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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)**

**PLACING OF NEW SHARES UNDER GENERAL MANDATE**

*Financial Adviser*



**INCUCO Corporate Finance Limited**

*Placing Agent*

**SPRING SECURITIES LIMITED**

**THE PLACING**

The Board is pleased to announce that on 23 August 2019 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 155,617,260 Placing Shares, to not less than six Placings who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.054 per Placing Share.

The Placing Price of HK\$0.054 per Placing Share represents: (i) a discount of approximately 3.57% to the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price per Share of HK\$0.054 as quoted on the Stock Exchange for last five consecutive trading days immediately preceding to the date of the Placing Agreement.

The maximum number of the Placing Shares represents (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be HK\$8,403,332 and the net proceeds will be approximately HK\$7,956,000 (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.0511 per Placing Share. The Directors intend to use the net proceeds as general working capital of the Group.

**Shareholders and potential investors should note that the Placing is subject to fulfilment of conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **THE PLACING**

The Board is pleased to announce that on 23 August 2019 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement in relation to the Placing.

### **The Placing Agreement**

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

#### ***Date***

23 August 2019 (after trading hours)

#### ***Parties***

- (1) the Company (as the issuer); and
- (2) Spring Securities Limited (as the Placing Agent);

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will charge the Company a placing commission of 2.5% of the gross proceeds from the Placing. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to the prevailing market rates. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

#### **Placees**

The Placing Shares are expected to be placed to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties.

## **Number of Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum of 155,617,260 Placing Shares under the Placing represent (i) 20% of the existing issued share capital of the Company of 778,086,300 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,556,172.60.

## **Placing Price**

The Placing Price of HK\$0.054 per Placing Share represents:

- (i) a discount of approximately 3.57% to the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) the average closing price per Share of HK\$0.054 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the date of the Placing Agreement.

The Placing Price was determined with reference to, among other things, the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and its Shareholders as a whole.

## **Ranking of Placing Shares**

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Conditions of the Placing**

The Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained.

## **Completion of the Placing**

Completion of the Placing shall take place within four Business Days after the fulfilment of the conditions as set out in paragraph headed “Conditions of the Placing” above are satisfied (or such other date as may be agreed between the Company and the Placing Agent in writing).

If the above conditions are not fulfilled on or before the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all rights, obligations and liabilities of the parties hereto shall cease and terminate and neither of the parties shall have any claim against the other (save for any antecedent breaches thereof).

## **Application for listing**

The Company will make an application to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

## **General Mandate**

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM to allot, issue and deal with up to 20% of the total number of Shares in issue as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 155,617,260 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

## **Termination and force majeure**

The Placing Agent may terminate the Placing Agreement by notice in writing to the Company at any time prior to 6:00 p.m. on the day immediately preceding the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or

- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties set out in the Placing Agreement represented, warranted and undertaken by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to the paragraph above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

## **REASONS FOR THE PLACING AND THE 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.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be HK\$8,403,332 and the net proceeds will be approximately HK\$7,956,000 (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.0511 per Placing Share. The Directors intend to use the net proceeds as general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising.

The Board has considered other alternative fundraising methods such as debt financing. As at 30 June 2019, the Group had a total cash and cash equivalents of approximately HK\$19 million, of approximately 99% had been kept in the PRC for the business operations of its subsidiaries; while the Group had a total borrowings of approximately HK\$67.6 million, consisting of (i) several unsecured loans amounting to approximately HK\$7.6 million which are repayable on demand; and (ii) a secured loan from an Independent Third Party of approximately HK\$60 million which is due on 28 June 2020. With reference to the Group's financial position consisting of a relatively low cash position and a relatively large short-term outstanding loan amount, the Board considered that the Group may be subject to time-consuming negotiations with and lengthy due diligence by the banks for bank borrowings. Given the undesirable cash position of the Group, the Board anticipates that the outcome of the discussions with the banks is relatively uncertain.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.



## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below is the summary of equity fund raising activity of the Company during the past twelve months immediately preceding the date of this announcement.

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
3 October 2018	Placing of new shares under general mandate	HK\$13,126,000	(i) HK\$10 million for partial repayment of the Group's borrowings; and (ii) approximately HK\$3,126,000 as general working capital of the Group.	(i) HK\$10 million has been used for partial repayment of the Group's borrowings; and (ii) approximately HK\$3,126,000 has been used as general working capital of the Group.

Save for the abovementioned, the Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and completion of the Placing, and all the Placing Shares are fully placed out) are set out as follows:

	As at the date of this announcement		Immediately upon the completion of Placing	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
<b>Director</b>				
Mr. Wang Jia Jun ( <i>Note 1</i> )	11,201,475	1.44	11,201,475	1.20
<b>Other Public Shareholders</b>				
The Placees	–	–	155,617,260	16.67
New Hope International (Hong Kong) Limited	54,914,804	7.06	54,914,804	5.88
Other public shareholders	711,970,021	91.50	711,970,021	76.25
	<u>778,086,300</u>	<u>100.00</u>	<u>933,703,560</u>	<u>100.00</u>

*Notes:*

- Ms. Yung Ka Lai, the spouse of Mr. Wang Jia Jun, holds 11,201,475 Shares through Power King Investment Development Limited. Power King Investment Development Limited is wholly-owned by Ms. Yung Ka Lai. Mr. Wang Jia Jun is deemed to be interested in 11,201,475 Shares held by Power King Investment Development Limited under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).
- The percentages are subject to rounding error, if any.

**Shareholders and potential investors should note that the Placing is subject to fulfilment of conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 13 November 2018
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Wanjia Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 401)
“Completion”	the completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	within four (4) Business Days after the fulfilment of the conditions set out in the Placing Agreement are satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing)
“Director(s)”	director(s) of the Company

“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the total number of Shares in issue as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	13 September 2019 or such later date as may be agreed between the Company and the Placing Agent in writing
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 155,617,260 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Spring Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 23 August 2019 in relation to the Placing
“Placing Price”	HK\$0.054 per Placing Share
“Placing Share(s)”	up to 155,617,260 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Wanjia Group Holdings Limited**  
**Wang Jia Jun**  
*Executive Director*

Hong Kong, 23 August 2019

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