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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)

DISCLOSEABLE TRANSACTION: PROVISION OF FINANCIAL ASSISTANCE IN RELATION TO THE ENTERING INTO OF THE MANAGEMENT AGREEMENT

FINANCIAL ASSISTANCE UNDER THE MANAGEMENT AGREEMENT

The Board announces that on 13 March 2020, the Owner and the Operator (an indirect non wholly-owned subsidiary of the Company) entered into the Management Agreement in respect of the operation and management of the hemodialysis centre in the Hospital for a term of 10 years from 13 March 2020 to 12 March 2030. Pursuant to the Management Agreement, the Operator is required to pay an amount of RMB11 million (equivalent to approximately HK\$12.21 million) as refundable Security Deposit to the Owner to secure the Operator's performance under the Management Agreement. The Security Deposit shall be refunded in full (without interest) by the Owner to the Operator within 30 calendar days upon the expiry of the Management Agreement or the early termination of the Management Agreement (whichever is earlier)

IMPLICATIONS UNDER THE LISTING RULES

The payment of the Security Deposit pursuant to the Management Agreement constitutes financial assistance on the part of the Company. As the applicable percentage ratios (as defined under the Listing Rules) for the Security Deposit payable is more than 5% but less than 25%, the payment of Security Deposit under the Management Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of Listing Rules.

THE MANAGEMENT AGREEMENT

On 13 March 2020, the Owner and the Operator (an indirect non wholly-owned subsidiary of the Company) entered into the Management Agreement in respect of the operation and management of the hemodialysis centre in the Hospital.

The principal terms of the Management Agreement are set out as follows:

Date : 13 March 2020

Parties : Owner: Zhuhai Jiulong Hospital Company Limited# (珠海九龍醫院有限公司)

Operator: Zhuhai Shengchuang Medical Investment Management Company Limited# (珠海升創醫療投資管理有限公司) (an indirect non wholly-owned subsidiary of the Company)

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, each of the Owner and its ultimate beneficial owner(s) is an Independent Third Party.

Term

10 years commencing from 13 March 2020 to 12 March 2030 (both days inclusive) (the "**Term**"). Upon the expiry of the Term, the Operator has the first right to renew the Management Agreement.

Subject matter

Pursuant to the Management Agreement, the Owner has agreed to engage the Operator to operate and manage the Centre in the Hospital during the Term, subject to the terms as set forth under the Management Agreement.

Pursuant to the Management Agreement, during the Term, the Operator has the right to independently operate and manage the Centre, including but not limited to, assigning management personnel to be the person-in-charge of the Centre; formulating the operation management strategy, market positioning and specific operation strategy; and executing and implementing the agreed management target and strategic decision.

Security Deposit

Pursuant to the Management Agreement, the Operator is required to pay an amount of RMB11 million (equivalent to approximately HK\$12.21 million) as refundable Security Deposit to the Owner within one (1) calendar month upon the signing of the Management Agreement, to secure the Operator's performance under the Management Agreement.

The Security Deposit shall be refunded in full (without interest) by the Owner to the Operator within 30 calendar days upon the expiry of the Management Agreement or the early termination of the Management Agreement (whichever is earlier).

The Security Deposit was determined based on arm's length negotiations between the Owner and the Operator after taking into account, among others, the management services to be provided by and the management fees to be charged by the Operator.

The Security Deposit will be financed by the internal resources of the Group.

Pursuant to the Management Agreement, the Owner has undertaken that within one (1) calendar month after the payment of the Security Deposit by the Operator, it will inject not less than RMB5 million (equivalent to approximately HK\$5.55 million) fund to the Centre for use as general working capital of the Centre. To secure the refund of the Security Deposit, the Owner has further undertaken not to dispose of all the equipment in the Centre without the prior consent of the Operator and the sale proceeds from the disposal of the equipment will firstly be used to repay the Security Deposit, if the Operator's consent to equipment disposal has been obtained.

Management fees and profit sharing

The Operator shall have the right to charge the Owner a fee for the management services provided pursuant to the Management Agreement during the Term. During the first six months from the date of commencement of the Term (the "**First six-month period**"), the Operator is only entitled to basic management fee representing 10% of the total operating income of the Centre for the relevant period and such basic management fee is payable within 20 calendar days after the expiry of the First six-month period.

After the First six-month period until the expiry of the Term (the “**Remaining period**”), the Operator is entitled to basic management fee representing 5% of the total operating income of the Centre each month. For each month during the Remaining period, (i) if the Centre is profit making, the Operator shall be entitled to profit sharing equal to 50% of the operating profit for the relevant month, or (ii) if the Centre is loss making, the Owner and the Operator shall bear 50% of the loss for the relevant month. Both the basic management fee and profit/loss sharing will be calculated and payable monthly on or before 20 days of the following month.

INFORMATION ON THE HOSPITAL AND THE CENTRE

The Hospital is located in and occupies a 16-storey building in Zhuhai, Guangdong, the PRC, and is principally engaged in the provision of clinical services, including but not limited to, rehabilitation, renal, urology, x-ray diagnosis, CT diagnosis and ultrasound diagnosis.

In the second quarter of 2019, the Hospital underwent massive renovation to transform one entire floor of the Hospital to hemodialysis centre which has 22 medical beds and each bed equips with hemodialysis machines and affiliated facilities. The Centre also installed central water purification system, air conditioning, fresh air ventilation system and air sterilizer machine.

INFORMATION ON THE PARTIES

The Owner

The Owner is a company established in the PRC with limited liability, and is principally engaged in the establishment and operation of the Hospital.

The Operator

The Operator is a company established in the PRC with limited liability, and indirectly owned as to 99% by the Company.

The Operator is principally engaged in (i) hospital and medical institution investment and management; (ii) investment consulting, industrial investment, project investment, technical training, technical exchange; and (iii) provide consulting services for corporate asset reorganisation, mergers and acquisitions, commercial project investment and management, art investment, cultural industry, construction projects investment and management.

REASONS FOR AND BENEFITS OF THE FINANCIAL ASSISTANCE

The Company is an investment holding company. The Group is principally engaged in pharmaceutical wholesale and distribution business and hemodialysis treatment and consultancy service business in the PRC.

The management services to be rendered by the Group under the Management Agreement is in the ordinary course of business of the Group given that the Group possesses the professional knowledge required for hemodialysis treatment and consultancy service business in the PRC. Prior to the entering into of the Management Agreement, all the Group's hemodialysis treatment services were rendered in the joint operation hemodialysis treatment centres with local private-run hospitals or self-run hemodialysis treatment clinics. The Directors consider that the Management Agreement provides a good opportunity for the Group to embark on its business as professional service provider for outsourcing hemodialysis treatment services and allows the Group to build up its client base.

The payment of the Security Deposit is the obligation of the Operator under the Management Agreement to secure its performance thereunder. Having considered, among others, that (i) the Owner has spent approximately RMB3.50 million (equivalent to approximately HK\$3.89 million) for transforming the hospital ward to a specialised hemodialysis centre, (ii) the Owner undertook to inject not less than RMB5 million (equivalent to approximately HK\$5.55 million) as working capital for the Centre; (iii) the Owner agreed that depreciation will not be accounted for in the profit or loss financial statements when calculating the profit sharing; (iv) the management fee and high profit sharing ratio receivable under the Management Agreement; (v) the Security Deposit is refundable after the expiry of the Term; and (vi) the potential of the Group tapping into the hemodialysis treatment market in Zhuhai, Guangdong, the PRC, the Board is of the view that the payment of the Security Deposit pursuant to the Management Agreement is crucial, which could enable the Group to broaden its revenue base and tap into the hemodialysis market in Zhuhai, Guangdong, the PRC.

The Directors consider that the Management Agreement is entered into after arm's length negotiation between the parties and the terms of the Management Agreement (including the payment of the Security Deposit) are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The payment of the Security Deposit pursuant to the Management Agreement constitutes financial assistance on the part of the Company. As the applicable percentage ratios (as defined under the Listing Rules) for the Security Deposit payable more than 5% but less than 25%, the payment of Security Deposit under the Management Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Centre”	the hemodialysis centre located at 15th floor of the Hospital
“Company”	Wanjia Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 401)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hospital”	Zhuhai Jiulong Hospital# (珠海九龍醫院), a hospital established by the Owner in Zhuhai, Guangdong, the PRC
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Agreement”	the management agreement dated 13 March 2020 entered into between the Owner and the Operator in respect of the operation and management of the hemodialysis centre in the Hospital

“Operator”	Zhuhai Shengchuang Medical Investment Management Company Limited [#] (珠海升創醫療投資管理有限公司), a company established in the PRC with limited liability, and an indirect non wholly-owned subsidiary of the Company
“Owner”	Zhuhai Jiulong Hospital Company Limited [#] (珠海九龍醫院有限公司), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Security Deposit”	the refundable security deposit payable by the Operator to the Owner.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

By order of the Board
WANJIA GROUP HOLDINGS LIMITED
Wang Jia Jun
Executive Director

Hong Kong, 13 March 2020

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

For the purposes of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.11. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

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