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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)

PROFIT WARNING

The Announcement is made by Wanjia Group Holdings Limited (the “Company”, together with its subsidiaries collectively refer to as the “Group”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Company for the year ended 31 March 2018 (the “Current Period”), it is expected that the loss for the Current Period of the Company will increase by approximately 115% as compared with the loss for the year ended 31 March 2017 (the “Corresponding Period”). The expected increase was mainly attributable to, among others, the following reasons: (1) with the strong pharmaceutical distribution market layout in Fujian Province by a number of pharmaceutical groups with enormous manufacturers’ resources, the competition of the pharmaceutical wholesale and distribution business as well as its talents was intensified; (2) the medical reform policy further controlled the pharmaceutical costs in public hospitals in Fujian Province and had reduced the overall size of the pharmaceutical distribution business in public hospitals. In terms of distribution policy, it also 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 on the operation and its overall performance of the Group in the pharmaceutical wholesale and distribution business; and (3) the competition in retail business market was further intensified which led to an increase in promotion and labour costs as compared with the Corresponding Period, and hence the overall gross margin was decreased.

As the Company is still in the process of finalizing the annual results for the year ended 31 March 2018, the information contained in this announcement is only based on a preliminary assessment by the Board with reference to the management accounts of the Group and on the information available for the time being, but not on any data or information audited or reviewed by the auditor of the Company. The Company expects to publish the announcement on the annual results of the Company for the year ended 31 March 2018 in June 2018.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares or other securities of the Company.

By order of the Board
Wanjia Group Holdings Limited
Chen Jinshan
Executive Director

Hong Kong, 20 April 2018

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