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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



**君陽證券有限公司
JUN YANG SECURITIES CO. LTD**

Participant of the Stock Exchange of Hong Kong Ltd. (Broker no. 4310)

Jun Yang Securities Company Limited

THE PLACING AGREEMENT

On 10 December 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has agreed to place, through the Placing Agent on a best effort basis, up to 435,424,554 new Shares to not less than six Placées at the Placing Price of HK\$0.112. The Placing Shares will be allotted and issued pursuant to the General Mandate. The net proceed from the Placing is estimated to be HK\$47 million and is intended to be used for general working capital of the Group.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the completion of the Placing, the maximum number of 435,424,554 Placing Shares represent (i) 20% of the issued Shares as at the date of this announcement; and (ii) 16.7% of the issued Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing is conditional upon the Stock Exchange having granted the listing of, and the permission to deal in the Placing Shares.

Shareholders of the Company and potential investors should note that the Placing is subject to the fulfillment of the condition(s) as set out in the Placing Agreement, and the Placing may or may not proceed to completion. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES

The Company is pleased to announce that on 10 December 2015 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement for the Placing, the principal terms of which are summarised below.

THE PLACING AGREEMENT

Date:

10 December 2015 (after trading hours)

Parties:

- (i) The Company as the issuer; and
- (ii) The Placing Agent as the placing agent.

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

The Placing Shares

The Placing Agent has conditionally agreed to place, on a best effort basis, the maximum number of 435,424,554 Placing Shares to not less than six Placees. None of the Placees is expected to become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the completion of the Placing, the maximum number of 435,424,554 Placing Shares represents (i) 20% of the existing number of issued Shares; and (ii) 16.7% of the number of issued Shares as enlarged by the allotment and issue of the Placing Shares. Based on the closing price of the Shares of HK\$0.132 as at the date of the Placing Agreement, the Placing Shares have a market value of HK\$57.5 million.

The Placing Shares will rank *pari passu* in all respects among themselves and with other Shares in issue on the date of allotment and issue of the Placing Shares.

The Placing Price

The Placing Price of HK\$0.112 was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market prices of the Shares and represents:

- (i) a discount of 15.2% to the closing price of HK\$0.132 per Share as quoted on the Stock Exchange on 10 December 2015; and
- (ii) a discount of 15.8% to the average closing price of HK\$0.133 per Share as quoted on the Stock Exchange for the last five trading days up to and including 10 December 2015.

Assuming that all the 435,424,554 Placing Shares are placed under the Placing, the gross proceed and the estimated net proceed from the Placing will amount to HK\$48.8 million and HK\$47 million, respectively. The net price per Placing Share is therefore estimated to be approximately HK\$0.108.

Conditions of the Placing

Completion of the Placing is conditional upon the satisfaction of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms hereof, including provisions regarding force majeure event.

Completion of the Placing, in any event, will take place on or before the fourth business days after the fulfilment of the conditions as set out above (the “Completion Date”) but not later than 28 December 2015 or such later date to be agreed between the Company and the Placing Agent (the “Long Stop Date”). If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent prior to 10:00 a.m. on the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

Force Majeure Events

The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 10:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 10:00 a.m. on the Completion Date,

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearance of any announcements relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated, the Placing Agent shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the above, all obligations of the Placing Agent shall cease and determine and no party under the Placing Agreement shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

Placing Commission

The Company shall pay to the Placing Agent a commission equal to 3% of the aggregate principal amount of Placing Price multiplied by the actual number of the Placing Shares being placed. The commission rate was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market rate.

Listing Application

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and the permission to deal in the Placing Shares.

The General Mandate

Under the General Mandate, the Directors are authorised to allot and issue up to 435,424,554 new Shares. As at the date of this announcement, no Shares have been issued pursuant to the General Mandate. Since all the Placing Shares will be issued under the General Mandate, the Placing is not subject to approval of the shareholders of the Company.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the table of the shareholding structure of the Company before and after completion of the Placing:

	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximately</i>	<i>Number of Shares</i>	<i>Approximately</i>
Shareholders of the Company				
Director	101,250,000	4.65%	101,250,000	3.88%
The Placee(s)	—	—	435,424,554	16.67%
Other public shareholders	<u>2,075,872,772</u>	<u>95.35%</u>	<u>2,075,872,772</u>	<u>79.45%</u>
	<u>2,177,122,772</u>	<u>100.00%</u>	<u>2,612,547,326</u>	<u>100.00%</u>

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the (i) healthcare and well-being business, including the operation of a chain of sports and healthcare clubhouses under the brand name of “Megafit” in the PRC, a chain of medical centres specialising in the diagnosis and treatment of tumours in the PRC and a chain of optical products and eye-care services retail shops under the brand name of “Hong Kong Optical” in Hong Kong, as well as (ii) asset management business (including investment in financial/fixed/distressed assets and loan financing). 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 and engaged in the manufacture, research and development, and distribution of consumer cosmetic, health related and pharmaceutical products in the PRC and Hong Kong.

As described in the interim report of the Company for the six months ended 30 June 2015, the operating environment of the chain of medical centres of the Group has become more and more difficult and challenging due to the ever tightening regulatory environment. Therefore, the Group has been looking for opportunities to reduce its reliance on its medical chain business and implemented plans to re-position and develop its healthcare and health management platform towards its business goal of becoming an integrated healthcare and well-being service provider through seizing appropriate investment opportunities. The proceed to be obtained from the Placing will be applied for general working capital for development of the Group’s principal businesses (healthcare and well-being as well as investment and asset management) and enhancement of the Group’s capital structure.

Given the above, the Directors are of the view that the terms of the Placing Agreement (including the Placing Price and the commission rate) are normal commercial terms and are fair and reasonable and the Placing is in the interest of the Company and its shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds raised <i>(approximately)</i>	Intended use of proceeds	Actual use of proceeds
2014				
9 October	Issue of convertible bonds	HK\$43.3 million	General working capital, reduction of debts and future investment	Used as intended
2015				
29 March	Placing of new Shares	HK\$41.1 million	General working capital, reduction of debt and future investment	Used as intended
1 June	Placing of new Shares	HK117 million	General working capital, reduction of debts and future investment	Used as intended

Shareholders of the Company and potential investors should note that the Placing is subject to the fulfillment of the condition(s) as set out in the Placing Agreement, and the Placing may or may not proceed to completion. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Company”	China Wah Yan Healthcare Limited, a company incorporated in Hong Kong with limited liability whose issued shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the shareholders of the Company to the Directors at the extraordinary general meeting of the Company held on 26 October 2015 to allot, issue and deal with up to 435,424,554 new Shares, being 20% of the number of issued Shares as at the date of that extraordinary general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	independent third party who is not connected person (as defined under the Listing Rules) of the Company and is independent of and not connected with the connected persons of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s) ”	any professional, institutional or other investor(s) or person or entity who are Independent Third Parties procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Jun Yang Securities Company Limited, a licensed corporation to carry on businesses in Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the placing agent in respect of the Placing
“Placing Agreement”	the placing agreement dated 10 December 2015 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.112 per Placing Share
“Placing Shares”	up to 435,424,554 new Shares to be placed pursuant to the terms of the Placing Agreement
“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
“Share(s)”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 10 December 2015

As at the date of this announcement, the board of Directors 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 Xuezhen and Ms. Wu Yan.