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 **HUA XIA HEALTHCARE HOLDINGS LIMITED**
華夏醫療集團有限公司*
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8143)

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)

JOINT ANNOUNCEMENT

**DISCLOSEABLE
TRANSACTION –
DEEMED DISPOSAL OF
EQUITY INTEREST IN
A NON-WHOLLY
OWNED SUBSIDIARY**

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JOINT VENTURE AGREEMENT

The boards of directors of each of Hua Xia and Wanjia are pleased to announce that on 12 May 2015, Hui Hao (HK), Ren An and the Target Company entered into the Joint Venture Agreement, pursuant to which Ren An agreed to make a capital contribution of approximately RMB26 million to the registered capital and the capital reserve of the Target Company. Upon completion of the Capital Increase, the equity interest of Hui Hao (HK) in the Target Company will be diluted from 100% to 75% and the Target Company will be held as to 75% by Hui Hao (HK) and as to 25% by Ren An.

IMPLICATIONS UNDER LISTING RULES AND GEM LISTING RULES

The Capital Increase will constitute a deemed disposal of Hua Xia's equity interest in the Target Company under Chapter 19 of the GEM Listing Rules. As the highest of the percentage ratios (as set out in Rule 19.07 of the GEM Listing Rules) applicable to Hua Xia in respect of the Capital Increase exceeds 5% but is less than 25%, the Capital Increase constitutes a discloseable transaction for Hua Xia and is, therefore, subject to the announcement requirement but exempt from shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

The Capital Increase will constitute a deemed disposal of Wanjia's equity interest in the Target Company under Chapter 14 of the Listing Rules. As the highest of the percentage ratios (as set out in Rule 14.07 of the Listing Rules) applicable to Wanjia in respect of the Capital Increase exceeds 5% but is less than 25%, the Capital Increase constitutes a discloseable transaction for Wanjia and is, therefore, subject to the announcement requirement but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

JOINT VENTURE AGREEMENT

Date: 12 May 2015

Parties: (1) Hui Hao (HK);
(2) Ren An; and
(3) Target Company.

To the best of the knowledge, information and belief of the directors of Hua Xia after having made all reasonable enquiry, Ren An and its ultimate beneficial owners are third parties independent of and not connected with Hua Xia and its connected persons.

To the best of the knowledge, information and belief of the directors of Wanjia after having made all reasonable enquiry, Ren An and its ultimate beneficial owners are third parties independent of and not connected with Wanjia and its connected persons.

Nature of Transaction

Pursuant to the Joint Venture Agreement, Ren An will inject RMB26,938,500 into the Target Company by two instalments, RMB10 million on the date of the signing of the Joint Venture Agreement and the balance within one year after the signing of the Joint Venture Agreement. Among the total capital contribution of approximately RMB26 million to be made by Ren An, RMB20 million will apply to the registered capital of the Target Company and approximately RMB6.9 million will apply to the capital reserve of the Target Company. Upon the completion of the Capital Increase, the registered capital of the Target Company will be increased from RMB60 million to RMB80 million.

Other key terms of the Joint Venture Agreement include, among others:

Board representation: The board of directors of the Target Company shall consist of three members, with two being nominated by Hui Hao (HK) and one being nominated by Ren An. The first chairman of the board shall be a director nominated by Hui Hao (HK).

Non-competition: Ren An undertakes that, during the term of the Joint Venture Agreement, it will not engage in any business in Fujian Province, the PRC in competition with the business engaged or proposed to be engaged by the Target Company or its subsidiaries.

Early termination: If Ren An does not pay the consideration in accordance with the terms of the Joint Venture Agreement, Hui Hao (HK) shall be entitled to terminate the Joint Venture Agreement unilaterally and Ren An shall be liable to all the damages and losses incurred by Hui Hao (HK).

The terms of the Joint Venture Agreement and the capital contribution amount were arrived at after arm's length negotiation among the parties to the Joint Venture Agreement, and with reference to the equity attributable to owners of the Target Company of approximately RMB173 million, minus the undistributed profits of approximately RMB92 million, based on the unaudited consolidated accounts of the Target Company for the financial year ended 31 March 2015.

APPLICATION OF THE CAPITAL

The capital contribution of approximately RMB26 million to be made by Ren An will be applied by the Target Company to develop its pharmaceutical wholesale and distribution business in Fujian Province, the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The boards of directors of Hua Xia and Wanjia are of the view that the Capital Increase will provide a source of capital for the Target Company to develop its pharmaceutical wholesale and distribution business in Fujian Province, the PRC and improve the debt and asset structure of the Target Company.

The terms of the Joint Venture Agreement have been agreed upon arm's length negotiations between the parties. The directors of Hua Xia and Wanjia are of view that the terms of the Joint Venture Agreement are on normal commercial terms, fair and reasonable and in the best interests of Hua Xia and Wanjia (as the case may be) and their respective shareholders as a whole.

None of the directors of Hua Xia and Wanjia is considered to have a conflict of interest in the transactions contemplated under the Joint Venture Agreement. Therefore, none of the directors of Hua Xia and Wanjia is required to abstain from voting at the resolutions in relation to the Joint Venture Agreement proposed to the boards of Hua Xia and Wanjia.

FINANCIAL IMPACT

Following completion of the Capital Increase, the equity interest of Hui Hao (HK) in the Target Company will be diluted from 100% to 75%. The Target Company will continue to be a subsidiary of Hua Xia and Wanjia and its financial results will continue to be consolidated with Hua Xia's and Wanjia's results.

It is expected that the net asset value of the Hua Xia and Wanjia will be increased by approximately RMB26 million and RMB26 million respectively following completion of the Capital Increase and there will be no material gain or loss expected to accrue to Hua Xia or Wanjia on the Capital Increase.

INFORMATION ON THE TARGET COMPANY

The Target Company is an indirectly non-wholly owned subsidiary of Hua Xia and an indirectly wholly owned subsidiary of Wanjia established under the laws of the PRC with limited liability on 9 July 2008 and is principally engaged in pharmaceutical wholesale and distribution business in the PRC. Upon completion of the Capital Increase, the equity interest of Hui Hao (HK) in the Target Company will be diluted from 100% to 75% and the Target Company will be held as to 75% by Hui Hao (HK) and as to 25% by Ren An.

Based on the financial statements of the Target Company prepared under the PRC GAAP, (i) the net asset value of Target Company as at 31 March 2015 was approximately RMB180 million; (ii) its net profit (before taxation) for the financial years ended 31 March 2014 and 31 March 2015 were approximately RMB49.3 million and RMB16.5 million respectively; and (iii) its net profit (after taxation) for the financial years ended 31 March 2014 were and 31 March 2015 were approximately RMB37.0 million and RMB12.0 million respectively.

GENERAL

Huaxia is principally engaged in (i) pharmaceutical wholesale and distribution and pharmaceutical retail chain businesses; (ii) provision of general hospital and healthcare and hospital management services in the PRC.

Wanjia is principally engaged in wholesale and distribution and retail chain operation of pharmaceutical and healthcare products.

Ren An is principally engaged in (i) pharmaceutical research and development and technical consulting services; (ii) graphic design; (iii) business exhibition management; (iv) provision of business consultation, pharmaceutical consultation and corporate management consultation.

IMPLICATIONS UNDER LISTING RULES AND GEM LISTING RULES

The Capital Increase will constitute a deemed disposal of Hua Xia's equity interest in the Target Company under Chapter 19 of the GEM Listing Rules. As the highest of the percentage ratios (as set out in Rule 19.07 of the GEM Listing Rules) applicable to Hua Xia in respect of the Capital Increase exceeds 5% but is less than 25%, the Capital Increase constitutes a discloseable transaction for Hua Xia and is, therefore, subject to the announcement requirements but exempt from shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

The Capital Increase will constitute a deemed disposal of Wanjia's equity interest in the Target Company under Chapter 14 of the Listing Rules. As the highest of the percentage ratios (as set out in Rule 14.07 of the Listing Rules) applicable to Wanjia in respect of the Capital Increase exceeds 5% but is less than 25%, the Capital Increase constitutes a discloseable transaction for Wanjia and is, therefore, subject to the announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Capital Increase”	the capital contribution by Ren An in the amount of RMB26,938,500 to the registered capital and the capital reserve of the Target Company pursuant to the Joint Venture Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hua Xia”	Hua Xia Healthcare Holdings Limited (華夏醫療集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM, and is the controlling shareholder of Wanjia

“Hui Hao (HK)”	Hui Hao (HK) Group Limited (惠好(香港)醫藥集團有限公司), a company incorporated in Hong Kong with limited liability, the sole shareholder of the Target Company, a wholly owned subsidiary of Wanjia and a non-wholly owned subsidiary of Hua Xia
“Joint Venture Agreement”	a joint venture agreement dated 12 May 2015 entered into between Hui Hao (HK), Ren An and the Target Company in relation to, among others, the Capital Increase
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“PRC GAAP”	the Generally Accepted Accounting Principles of the PRC
“Ren An”	Fuzhou Ren An Medical Technology Limited* (福州仁安醫藥科技有限公司), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Fujian Province Fuzhou City Huihao Pharmaceutical Co. Ltd.* (福建省福州市惠好藥業有限公司), a company incorporated in the PRC with limited liability, a wholly owned subsidiary of Hui Hao (HK)

“Wanjia”

Wanjia Group Holdings Limited (萬嘉集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange, and is the sole shareholder of Hui Hao (HK)

“%”

per cent

By order of the board
Hua Xia Healthcare Holdings Limited
Jiang Tao
Chief Executive Officer

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

Hong Kong, 12 May 2015

As at the date of this announcement, the board of directors of Hua Xia comprises Dr. Jiang Tao, Mr. Zheng Gang, Dr. Huang Jiaqing and Mr. Yung Ka Chun as executive directors; Dr. Wong Yu Man, James and Mr. Tang Xun as non-executive directors; and Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen as independent non-executive directors.

As at the date of this announcement, the board of directors of Wanjia comprises Ms. Shum Ngai Pan and Mr. Chen Jinshan as executive directors; and Mr. Liang Yichi, Mr. Wong Hon Kit and Dr. Liu Yongping, as independent non-executive directors.

This announcement, for which the directors of Hua Xia collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Hua Xia. The directors of Hua Xia, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of Hua Xia at www.huaxia-healthcare.com.

* For identification purpose only