing of the shares of the Company on 11 October 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. The Company has made specific enquiry of all Directors and all Directors have confirmed their compliance with the required standards set out in the Model Code since the listing date of the Company and up to 31 December 2013.

CORPORATE GOVERNANCE

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

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

The roles of chairman and chief executive officer of the Company are not segregated and are exercised by the same individual. Mr. Weng Jiaying serves as the chairman and chief executive officer. The Board believes that vesting the roles of the chairman and the chief executive officer in the same person provides consistent and sustainable development of the Group, strong and consistent leadership in the Company's decision making and operational efficiency.

PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

REMUNERATION COMMITTEE

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

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

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

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

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

AUDIT COMMITTEE

The Audit Committee was established on 24 September 2013 in compliance with written terms of reference in compliance with Rules 3.21 of the Listing Rules. The Audit Committee consists of three independent non-executive directors, namely Mr. Liang Yichi, Mr. Wong Hon Kit and Mr. Zhu Donghai. Mr. Wong Hon Kit is the chairman of the Audit Committee.

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

The Group's unaudited condensed consolidated results for the nine months ended 31 December 2013 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 were made.

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

Hong Kong, 11 February 2014

for identification purpose only