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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)



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)

**JOINT ANNOUNCEMENT
DISCLOSEABLE TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF THE ENTIRE INTEREST
OF THE TARGET COMPANY**



INCUBO Corporate Finance Limited

Financial Adviser to Wanjia Group Holdings Limited

THE PROPOSED ACQUISITION

On 24 January 2017, the Purchaser, the Vendors and the Guarantor entered into the Agreement, pursuant to which, the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the entire equity interest in the Target Company, at the Consideration of RMB125,000,000 (equivalent to approximately HK\$141,228,000).

As at the date of this announcement, the Target Company was owned as to 90% and 10% by the First Vendor and the Second Vendor respectively. Upon the Completion, the Target Company will become an indirect non wholly-owned subsidiary of Wanjia and the financial results of the Target Group will be consolidated into the Wanjia's Group's accounts.

* For identification purpose only

IMPLICATIONS UNDER THE LISTING RULES AND THE GEM LISTING RULES

As one or more of the relevant percentage ratios under the Listing Rules in respect of the Proposed Acquisition are more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of Wanjia and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Purchaser is a non wholly-owned subsidiary of Wanjia, and Wanjia is a non-wholly-owned subsidiary of Hua Xia. As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Proposed Acquisition exceeds 5% and below 25%, the Proposed Acquisition constitutes a discloseable transaction of Hua Xia, which is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As the Proposed Acquisition is subject to fulfilment of certain conditions precedent set out in the Agreement and therefore may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the respective securities of Wanjia and Hua Xia.

INTRODUCTION

On 24 January 2017, the Purchaser, the Vendors and the Guarantor entered into the Agreement, pursuant to which, the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the entire equity interest in the Target Company, at the Consideration of RMB125,000,000 (equivalent to approximately HK\$141,228,000). Details of the Agreement are set out below.

THE AGREEMENT

Date:	24 January 2017 (after trading hours)
Purchaser:	Fujian Rui Mai Trading Co., Limited# (福建銳邁貿易有限公司)
Vendors:	the First Vendor and the Second Vendor
Guarantor:	Fujian Rongwei Real Estate Development Co., Limited# (福建榮威房地產開發有限公司)
Target company:	Mingxi County Trading Co., Limited# (明溪縣佳維貿易有限公司)

The Purchaser is directly wholly-owned by Fuzhou Huihao, which is indirectly owned as to 75% by Wanjia.

The Guarantor is a company established under the laws of the PRC with limited liability. The Guarantor has agreed to guarantee the due performance by the Vendors of their respective obligations under the Agreement.

To the best of the Wanjia Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors, the Guarantor and its ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Vendors, the Guarantor, and its ultimate beneficial owner do not hold any shares or other securities in Wanjia.

Subject matter

Pursuant to the Agreement, the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the entire equity interest in the Target Company.

As at the date of this announcement, the Target Company was owned as to 90% and 10% by the First Vendor and the Second Vendor respectively. Upon the Completion, the Target Company will become an indirect non wholly-owned subsidiary of Wanjia and the financial results of the Target Group will be consolidated into the Wanjia Group's accounts.

Consideration

The Consideration of RMB125,000,000 (equivalent to approximately HK\$141,228,000) shall be payable in cash by the Purchaser in the following manner:

- (a) RMB30,000,000 (equivalent to approximately HK\$33,895,000) shall be payable within 15 Business Days upon fulfillment of the conditions set out in section headed "Conditions precedent" below;
- (b) RMB30,000,000 (equivalent to approximately HK\$33,895,000) shall be payable within 15 Business Days upon the acceptance of registration documents by the relevant industrial and commercial registration authorities; and
- (c) the remaining balance of RMB65,000,000 (equivalent to approximately HK\$73,439,000) shall be payable within 60 Business Days upon the completion of the registration procedures with the relevant industrial and commercial registration authorities.

The Consideration, including the payment terms, was determined after arm's length negotiation between the Purchaser and the Vendors after having considered: (i) the Guaranteed Profit (as defined below) given by the Vendors, details of which are set out in the paragraph headed "Profit guarantee" below; (ii) the future prospect of the business of the Target Company; and (iii) other reasons for the Proposed Acquisition as elaborated further under the paragraph headed "Reasons for the Proposed Acquisition" below. Accordingly, the Wanjia Directors consider that the Consideration and the relevant payment terms are fair and reasonable and are in the interests of Wanjia and its shareholders as a whole.

The Consideration will be financed by internal resources of the Fuzhou Huihao Group.

Profit guarantee

Pursuant to the Agreement, each of the Vendors and the Guarantor have jointly and severally guaranteed and warranted to the Purchaser that the audited consolidated net profit after taxation and extraordinary or exceptional items of the Target Company (based on the Audit Report) for the year ending 31 March 2018 (the "**Actual Net Profit**") shall not be less than RMB10,000,000 (equivalent to approximately HK\$11,298,000) (the "**Guaranteed Profit**").

The Purchaser shall appoint and procure an external auditor (which will be determined and agreed by the Purchaser and the Vendors) to issue the Audit Report for the year ending 31 March 2018 prepared in accordance with the PRC Generally Accepted Accounting Principles within three months after the year ending 31 March 2018.

In the event that the Guaranteed Profit is not achieved, the Vendors shall pay the Purchaser in cash within 30 days of receiving the written notice from the Purchaser, calculated as follows:

$$(\text{Guaranteed Profit} - \text{Actual Net Profit}) \times 12.5$$

For the avoidance of doubt, should the Target Company record a loss in its consolidated audited financial statements for the year ending 31 March 2018, the actual net profit for the year shall be deemed as zero. Should the Actual Net Profit exceeds the Guaranteed Profit, the Purchaser is not required to pay any additional Consideration to the Vendors.

The Guaranteed Profit was arrived at after arm's length negotiation between the Purchaser, the Vendors and the Guarantor with reference to the business prospects and business development of the Target Group.

Wanjia will make further announcement(s) if the profit guarantee cannot be fulfilled as and when appropriate.

Conditions precedent

The Completion is subject to the following conditions having been fulfilled (or waived as the case maybe):

- (a) all necessary approval(s) and consents required for the transfer of entire equity interest in the Target Company having been obtained by the Vendors;
- (b) all necessary approval(s) and consents required for the transfer of entire equity interest in the Target Company having been obtained by the Purchaser;
- (c) none of the warranties made by the Vendors under and other provisions of the Agreement having been breached or is possible to be breached;
- (d) the Purchaser being satisfied with the results of the due diligence review to be conducted including but not limited to the assets, liabilities, operations, financial affairs, legal and financing structure of the Target Group;
- (e) the Purchaser having obtained of a PRC legal opinion issued by a qualified PRC lawyer appointed by the Purchaser, whose content and form are in accordance with the form and substance satisfactory to the Purchaser, and whose substance includes but is not limited to the legality of the transaction under the Agreement;

- (f) compliance with the Listing Rules and all consents of the Stock Exchange and other regulatory authorities (where required) having been obtained and/or passing by the shareholders at the extraordinary general meeting approving the Agreement and the transactions contemplated thereunder, if necessary;
- (g) Huidong Yanghe having the rights to carry out hemodialysis business in accordance with relevant law and regulation and its operation having commenced before 31 March 2017 or other circumstances being satisfied by the Purchaser;
- (h) not less than seventy (70) of dialysis beds having been provided by the three jointly-operated centers (partnership with Xianyou Pokoi Hospital# (仙遊博愛醫院), Yanzhou Jiuyi Hospital# (兗州九一醫院) and Xiangyang Xinhua Hospital# (襄陽新華醫院)) before 31 March 2017 or other circumstances being satisfied by the Purchaser; and
- (i) the registered capital of the Target Company in the sum of RMB20,000,000 having fully paid up by the Vendors before 31 March 2017.

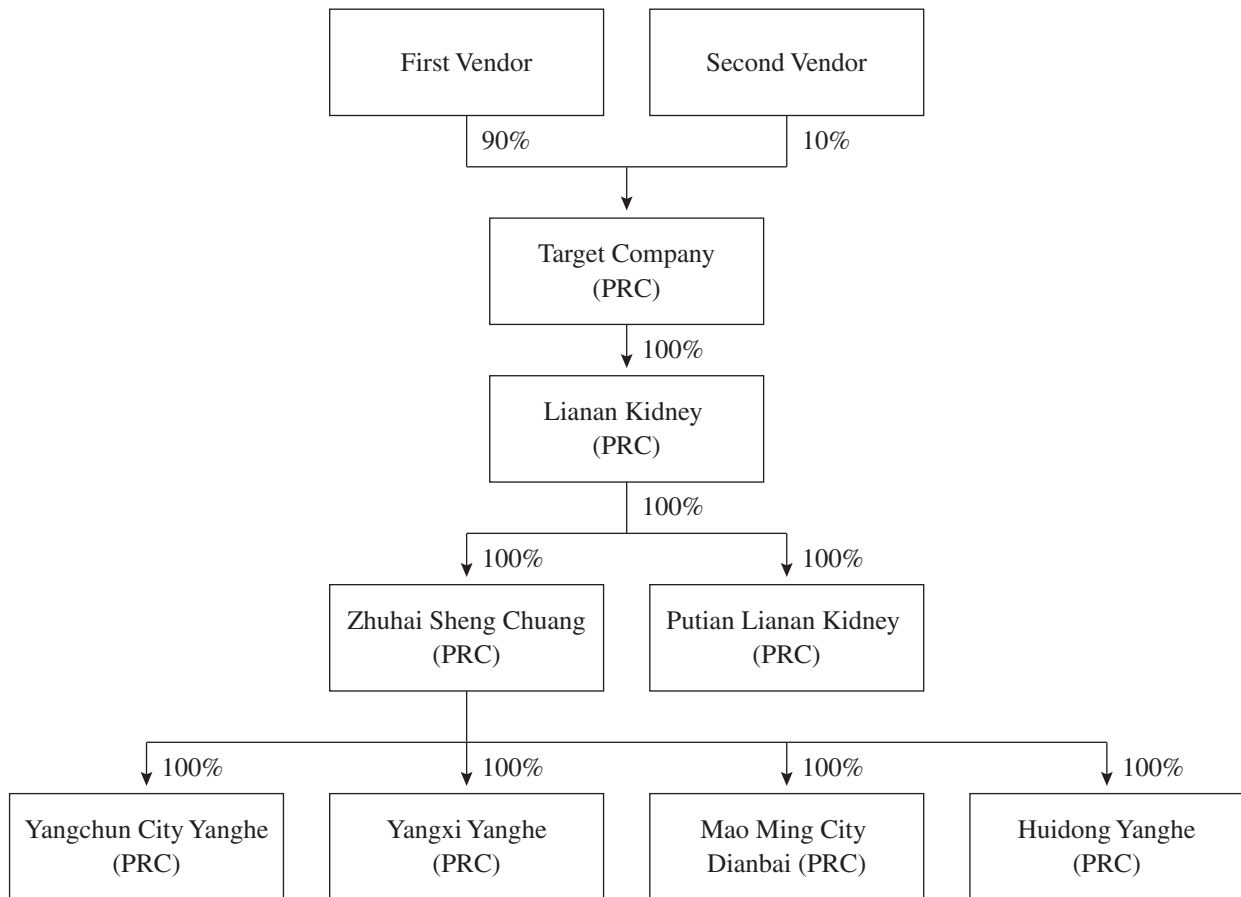
If the above conditions have not been fulfilled by the Vendors (or waived by the Purchaser, except conditions (e) to (i), which are not waivable) on or before 31 March 2017 or such later date as the parties to the Agreement may agree in writing, the Agreement shall terminate and none of the parties to the Agreement shall have any further obligations towards each other save for any antecedent breaches. As at the date of this announcement, none of the conditions above has been fulfilled.

Completion

Upon compliance with or fulfilment of all the above conditions, Completion shall take place immediately after the completion of change of business registration necessary for the transfer of equity interest in the Target Group.

INFORMATION ON THE TARGET GROUP

The simplified group chart of the Target Group as at the date of this announcement is set out below:



The Target Company is a company established on 23 December 2016 in the PRC with limited liability. As at the date of this announcement, the Target Company has a registered capital of RMB20,000,000 and is owned as to 90% by the First Vendor, 10% by the Second Vendor.

The Target Group is principally engaged in providing hemodialysis treatment service and consultancy service through jointly-operated and self-operated hemodialysis treatment centers and trading of hemodialysis treatment consumables and equipment in the PRC.

Lianan Kidney, a wholly-owned subsidiary of the Target Company, was established on 15 June 2012 in the PRC. As at the date of this announcement, Lianan Kidney has three jointly-operated hemodialysis treatment centers. These jointly-operated centers are operated pursuant to the co-operation contracts with three hospitals in the PRC respectively, namely, Xianyou Pok Oi Hospital# (仙遊博愛醫院) in Fujian province, Yanzhou Jiuyi Hospital# (兗州九一醫院) in Shandong province and Xiangyang Xinhua Hospital# (襄陽新華醫院) in Hubei province.

Zhuhai Sheng Chuang, a wholly-owned subsidiary of Lianan Kidney, was established on 18 March 2016 in the PRC has four self-operated centers in Guangdong province which are operated by its subsidiaries, namely, Yangchun City Yanghe, Yangxi Yanghe, Mao Ming City Dianbai and Huidong Yanghe respectively. These subsidiaries were established in the PRC on 27 September 2016, 30 September 2016, 15 November 2016 and 10 October 2016 respectively. As at the date of this announcement, all self-operated centers are in the progress of obtaining relevant licenses from the PRC government and Huidong Yanghe is expected to commence operations in February 2017.

Putian Lianan Kidney, a wholly-owned subsidiary of Lianan Kidney, was established on 8 November 2016 and will engage in sales of hemodialysis equipment and supplies. As at the date of this announcement, Putian Lianan Kidney is inactive.

Set out below is a summary of the key financial data of the Target Group based on the unaudited management accounts for the financial years ended 31 December 2015 and 31 December 2016 provided by the Vendors which have been prepared in accordance with the generally accepted accounting principles in the PRC:

	For the Year ended 31 December 2015 (Note) (unaudited) RMB'000	For the year ended 31 December 2016 (unaudited) RMB'000
Revenue	3,784	5,395
(Loss)/profit before tax	(804)	873
(Loss)/profit after tax	(804)	873
Total assets	6,395	16,923
Net asset value	1,287	7,134

Note: The figures merely represent the financial results and position of Lianan Kidney, since other members of the Target Group (including the Target Company), were established in 2016.

REASONS FOR THE PROPOSED ACQUISITION

The Wanjia's Group is an investment holding company and is principally engaged in pharmaceutical wholesales and distribution and pharmaceutical retail chain business in the PRC.

Hua Xia is an investment holding company and the Hua Xia Group is principally engaged in the provision of general hospital services and pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses in the PRC.

Given that the Ministry of Health of the PRC has expanded the coverage of the country's serious illness medical insurance to include the treatment of hemodialysis in 2012 and encourage the private capital to enter into the hemodialysis market in 2014, there are a large number of inflow of private investment in the hemodialysis market.

Through the Proposed Acquisition, the Wanjia's Group can develop new investment projects with growth potential on hemodialysis services in the PRC given that the Wanjia's Group has an established network in the PRC and there is a general increase in the health concern of individuals in the PRC.

Each of the Wanjia Board and the Hua Xia Board considers that the Proposed Acquisition is in line with the Wanjia's Group's and the Hua Xia Group's business plans and are expected to enhance the Wanjia's Group's and the Hua Xia Group's overall business performance, strengthen its revenue bases and diversify its business portfolio through synergistic effect, of which the Wanjia Directors and the Hua Xia Directors believe, would make progress of the business of the Target Group.

In view of the above and the Guaranteed Profit provided by the Vendors as well as the future prospects of the healthcare sector in the PRC, the Wanjia Directors are of the view that the terms of the Proposed Acquisition are fair and reasonable and the Proposed Acquisition is in the interests of Wanjia and its shareholders as a whole. The Hua Xia Directors are of the view that the terms of the Proposed Acquisition are fair and reasonable and the Proposed Acquisition is in the interests of Hua Xia and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES AND THE GEM LISTING RULES

As one or more of the relevant percentage ratios under the Listing Rules in respect of the Proposed Acquisition are more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of Wanjia and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Purchaser is a non wholly-owned subsidiary of Wanjia, and Wanjia is a non-wholly-owned subsidiary of Hua Xia. As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Proposed Acquisition exceeds 5% and below 25%, the Proposed Acquisition constitutes a discloseable transaction of Hua Xia, which is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As the Proposed Acquisition is subject to fulfilment of certain conditions precedent set out in the Agreement and therefore may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the respective securities of Wanjia and Hua Xia.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Actual Net Profit”	the actual audited consolidated net profit after tax and before all extraordinary items of the Target Company for year ending 31 March 2018 as shown in the Audit Report;
“Agreement”	the agreement dated 24 January 2017 entered into among the Purchaser, the Vendors and the Guarantor relating to Proposed Acquisition;
“Audit Report”	the consolidated financial statements of the Target Company for the year ending 31 March 2018 prepared in accordance with the PRC Generally Accepted Accounting Principles and to be audited by auditor appointed by Wanjia;

“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed bank are generally open for business in the PRC throughout their normal business hours;
“Completion”	completion of the Proposed Acquisition in accordance with the terms and conditions of the Agreement;
“Consideration”	the cash consideration of RMB125,000,000 (equivalent to approximately HK\$141,228,000) payable by the Purchaser for the Proposed Acquisition;
“First Vendor”	Mr. Zheng Zhen Xian (鄭振仙), holding 90% equity interest in the Target Company as at the date of this announcement;
“Fuzhou Huihao”	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, indirectly owned as to 75% by Wanjia;
“Fuzhou Huihao Group”	Fuzhou Huihao and its subsidiaries;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Guarantor”	Fujian Rongwei Real Estate Development Co. Limited# (福建榮威房地產開發有限公司), a company established under the laws of the PRC with limited liability;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

“Hua Xia”	Hua Xia Healthcare Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM (stock code: 8143);
"Hua Xia Board”	the board of the Hua Xia Directors;
"Hua Xia Directors”	the director(s) of Hua Xia;
"Hua Xia Group”	Hua Xia and its subsidiaries;
“Huidong Yanghe”	Huidong Yanghe Kidney Hemodialysis Limited# (惠東養和腎析血液透析有限公司), a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of Zhuhai Sheng Chuang;
“Independent Third Party(ies)”	third party(ies) independent of Wanjia and/or Hua Xia and their respective connected persons and is/are not connected persons of Wanjia and/or Hua Xia;
“Lianan Kidney”	Lianan Kidney Fujian Medical Management Co., Limited# (聯安腎析(福建)醫療管理有限公司), a company established under the laws of the PRC with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mao Ming City Dianbai”	Mao Ming City Dianbai Yanghe Kidney Hemodialysis Limited# (茂名市電白養和腎析血液透析有限公司), a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of Zhuhai Sheng Chuang;
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

“Proposed Acquisition”	the proposed acquisition of the entire equity interest in the Target Company pursuant to the Agreement;
“Purchaser”	Fujian Rui Mai Trading Co. Limited# (福建銳邁貿易有限公司), a company established under the laws of the PRC with limited liability and an indirect non-wholly-owned subsidiary of Wanjia;
“Putian Lianan Kidney”	Putian Lianan Kidney Medical Management Co. Limited# (莆田聯安腎析醫療管理有限公司), a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of Lianan Kidney;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Second Vendor”	Mr. Gao Pan (高盤), holding 10% equity interest in the Target Company as at the date of this announcement;
“Target Company”	Mingxi County Trading Co., Limited# (明溪縣佳維貿易有限公司), a company established under the laws of the PRC with limited liability;
“Target Group”	The Target Company and its subsidiaries;
“Vendors”	the First Vendor and the Second Vendor;
“Wanjia”	Wanjia Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange;
“Wanjia Board”	the board of the Wanjia Directors;
“Wanjia Director(s)”	director(s) of Wanjia;
“Wanjia Group”	Wanjia and its subsidiaries;

“Yangchun City Yanghe”	Yangchun City Yanghe Kidney Hemodialysis Limited [#] (陽春市陽和腎析血液透析有限公司), a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of Zhuhai Sheng Chuang;
“Yangxi Yanghe”	Yangxi Yanghe Kidney Hemodialysis Limited [#] (陽西陽和腎析血液透析所有限公司), a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of Zhuhai Sheng Chuang;
“Zhuhai Sheng Chuang”	Zhuhai Sheng Chuang Medical Investment Management Limited [#] (珠海升創醫療投資管理有限公司), a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Target Company; and
“%”	per cent.

[#] *The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

For the purpose of this announcement, unless the context otherwise requires or expressly specified, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB1.00 to HK\$1.12983. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

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

By order of the Board
Hua Xia Healthcare Holdings Limited
Jiang Tao
Cheif Executive Officer

Hong Kong, 24 January 2017

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

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

This announcement, for which the Hua Xia Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purposes of giving information with regard to Hua Xia. The Hua Xia Directors, 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 be published on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcement” page for at least 7 days from the date of publication and on Hua Xia’s website at www.huaxia-healthcare.com.