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China Wah Yan Healthcare Limited

中國華仁醫療有限公司

(Incorporated in the Hong Kong with limited liability)

(Stock Code: 648)

**LETTER OF INTENT —
IN RESPECT OF A POSSIBLE ACQUISITION
INVOLVING A NEW CANCER DRUG PROJECT**

The Company is pleased to announce that on 13 July 2015, the Company entered into the LOI with the Minority Stakeholder in relation to the possible acquisition of a majority stake in the New Cancer Drug Project which involves the research and development of a Category 1.1 new cancer drug applying the photodynamic therapy and which has successfully passed the first stage of clinical trial in the PRC.

The Company wishes to emphasize that the LOI is legally binding in nature but is subject to the entering into of a formal agreement. As at the date of this announcement, no formal agreement in relation to the Possible New Cancer Drug Project Acquisition has been entered into. If the Possible New Cancer Drug Project Acquisition is materialised, it may constitute a notifiable transaction for the Company under the Listing Rules and further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

Shareholders and potential investors of the Company should be aware that details and terms of the Possible New Cancer Drug Project Acquisition are subject to commercial negotiation amongst the relevant parties and the entering into of a formal agreement. As the Possible New Cancer Drug Project Acquisition may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE LOI

China Wah Yan Healthcare Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 13 July 2015, the Company entered into a letter of intent (the “**LOI**”) with a minority stakeholder (the “**Minority Stakeholder**”) of a medical project (the “**New Cancer Drug Project**”) which involves the controlling stake of the research and development of a Category 1.1 new cancer drug applying the photodynamic therapy and which has successfully passed the first stage of clinical trial in the People’s Republic of China (the “**PRC**”).

To the best of the knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, the Minority Stakeholder is a third party independent of the Company and its connected persons (as defined under The Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)).

Pursuant to the LOI, the Minority Stakeholder will, on a best effort basis, procure other stakeholders (including the Minority Stakeholder) of the New Cancer Drug Project, to sell in aggregate no less than 51% interest (including part of the Minority Stakeholder’s interest) in the New Cancer Drug Project (the “**Possible New Cancer Drug Project Acquisition**”) on the basis that the consideration of the entire interest of the New Cancer Drug Project will not be more than RMB200 million. The LOI is legally binding in nature but is subject to the entering into of a formal agreement amongst the relevant parties. Pursuant to the LOI, the parties thereto agreed that they should negotiate and finalise a formal agreement on or before 30 September 2015 (or such other date as agreed by the parties), failing which the LOI shall be deemed to be terminated and shall have no further effect. If the Possible New Cancer Drug Project Acquisition is materialised, it may constitute a notifiable transaction for the Company under the Listing Rules and further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

REASONS FOR AND BENEFIT OF THE POSSIBLE NEW CANCER DRUG PROJECT ACQUISITION

The Group is principally engaged in and invests in healthcare and well-being business, including the operation of a chain of medical centres specialising in the diagnosis and treatment of tumours in the PRC, a chain of sports and healthcare clubhouses under the brandname of “Megafit” in the PRC and a retail chain of optical products and eye-care services under the brand name “Hong Kong Optical” in Hong Kong, as well as investment and asset management business (such as investment in securities, fixed/capital assets and distressed assets, and loan financing business). The Group is also the single largest shareholder of Rui Kang Pharmaceutical Group Investments Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, engaged in, the manufacture, research and development, distribution of consumer cosmetics, health related and pharmaceutical products in the PRC and Hong Kong.

Cancer is one of the most common causes of death in the PRC. As advised by the Minority Stakeholder, the new cancer drug under the New Cancer Drug Project is a Category 1.1 new drug for cancer treatment which involves the application of photodynamic therapy and has successfully passed the first stage of clinical trial in the PRC. As such, the Company considers that the Possible New Cancer Drug Project Acquisition will provide an opportunity of the Company to leverage on its network and experience in cancer/tumour treatment in the PRC in the past years to ride on the enormous market demand for cancer drugs. On 16 June 2015, the Company also announced that it had entered into a memorandum of understanding regarding the acquisition (the “**Possible Internet Medical Business Acquisition**”) of a group companies engaged in the internet medical business in the PRC involving, among other things, (i) the provision of internet medical diagnosis/consultation services; (ii) the research and development of internet medical systems; and (iii) the design, development and production of the relevant equipment for use in the internet medical services. The Possible Internet

Medical Business Acquisition and the Possible New Cancer Drug Project Acquisition, if materialised, will complement and further enhance the Group's business goal to become a fully integrated healthcare and well-being group in the PRC.

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By Order of the Board of
China Wah Yan Healthcare Limited
Chan Ka Chung
Chairman

Hong Kong, 13 July 2015

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Mr. Chan Ka Chung, Mr. Cheung Wai Kwan and Mr. Wang Jianguo; and four independent non-executive directors, namely, Mr. Chan Yee Ping, Michael, Mr. Lam Chun Ho, Ms. Hu Xuezheng and Ms. Wu Yan.