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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  
INTERIM FORBEARANCE FOR REFUND OF  
SECURITY DEPOSIT**

Reference is made to the announcement (the “**Announcement**”) of Wanjia Group Holdings Limited (the “**Company**”) dated 13 March 2020 in relation to the entering into of the Management Agreement between the Owner, namely Zhuhai Jiulong Hospital Company Limited# (珠海九龍醫院有限公司) and the Operator, namely 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) in respect of the operation and management of the hemodialysis centre in the Hospital, namely Zhuhai Jiulong Hospital# (珠海九龍醫院). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

**THE TERMINATION AGREEMENT**

The Board announces that on 16 November 2022, the Owner, the Operator, and Fuzhou Huikang Enterprise Management Consulting Company Limited# (福州匯康企業管理諮詢有限公司), being the shareholder of the Owner, as guarantor (the “**Guarantor**”), entered into a termination agreement (the “**Termination Agreement**”), pursuant to which

- (a) the Owner and the Operator agreed to terminate the Management Agreement with immediate effect;

- (b) the Operator shall transfer back the operation and management right of the hemodialysis centre to the Owner, and shall return official chops, business licence, books and records, personnel files, administrative documents and all the fixed assets of the hemodialysis centre to the Owner on the date of the Termination Agreement;
- (c) from the date of the Termination Agreement, the Owner ceased to be liable for the payroll of the personnel procured by the Operator and worked in hemodialysis centre;
- (d) within 30 days from the date of the Termination Agreement, the Owner shall pay to the Operator the outstanding management fee of the hemodialysis centre; and
- (e) within three (3) months from the date of the Termination Agreement, the Owner shall refund the Security Deposit in the amount of RMB11 million (equivalent to approximately HK\$11.88 million) to the Operator in full.

Pursuant to the Management Agreement, the Operator has paid the Owner the Security Deposit to secure the Operator's performance thereunder and 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).

According to the Termination Agreement, the parties agreed that the refundable Security Deposit shall be refunded to the Operator within three (3) months from the date of the Termination Agreement. This amounts to an amendment to the refundable provision in the Management Agreement and the Operator's exercise of interim forbearance for the Owner to refund the Security Deposit on a later day constitutes financial assistance on the part of the Company.

Pursuant to the Termination Agreement, the Guarantor agrees and undertakes to guarantee the payment obligation of the Owner under the Termination Agreement, including but not limited to the refund of the Security Deposit, the management fee and, if any, interest, default interest and costs and expenses incurred by the Operator in relation to the recovery of the Security Deposit and the management fee. The Guarantor's guarantee shall be valid for two years from the due date for the refund of the Security Deposit.

## **INFORMATION ON THE PARTIES**

### **The Owner and the Guarantor**

The Owner is a company established in the PRC with limited liability, and is principally engaged in the establishment and operation of the Zhuhai Jiulong Hospital# (珠海九龍醫院), a hospital established by the Owner in Zhuhai, Guangdong, the PRC.

The Guarantor is a company established in the PRC with limited liability, and is principally engaged in investment holding and consultancy service.

Based on the publicly available record, the owner is wholly-owned by the Guarantor, which is ultimately wholly-owned by Lin Zhanglin. 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.

### **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.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, in or about September 2022, there was a legal proceedings instituted by a creditor against the Hospital and the bank account of the Hospital was frozen. Such bank account was used to receiving patients' government subsidies under the medical insurance policy. Hence, the hemodialysis centre was unable to receive the said patients' government subsidies since the bank accounts has been frozen.

Although the Operator was advised by the Owner that the Hospital and the said creditor has recently reached settlement and as a result the freezing order of the Hospital's bank account will soon be discharged, nonetheless, the Operator was of the view that the prior freezing of the Hospital's bank account has already deteriorated the business of the Hospital and the hemodialysis centre, as some existing and potential patients have opted for other competitors. Further, to the best knowledge of the Directors, the cause of the lawsuit of the Hospital was attributable to the Hospital's default in repayment of its loan. The Hospital is still liable to repay the loan under the settlement arrangement. As such the Operator has concern on the sustainability of the Hospital's operation and the Operator has lost its confidence in the cooperation with the Hospital. After the parties' arm's length negotiation, the parties agreed that it is in the best interest of both the Owner and the Operator to suspend the operation of the hemodialysis centre, to terminate the Management Agreement and to refund the Security Deposit to the Operator.

Due to the lawsuit, the operation and financial position of the Hospital, including the hemodialysis centre, were adversely affected, the Owner therefore required additional time to refund the Security Deposit. In entering into the Termination Agreement, the Directors took into account: (i) the early termination of the Management Agreement under the Termination Agreement, despite the forbearance of additional time for the refund of the Security Deposit, provided an opportunity for the Group of an early exit of the Management Agreement as opposed to the original refund deadline of April 2030 under the Management Agreement; (ii) the Group is able to minimize its losses under the Management Agreement by exiting early in light of the difficult operation of the Hospital caused by the lawsuit; and (iii) the exercise of forbearance to allow additional time for the Owner to refund the Security Deposit will provide an incentive to the Owner to enter into the Termination Agreement.

Considering the aforesaid, the Directors are of the view that the terms of the Termination Agreement (including the extended refund period of the Security Deposit) are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The interim forbearance by allowing the Owner additional two months to refund the Security Deposit constitutes financial assistance on the part of the Company. As the applicable percentage ratios (as defined under the Listing Rules) for the financial assistance were more than 5% but less than 25%, the financial assistance under the Termination Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of Listing Rules.

By Order of the Board  
**WANJIA GROUP HOLDINGS LIMITED**  
**Wang Jia Jun**  
*Chief Executive Officer and Executive Director*

Hong Kong, 16 November 2022

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

*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\$1.08. 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 one executive Director, namely Mr. Wang Jia Jun, one non-executive Director, namely Dr. Xiao Zhixin, and three independent non-executive Directors, namely Mr. Wong Hon Kit, Dr. Liu Yongping and Mr. Ho Man.*