

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.



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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF INVESTMENT FUND

SUBSCRIPTION OF INVESTMENT FUND

The Company is pleased to announce that on 29 January 2016, the Company entered into the Subscription Agreement, pursuant to which the Company shall invest HK\$55 million in the Investment Fund. The Investment Fund is established for exploration of investment opportunities in the Greater China Region and intends to invest in businesses in the healthcare and related industries.

THE LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are as follows:

Date

29 January 2016

The Subscription

Pursuant to the Subscription Agreement, the Company has agreed to subscribe the Participating Shares in an amount of HK\$55 million. Completion of the Subscription will take place on or before 5 February 2016 and payment for the Subscription will be made by the Company on completion in full. The amount of Subscription was determined after arm's length negotiations between the Investment Fund and the Company on normal commercial terms and will be funded by the internal resources of the Group and/or borrowings.

Information of the Investment Fund

The Fund is an exempted company incorporated with limited liability in the Cayman Islands. The Fund is established for exploration of investment opportunities in the Greater China Region and intends to invest in businesses which are engaged in or derive a significant proportion of their income from business activities in the healthcare and related industries.

Since the Fund was newly established in October 2015, no financial information nor past performance of the Fund is presented in this announcement.

Management of the Investment Fund

The investment in the Investment Fund by the Company is a passive investment. The Company as a holder of the Participating Shares is entitled to receive dividends which may be declared by the Investment Fund, but has no right to participate in the day-to-day operations of the Investment Fund or control over the management of the Investment Fund or over the appointment and removal of the directors of the Investment Fund.

The directors of the Investment Fund shall have an exclusive power to the management, control, operation and decision making over matters of the Investment Fund. They shall delegate the responsibility of making day-to-day decisions regarding the management of the investments of the Investment Fund to the Manager and will, based on the recommendations from the Manager, make investment and/or divestment decision. The Manager has in turn engaged the Investment Manager to manage the assets of the Investment Fund as well as to evaluate the potential investments available and negotiate the terms of such investment opportunities. The directors of the Investment Fund, who are the ultimate party responsible for the investment decisions, will periodically review the operation and performance of the Investment Fund.

To the best knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, the Investment Fund, the Manager and the Investment Manager are third parties independent of the Company and its connected person (as defined under the Listing Rules).

Term of the Investment Fund

The directors of the Investment Fund intend to realise all of the investments of the Investment Fund within five years subject to the performance of the relevant investments and markets generally.

Management and Performance Fee

The Investment Fund shall pay an annual management fee to the Manager of 1% of the total amount of subscription of all Participating Shares in issue less the aggregate amounts of return distributed to the holder of Participating Shares.

The Manager will also be entitled to receive a performance fee in respect of the performance of each of the investments of the Investment Fund equivalent to 20% of the total return to holders of the Participating Shares (after payment of all fees and expenses of the Investment

Fund), subject to each holder of the Participating Shares having first received a return equal to 5% annualised return on their investment in the Investment Fund up to the date on which the underlying investment of the Investment Fund is realized.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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).

In line with the development strategy of the Group’s principal businesses, the management of the Company from time to time seeks appropriate investment opportunities to enhance the return of its healthcare and well-being business and asset management business. Given that (i) the Investment Manager is a well-known asset management company in Hong Kong with extensive resources and business network in different industries; (ii) the management of the Manager and the Investment Manager are investment professionals with substantial management experience in investment funds, private equity funds, portfolio and asset management, the Company considers that the Subscription represents an opportunity for the Group to leverage on the expertise and resources of the Investment Fund to expand and diversify its investments portfolio in the healthcare and related industries and enjoy returns from the healthcare projects invested by the Investment Fund whilst limiting the financial commitment of the Group towards such investments. The board of directors of the Company is of the view that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and the entering into of the Subscription Agreement is in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements of the Listing Rules.

DEFINITION

the context otherwise requires, the following terms used in this announcement shall have the following meanings when used herein:

“Company”	China Wah Yan Healthcare Limited, a company incorporated in Hong Kong and the issued shares of which are listed on The Stock Exchange of Hong Kong Limited
“Greater China Region”	the PRC, Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
“Group”	the Company and its subsidiaries

“Investment Fund”	CCE Capital, an exempted company incorporated in the Cayman Islands with limited liability
“Investment Manager”	Convoy Asset Management Limited, a company incorporated with limited liability in Hong Kong, licensed for type 1 (Dealing in Securities), type 4 (Advising on Securities) and type 9 (Asset Management) regulated activities by the Securities and Futures Commission of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Manager”	DRL Capital Investment Management Limited, an exempted company incorporated in the Cayman Islands with limited liability
“Participating Share(s)”	non-voting participating redeemable share(s) in the capital of the Fund
“PRC”	the People’s Republic of China
“Subscription”	the subscription of HK\$55 million in the Participating Shares by the Company pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 29 January 2016 relating to the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC

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

Hong Kong, 29 January 2016

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, Ms. Hu Xuezheng, Mr. Lam Chun Ho and Ms. Wu Yan.