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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 AND CONNECTED TRANSACTION**

#### **THE DISPOSAL**

The Board is pleased to announce that on 21 February 2017 (after trading hours), the Vendor, a non wholly-owned subsidiary of Wanjia, and the Purchaser, entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Sale Interest. The Consideration for the sale and purchase of the Sale Interest is RMB8,378,000 (equivalent to approximately HK\$9,471,000) and will be payable by the Purchaser to the Vendor in cash by way of bank transfer on Completion.

#### **IMPLICATIONS UNDER THE LISTING RULES AND THE GEM LISTING RULES**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% and below 25%, the Disposal constitutes a discloseable transaction of Wanjia, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As Mr. Liu Zhao Liang is the general manager of and the beneficial owner of the 40% equity interest in the Target Company, the Purchaser is a connected person of Wanjia at the subsidiary level. As such, the Sale and Purchase Agreement and the transaction contemplated thereunder will constitute a connected transaction for Wanjia under Chapter 14A of the Listing Rules, but exempted from the shareholders' approval.

\* For identification purpose only

As at the date of this announcement, the Vendor 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 Disposal exceeds 5% and below 25%, the Disposal 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 Mr. Liu Zhao Liang is the general manager of and the beneficial owner of the 40% equity interest in the Target Company, the Purchaser is a connected person of Hua Xia at the subsidiary level. As such, the Sale and Purchase Agreement and the transaction contemplated thereunder will constitute a connected transaction for Hua Xia under Chapter 20 of the GEM Listing Rules, but exempted from the shareholders' approval.

## **THE DISPOSAL**

The Board is pleased to announce that on 21 February 2017 (after trading hours), the Vendor, a non wholly-owned subsidiary of Wanjia, and the Purchaser, entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Sale Interest. The Consideration for the sale and purchase of the Sale Interest is RMB8,378,000 (equivalent to approximately HK\$9,471,000).

The terms of the Sale and Purchase Agreement are set out below:

### **The Sale and Purchase Agreement**

Date: 21 February 2017

Parties:

- (1) Vendor: Fujian Province Fuzhou City Huihao Pharmaceutical Co. Limited#  
(福建省福州市惠好藥業有限公司), which is owned as to 75% by Hui Hao (HK) Group Limited, a wholly-owned subsidiary of Wanjia
- (2) Purchaser: Fujian Lungchang Medical Services Company Limited#  
(福建隆昌醫藥服務有限公司)

The Purchaser is a company established in the PRC, and is wholly-owned by Mr. Liu Zhao Liang, who is the general manager of and the beneficial owner of the 40% equity interest in the Target Company.

### **Asset to be disposed of**

Pursuant to the Sale and Purchase Agreement, the Purchaser agreed to acquire and the Vendor agreed to sell the Sale Interest, representing 60% of the equity interest in the Target Company. As at the date of this announcement, the Target Company is owned as to 60% by the Vendor and as to 40% by Mr. Liu Zhao Liang.

### **Consideration**

The Consideration for the Disposal is RMB8,378,000 (equivalent to approximately HK\$9,471,000), which will be payable by the Purchaser to the Vendor in cash by way of bank transfer within 60 days after the signing of the Sale and Purchase Agreement (or such later date as the parties to the Sale and Purchase Agreement may agree in writing).

The Consideration was determined through arm's length negotiations between the Purchaser and the Vendor and on a commercial basis with reference to (i) the paid-up capital of the Target Company; (ii) net asset value of the Target Company; and (iii) other reasons for the Disposal as elaborated further under the paragraph headed "Reasons for and the benefits of the Disposal" below.

In view of the above, the Wanjia Directors (including the independent non-executive directors) consider that the Consideration is fair and reasonable and the Sale and Purchase Agreement is on normal commercial terms and is fair and reasonable, and the entering into of the Sale and Purchase Agreement is in the interests of Wanjia and its shareholders as a whole.

In view of the above, the Hua Xia Directors (including the independent non-executive directors) consider that the Consideration is fair and reasonable and the Sale and Purchase Agreement is on normal commercial terms and is fair and reasonable, and the entering into of the Sale and Purchase Agreement is in the interests of Hua Xia and its shareholders as a whole.

## **Completion**

Within 60 days after the signing of the Sale and Purchase Agreement (or such later date as the parties to the Sale and Purchase Agreement may agree in writing), the Purchaser shall pay the Consideration in cash in full by bank transfer. On the day upon the receipt of the Consideration by the Vendor pursuant to the Sale and Purchase Agreement (or such other date day when the relevant industrial and commercial administration in the PRC are generally open for registration purpose), the Purchaser shall proceed the registration of the transfer of the Sale Interest with the relevant industrial and commercial administration in the PRC. Completion shall take place when the registration processes with the relevant industrial and commercial administration in the PRC have been completed.

Upon Completion, the Vendor will cease to hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of Wanjia and the results of the Target Company will no longer be consolidated into the consolidated financial statements of the Wanjia Group.

Upon Completion, the Target Company will cease to be a subsidiary of Hua Xia and the results of the Target Company will no longer be consolidated into the consolidated financial statements of the Hua Xia Group.

## **INFORMATION ABOUT THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability, and is principally engaged in pharmaceutical wholesale and distribution business in the PRC. The Target Company is owned as to 60% by the Vendor and as to 40% by Mr. Liu Zhao Liang as at the date of this announcement.

Set out below is the financial information of the Target Company for the two years ended 31 March 2015 and 2016 respectively, which has been prepared in accordance with the generally accepted accounting principles in the PRC:

	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Turnover	78,422	107,988
Profit before tax	666	1,083
Profit after tax	586	835

The unaudited net assets of the Target Company as at 30 September 2016 was approximately RMB14,528,000.

## **INFORMATION OF THE WANJIA GROUP, THE HUA XIA GROUP, THE VENDOR AND THE PURCHASER**

### **The Wanjia Group**

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

### **The Hua Xia Group**

Hua Xia is an investment holding company. 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.

### **The Vendor**

The Vendor is a company established in the PRC. The Vendor is principally engaged in pharmaceutical wholesales and distribution business in the PRC. The Vendor is owned as to 75% by Hui Hao (HK) Group Limited, a wholly-owned subsidiary of Wanjia, and as to 25% by an Independent Third Party.

## **The Purchaser**

The Purchaser is a company established in the PRC. The Purchaser is principally engaged in healthcare and pharmaceutical business in the PRC. The Purchaser is wholly-owned by Mr. Liu Zhao Liang, who is the general manager of and the beneficial owner of the 40% equity interest in the Target Company.

## **FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS**

It is estimated that, upon Completion, each of the Wanjia Group and the Hua Xia Group will record a gain on disposal of approximately HK\$15,000. Such gain is estimated based on the sales proceeds less the estimated net asset value attributable to the Sale Interest to be disposed of.

The Wanjia Board intends to apply the net sale proceeds of approximately HK\$9,471,000 as general working capital.

## **REASONS FOR AND THE BENEFITS OF THE DISPOSAL**

The Target Company is a company established in the PRC with limited liability, and is principally engaged in pharmaceutical wholesale and distribution business in the PRC. Over the past few years, contribution from the Target Company has been limited towards the Wanjia Group's business and the Hua Xia Group's business respectively.

The Disposal will have limited impact on the business of the Wanjia Group and the Hua Xia Group respectively, and will streamline each of the Wanjia Group's and the Hua Xia Group's structure and allow each of the Wanjia Group and the Hua Xia Group to focus their respective resources on their principal businesses in Fuzhou.

Each of the Wanjia Board and the Hua Xia Board believes that it is a good opportunity to dispose of the Target Company in order to improve the financial performance of the Wanjia Group and the Hua Xia Group respectively in the long run and to allow each of the Wanjia Group and the Hua Xia Group to utilise their respective resources on exploring other potential business opportunities.

As such, the Wanjia Directors (including the independent non-executive directors) consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of Wanjia and its shareholders as a whole.

As such, the Hua Xia Directors (including the independent non-executive directors) consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of Hua Xia and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES AND THE GEM LISTING RULES**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% and below 25%, the Disposal constitutes a discloseable transaction of Wanjia, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As Mr. Liu Zhao Liang is the general manager of and the beneficial owner of the 40% equity interest in the Target Company, the Purchaser is a connected person of Wanjia at the subsidiary level. As such, the Sale and Purchase Agreement and the transaction contemplated thereunder will constitute a connected transaction for Wanjia under Chapter 14A of the Listing Rules, but exempted from the shareholders' approval.

None of the Wanjia Directors have material interest in the Disposal. As such, no Wanjia Directors is required to abstain from voting on the resolutions approving the Disposal at the meeting of the Wanjia Board.

As at the date of this announcement, the Vendor 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 Disposal exceeds 5% and below 25%, the Disposal 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 Mr. Liu Zhao Liang is the general manager of and the beneficial owner of the 40% equity interest in the Target Company, the Purchaser is a connected person of Hua Xia at the subsidiary level. As such, the Sale and Purchase Agreement and the transaction contemplated thereunder will constitute a connected transaction for Hua Xia under Chapter 20 of the GEM Listing Rules, but exempted from the shareholders' approval.

None of the Hua Xia Directors have material interest in the Disposal. As such, no Hua Xia Directors is required to abstain from voting on the resolutions approving the Disposal at the meeting of the Hua Xia Board.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Completion”	completion of the sale and purchase of the Sale Interest in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules or the GEM Listing Rules (as the case may be)
“Consideration”	RMB8,378,000 (equivalent to approximately HK\$9,471,000) being the consideration payable for the Sale Interest
“Disposal”	the disposal of the Sale Interest by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the 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, the issued shares of which are listed on GEM (stock code: 8143)
“Hua Xia Board”	the board of the Hua Xia Directors
“Hua Xia Director(s)”	the director(s) of Hua Xia
“Hua Xia Group”	Hua Xia and its subsidiaries



“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the company and are third parties independent of the company and its connected persons in accordance with the Listing Rules or the GEM Listing Rules (as the case may be)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Purchaser”	Fujian Lungchang Medical Services Company Limited# (福建隆昌醫藥服務有限公司), a company established in the PRC, which is wholly-owned by Mr. Liu Zhao Liang, the general manager of and the beneficial owner of the 40% equity interest in the Target Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 February 2017 and entered into between the Vendor and the Purchaser, in relation to the sale and purchase of the Sale Interest
“Sale Interest”	60% of the equity interest in the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hui Hao Yi Yao (Nanping) Company Limited# (惠好醫藥(南平)有限公司), a company established in the PRC, the equity interest of which is owned as to 60% by the Vendor and as to 40% by Mr. Liu Zhao Liang.

“Vendor”	Fujian Province Fuzhou City Huihao Pharmaceutical Co. Limited# (福建省福州市惠好藥業有限公司), a company established in the PRC, the equity interest of which is owned as to 75% by Hui Hao (HK) Group Limited, a wholly-owned subsidiary of Wanjia, and as to 25% by an Independent Third Party
“Wanjia”	Wanjia Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 401)
“Wanjia Board”	the board of the Wanjia Directors
“Wanjia Director(s)”	the director(s) of Wanjia
“Wanjia Group”	Wanjia and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

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

Hong Kong, 21 February 2017

*In this announcement, translation of RMB into HK\$ based on the exchange rate of RMB1 to HK\$1.1278. 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.*

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

*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](http://www.huaxia-healthcare.com).*