

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

VOLUNTARY ANNOUNCEMENT
THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN
HUIDONG YANGHE KIDNEY HEMODIALYSIS LIMITED

The purpose of this announcement is to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

THE DISPOSAL

On 31 March 2023, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Equity.

THE DISPOSAL AGREEMENT

Set out below are the principal terms of the Disposal Agreement:

Date: 31 March 2023

Parties: Purchaser: the Purchaser

Vendor: the Vendor

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Equity, representing 100% equity interest in the Target Company.

Consideration

The Consideration of RMB3,500,000 (equivalent to approximately HK\$3,990,000) shall be payable in cash by the Purchaser in the following manner:

- (a) 30% of the consideration, being RMB1,050,000 (equivalent to approximately HK\$1,197,000) shall be payable within 15 days from the date of the Disposal Agreement; and
- (b) the remaining 70% of the Consideration, being RMB2,450,000 (equivalent to approximately HK\$2,793,000) shall be payable within 30 days upon the completion of the registration procedures with the relevant industrial and commercial registration authorities and issue the new business certificate of the Target Company.

The Consideration was determined between the Vendor and the Purchaser after arm's length negotiation and on normal commercial terms, with reference to (i) the current and future prospects of the Target Company; (ii) the financial position of the Target Company; and (iii) the benefits to the Group from the Disposal as described under the section headed "Reasons for and benefits of the Disposal and use of proceeds" below. Having considered the above, the Board considers that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Save and except for the completion of the registration processes in respect of the equity transfer in the Target Company with relevant industrial and commercial administration in the PRC, the Disposal Agreement has no other condition precedent.

Completion

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Company will cease to have any interest in the Target Company. The financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group following the Completion.

INFORMATION ON THE PARTIES

The Purchaser

Based on the public record, the Purchaser was established in February 2021 in the PRC. According to the business certificate of the Purchaser, the Purchaser is engaged in, among other matters, energy storage technology services; sales of electronic products; sales of ocean energy systems and equipment; sales of intelligent robots; sales of digital video surveillance systems; sales of mechanical equipment; manufacturing and processing of first-class medical equipment; sales of second-class medical devices; etc.

According to the public record, the Purchaser is owned as to 90% by Mr. Li Xijia and 10% by Ms. Zhen Shuzhen. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

The Vendor

The Vendor was established on 18 March 2016 in the PRC and is an indirect wholly-owned subsidiary of the Company. The Vendor has self-operated hemodialysis treatment centers in Guangdong province which are operated by its subsidiaries, including the Huidong Centre operated by the Target Company.

The Target Company

The Target Company was established in Huidong, Guangdong, the PRC on 10 October 2016. The Target Company has the right to carry out hemodialysis business in accordance with relevant law and regulation and its operation. Huidong Centre is the hemodialysis treatment currently operated by the Target Group in Huidong in Guangdong province the PRC.

INFORMATION OF THE TARGET COMPANY

Set out below is a summary of the key financial data of the Target Company based on the unaudited consolidated management accounts for the two financial years ended 31 March 2022.

	For the year ended	
	31 March 2021 (unaudited) <i>RMB'000</i>	31 March 2022 (unaudited) <i>RMB'000</i>
Revenue	393	–
(Loss) before tax	(2,349)	(1,887)
(Loss) after tax	(2,349)	(1,887)

The unaudited net asset value of the Target Company as at 28 February 2023 was approximately RMB3,350,000 (equivalent to approximately HK\$3,819,000).

FINANCIAL EFFECT OF THE DISPOSAL

Based on the net proceeds from the Disposal of approximately HK\$3,890,000 (after deducting of estimated professional fees and other related expenses of approximately HK\$100,000) and the carrying value, being the unaudited net asset value of the Target Company, of the Sale Equity of approximately RMB3,350,000 (equivalent to approximately HK\$3,819,000) as at 28 February 2023, it is estimated that the Company will record a gain of approximately HK\$71,000 as a result of the Disposal. The actual gain or loss to be recorded by the Company depends on the net asset/liability value of the Target Company as at the date of Completion, which is subject to final audit to be performed by the auditors of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

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.

Huidong Centre, the hemodialysis treatment centre operated by the Target Company, has applied for the enrolment for the required licence in respect of its hemodialysis treatment in April 2017. Huidong Centre was temporarily enrolled in an outpatient licence list in July 2019 for the trial run. Huidong Centre started trial run in the last quarter of 2019 and completed in the first quarter of 2021 and the licence of Huidong Centre was expired shortly thereafter.

As disclosed in annual report of the Company for the year ended 31 March 2022, the trial run result of Huidong Centre was not to the satisfaction because of COVID-19 pandemic and Huidong Centre was required to perform stringent precautionary measures before providing treatment to its patients. This increased the operating cost of Huidong Centre. In light that the unpromising trial run result, after the trial run, Huidong Centre decided not to immediately proceed with formal operation and expected to only to proceed the application of the licence when COVID-19 pandemic situation in the PRC has been alleviated and the PRC government does not require the stringent measures to combat COVID-19 pandemic.

Though since late 2022, the PRC government has no longer imposed any measures for COVID-19, there was severe outbreak of COVID-19 in the PRC. This created heavy medical insurance burden to all local government in the PRC including Guangdong province. Hence, patients may encounter difficulty to obtain subsidies from the medical insurance for hemodialysis treatment. In addition, there is depreciation in the leasehold improvement in Huidong Centre. If Huidong Centre is going to commence the full operation, the Target Company has to inject further fund to refurbish and improve the equipment. Huidong Centre has yet obtained licence for its official hemodialysis treatment operation. It is expected that the application procedures usually takes about two to three years. Hence, Huidong Centre will not commence its operation until the obtaining of the required licence. Given the aforesaid issues, the Director consider the Disposal is an opportunity for the Group to realise its investment in the Target Company, otherwise the Group has to inject further fund to improve the Huidong Centre in view of the uncertain outlook of Huidong Centre.

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

The Company will use the net sale proceed of approximately HK\$3,890,000 from the Disposal as general working capital of the Group.

DEFINITIONS

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

“Board”	board of the Directors
“Company”	Wanjia Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (Stock code:401)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Consideration”	the consideration of RMB3,500,000 (equivalent to approximately HK\$3,990,000) payable by the Purchaser for the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Equity by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional equity transfer and purchase agreement dated 31 March 2023 entered into between the Purchaser and the Vendor relating to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Huidong Centre”	the hemodialysis treatment centre in Huidong, Guangdong owned and operated by the Target Company
“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
“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”	珠海雋藝科技有限公司 (Zhuhai Juanyi Technology Company Limited#), company established under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	RMB 13,610,000 (equivalent to approximately HK\$15,515,000) registered capital in the Target Company, representing the entire equity interest in the Target Company
“Share(s)”	ordinary shares of HK\$0.05 each in the share capital of the Company “Shareholder(s)” holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	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 Medical Investment Management Limited# (珠海升創醫療投資管理有限公司)

“Vendor” 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

“%” per cent.

By Order of the Board
Wanjia Group Holdings Limited
Wang Jia Jun
Chief Executive Officer and Executive Director

Hong Kong, 31 March 2023

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\$1.14. 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.