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**China Wah Yan Healthcare Limited**

中國華仁醫療有限公司

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 648)



**RUI KANG PHARMACEUTICAL GROUP  
INVESTMENTS LIMITED**

銳康藥業集團投資有限公司

*(Incorporated in the Cayman Islands and continued in  
Bermuda with limited liability)*

(Stock Code: 8037)

## **JOINT ANNOUNCEMENT**

### **(1) VOLUNTARY CONDITIONAL SECURITIES EXCHANGE OFFERS BY CHINA WAH YAN**

**TO ACQUIRE ALL THE ISSUED SHARES IN THE CAPITAL OF RUI  
KANG (OTHER THAN THOSE ALREADY OWNED BY CHINA WAH YAN  
AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL  
OUTSTANDING SHARE OPTIONS OF RUI KANG;**

**(2) VERY SUBSTANTIAL ACQUISITION BY CHINA WAH YAN;**

**(3) SPECIFIC MANDATE TO ISSUE NEW CHINA WAH YAN SHARES;**

**AND**

**(4) RESUMPTION OF TRADING**

**Independent Financial Adviser to the Independent Board Committee and  
Independent Shareholders of Rui Kang**

**VEDA | CAPITAL  
智 略 資 本**

#### **(1) INTRODUCTION**

On 5 February 2016, China Wah Yan proposed to the board of directors of Rui Kang that China Wah Yan will make voluntary conditional securities exchange offers (i) to acquire all of the issued shares in the share capital of Rui Kang (other than those already owned by China Wah Yan and parties acting in concert with it); and (ii) to cancel all of the outstanding Options.

## **(2) CONSIDERATION FOR THE OFFERS**

China Wah Yan will make the Offers on the following basis:

### **The Share Offer:**

*(i) If the Rui Kang Share Consolidation does not become effective:*

For 4 Existing Rui Kang Shares . . . . . 5 new China Wah Yan Shares

*(ii) If the Rui Kang Share Consolidation becomes effective:*

For 2 Consolidated Rui Kang Shares . . . . . 5 new China Wah Yan Shares

### **The Option Offer:**

Appropriate offers will be made to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for new China Wah Yan Shares:

*(i) If the Rui Kang Share Consolidation does not become effective:*

For cancellation of every 1,000 Options . . . . . 1 new China Wah Yan Share

*(ii) If the Rui Kang Share Consolidation becomes effective:*

For cancellation of every 500 Options . . . . . 1 new China Wah Yan Share

As the exercise price for the outstanding Options is HK\$0.6337, the Options are thus currently “out of the money” and therefore, the Option Offer is being made only with 1 new China Wah Yan Share for the cancellation of every 1,000 Options (or if the Rui Kang Share Consolidation becoming effective, 1 new China Wah Yan Share for the cancellation of every 500 Options).

## **(3) CONDITIONS OF THE OFFERS**

The Share Offer is conditional upon:

- (a) the Offers, the allotment and issue by China Wah Yan of new China Wah Yan Shares to the Rui Kang Independent Shareholders and the Optionholders who accept the Offers and the Very Substantial Acquisition having been approved by China Wah Yan Shareholders at the China Wah Yan EGM in accordance with the Listing Rules;
- (b) valid acceptances of the Share Offer having been received at or before 4:00 p.m. on the Closing Date in respect of the Rui Kang Shares which will result in China Wah Yan and parties acting in concert with it holding more than 50% of the Rui Kang Shares;
- (c) the Stock Exchange having granted its approval for the listing of, and permission to deal in, the new China Wah Yan Shares to be allotted and issued in consideration for the acquisition of the Rui Kang Shares and the Options pursuant to the terms of the Offers;

- (d) no event having occurred which would make the Offers or the acquisition of any of the Rui Kang Shares by China Wah Yan void, unenforceable, illegal or which would prohibit the implementation of the Offers;
- (e) subject to Note 2 to Rule 30.1 of the Takeovers Code, no Relevant Authority(ies) in any jurisdiction having taken or instituted any action, proceeding, act, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offers void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions or obligations with respect to the Offers or any part thereof or on the acquisition of any of the Rui Kang Shares;
- (f) any necessary consents, approvals, licenses and authorisations required to be obtained on the part of China Wah Yan or Rui Kang (where any failure to obtain a consent would have a material adverse effect on the business of the China Wah Yan Group or the Rui Kang Group taken as a whole) having been obtained or waived by the relevant party(ies);
- (g) no changes having been made to any terms of the Share Option Scheme (either formally or as a result of the exercise by Rui Kang's remuneration committee of its discretion) from the date of this announcement;
- (h) subject to Note 2 to Rule 30.1 of the Takeovers Code, save as publicly disclosed by Rui Kang in any of its announcement and circular up to the date of this announcement, since the date of the last audited consolidated financial statements of Rui Kang, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of Rui Kang Group as a whole, whether or not arising in the ordinary course of business; and
- (i) the Rui Kang Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading of the Rui Kang Shares as a result of or in connection with the Offers and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Rui Kang Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either of the Offers or anything done or caused by or on behalf of China Wah Yan or their respective parties acting in concert.

China Wah Yan reserves the right to waive all or any of the conditions (except for the conditions referred to in (a), (b), (c) and (d) above) in whole or in part.

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

**(4) VERY SUBSTANTIAL ACQUISITION AND ALLOTMENT AND ISSUE OF NEW CHINA WAH YAN SHARES**

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of Rui Kang Shares by China Wah Yan pursuant to the Offers is more than 100%, the Offers constitute a very substantial acquisition for China Wah Yan under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and China Wah Yan Shareholders' approval requirements under Chapter 14 of the Listing Rules. No China Wah Yan Shareholders will be required to abstain from voting at China Wah Yan EGM on the resolution relating to the Very Substantial Acquisition.

The allotment and issue of new China Wah Yan Shares to the Rui Kang Independent Shareholders and the Optionholders who accept the Offers is also subject to the approval of China Wah Yan Shareholders at China Wah Yan EGM pursuant to Rule 13.36(1)(a) of the Listing Rules. No China Wah Yan Shareholders will be required to abstain from voting at China Wah Yan EGM on the resolution relating to the allotment and issue of new China Wah Yan Shares pursuant to the Offers.

The China Wah Yan EGM will be held to consider and, if thought fit, pass the requisite resolution(s) to approve the Offers, the Very Substantial Acquisition and the allotment and issue by China Wah Yan of new China Wah Yan Shares to the Rui Kang Independent Shareholders and the Optionholders who accept the Offers. A circular continuing, among other things, details of the Offers, the Very Substantial Acquisition and the said allotment and issue of new China Wah Yan Shares and the notice convening the China Wah Yan EGM will be despatched to the China Wah Yan Shareholders on or before 9 March 2016.

**(5) RUI KANG IBC AND RUI KANG IFA**

An independent board committee comprising all non-executive directors of Rui Kang has been formed to approve the appointment of Rui Kang IFA and to make a recommendation to the Rui Kang Independent Shareholders as to whether the Share Offer is, or is not, fair and reasonable and as to acceptance and to the Optionholders as to its views on the Option Offer. The appointment of Veda Capital Limited as the independent financial adviser of Rui Kang has been approved by the Rui Kang IBC. The advice of the Rui Kang IBC and the letter from the Rui Kang IFA will be included in the Composite Document.

**(6) PARTIES ACTING IN CONCERT WITH CHINA WAH YAN**

As at the date of this announcement, China Wah Yan holds 257,812,500 Existing Rui Kang Shares, representing approximately 19.62% of the entire issued share capital of Rui Kang. Save as the above, none of China Wah Yan or parties acting in concert with it holds any Rui Kang Shares or Options.

## **(7) SUSPENSION AND RESUMPTION OF TRADING**

At the request of China Wah Yan, trading in the China Wah Yan Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 11 February 2016 pending the release of this announcement. Application has been made by China Wah Yan for resumption of trading in the China Wah Yan Shares on the Stock Exchange with effect from 9:00 a.m. on 18 February 2016.

At the request of Rui Kang, trading in the Rui Kang Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 11 February 2016 pending the release of this announcement. Application has been made by Rui Kang for resumption of trading in the Rui Kang Shares on the Stock Exchange with effect from 9:00 a.m. on 18 February 2016.

### **WARNING**

**Completion of the Offers is subject to the conditions of the Offers being fulfilled or waived, as applicable. Completion may or may not take place and accordingly, the Offers may or may not proceed. Shareholders and potential investors in China Wah Yan and/or Rui Kang are advised to exercise caution when dealing in China Wah Yan Shares and Rui Kang Shares, respectively.**

## **INTRODUCTION**

On 5 February 2016, China Wah Yan proposed to the board of directors of Rui Kang that China Wah Yan will make voluntary conditional securities exchange offers (i) to acquire all of the issued shares in the share capital of Rui Kang (other than those already owned by China Wah Yan and parties acting in concert with it); and (ii) to cancel all of the outstanding Options.

To the best of China Wah Yan's knowledge, information and belief having made all reasonable enquiry, each of Rui Kang, the Rui Kang Independent Shareholders and the Optionholders and their respective ultimate beneficial owners are third parties independent of China Wah Yan and its Connected Persons.

The Offers will be made in compliance with the Takeovers Code, which is administered by the Executive.

As at the date of this announcement, there are 1,313,973,500 Existing Rui Kang Shares in issue and outstanding Options in respect of 12,576,591 Existing Rui Kang Shares. Rui Kang announced on 8 January 2016 that it would propose the Rui Kang Share Consolidation on the basis that every two Existing Rui Kang Shares be consolidated into one Consolidated Rui Kang Share for the Rui Kang Shareholders' consideration. A special general meeting will be held on 22 February 2016 for the Rui Kang Shareholders to consider and, if thought fit, approve the Rui Kang Share Consolidation.

The exercise price of the outstanding Options and the period in which they are exercisable are set out below:

(i) *If the Rui Kang Share Consolidation does not become effective:*

<b>Exercise Price</b> <i>(HK\$ per Existing Rui Kang Share)</i>	<b>Number of Outstanding Options</b>	<b>Exercise Period</b>
0.6337	12,576,591	From 1 January 2015 to 31 December 2016

(ii) *If the Rui Kang Share Consolidation becomes effective:*

<b>Exercise Price</b> <i>(HK\$ per Consolidated Rui Kang Share)</i>	<b>Number of Outstanding Options</b>	<b>Exercise Period</b>
1.2674	6,288,295	From 1 January 2015 to 31 December 2016

## **CONSIDERATION FOR THE OFFERS**

China Wah Yan will make the Offers on the following basis:

### **The Share Offer:**

(i) *If the Rui Kang Share Consolidation does not become effective:*

For 4 Existing Rui Kang Shares . . . . . 5 new China Wah Yan Shares

(ii) *If the Rui Kang Share Consolidation becomes effective:*

For 2 Consolidated Rui Kang Shares . . . . . 5 new China Wah Yan Shares

As at the date of this announcement, China Wah Yan and the parties acting in concert with it are beneficial owners of 257,812,500 Existing Rui Kang Shares, representing approximately 19.62% of the entire issued share capital of Rui Kang. Based on an exchange ratio of (i) 5 China Wah Yan Shares per 4 Existing Rui Kang Shares and 1,313,973,500 Existing Rui Kang Shares in issue and (ii) 1 China Wah Yan Share per 1,000 Options and 12,576,591 Options in issue as at the date of this announcement, and assuming there will be no change in the issued share capital of Rui Kang since the date of this announcement and up to the Closing Date, and no Option will be exercised prior to the Closing Date, the maximum number of new China Wah Yan Shares that may fall to be issued in connection with the Share Offer and the Option Offer is 1,320,213,826. This represents approximately 50.5% of the 2,612,547,326 existing issued China Wah Yan Shares as at the date of this announcement, and approximately 33.6% of the enlarged issued share capital of China Wah Yan of 3,932,761,152 China Wah Yan Shares immediately following the issue of the aforesaid number of new China Wah Yan Shares.

On the basis of an ascribed value of HK\$0.12 per Existing Rui Kang Share under the Share Offer (based on the closing price of each China Wah Yan Share of HK\$0.096, as quoted on the Stock Exchange on the Last Trading Date and the exchange ratio of 5 China Wah Yan Shares

per 4 Existing Rui Kang Shares), the entire issued share capital of Rui Kang (including the Existing Rui Kang Shares held by China Wah Yan and parties acting in concert with it) as at the date of this announcement is valued at approximately HK\$157,676,820.

The exchange ratio of 5 China Wah Yan Shares per 4 Existing Rui Kang Shares was determined by China Wah Yan based on the recent financial performance of China Wah Yan and Rui Kang including profitability measures such as profit margins and net income, and taking into account the recent trading performance of the Existing Rui Kang Shares.

Save as disclosed above, China Wah Yan does not hold or have control or discretion over any other Rui Kang Shares or hold any convertible securities, warrants or options in respect of any Rui Kang Shares.

**The Option Offer:**

Appropriate offers will be made to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for new China Wah Yan Shares:

*(i) If the Rui Kang Share Consolidation does not become effective:*

For cancellation of every 1,000 Options . . . . . 1 new China Wah Yan Share

*(ii) If the Rui Kang Share Consolidation becomes effective:*

For cancellation of every 500 Options . . . . . 1 new China Wah Yan Share

As the exercise price for the outstanding Options is HK\$0.6337, the Options are thus currently “out of the money” and therefore, the Option Offer is being made only with 1 new China Wah Yan Share for the cancellation of every 1,000 Options (or if the Rui Kang Share Consolidation becoming effective, 1 new China Wah Yan Share for the cancellation of every 500 Options).

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects. Further information on the Option Offer will be set out in the formal document containing details of the Option Offer which will be sent to Optionholders in accordance with the Takeovers Code.

Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.

In accordance with the terms of the Share Option Scheme, if the Share Offer having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Optionholders shall be entitled to exercise their Options at any time before the close of such offer and after which the Options shall lapse automatically.

As at the date of this announcement, none of the Rui Kang Independent Shareholders or Optionholders has undertaken or notified China Wah Yan of an intention to accept or reject the Offers.

Save as disclosed above, Rui Kang has no other outstanding Rui Kang Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Rui Kang Shares or other types of securities in Rui Kang as at the date of this announcement.

## Convertible Notes

As disclosed in the announcement of Rui Kang dated 15 January 2016, Rui Kang and the Subscriber entered into a subscription agreement, pursuant to which Rui Kang had conditionally agreed to issue, and the Subscriber had conditionally agreed to subscribe for, the Convertible Notes in an aggregate principal amount of HK\$43,340,000. The Convertible Notes will be convertible into a maximum of 197,000,000 Consolidated Rui Kang Shares assuming full conversion at the initial conversion price of HK\$0.22 per Consolidated Rui Kang Share, representing approximately 29.99% of the issued share capital of Rui Kang as at the date of this announcement (adjusted on the assumption that the Rui Kang Share Consolidation having become effective) and approximately 23.07% of the issued share capital of Rui Kang as enlarged by the issue of the 197,000,000 Consolidated Rui Kang Shares (assuming there is no other change in the issued share capital of Rui Kang).

As announced by Rui Kang in its announcement dated 17 February 2016, Rui Kang and the Subscriber entered into a deed of termination to terminate the subscription of the Convertible Notes on amicable terms. Accordingly, no Convertible Notes will be issued by Rui Kang on or before the Closing Date.

As a result, no offer will be made by China Wah Yan in relation to the Convertible Notes, the subscription of which has been terminated.

## Comparisons of value

The ascribed value of HK\$0.12 per each Existing Rui Kang Share (equivalent to the closing price of China Wah Yan Shares of HK\$0.096 as quoted on the Stock Exchange on the Last Trading Day multiplied by 5 and divided by 4 for each Existing Rui Kang Share) represents:

- a premium of approximately 20.0% to the closing price of Existing Rui Kang Share of HK\$0.100, as quoted on the Stock Exchange on 5 February 2016, being the Last Trading Day;
- a premium of approximately 20.0% to the average closing price of approximately HK\$0.100 per Existing Rui Kang Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 17.65% to the average closing price of approximately HK\$0.102 per Existing Rui Kang Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 22.45% to the average closing price of approximately HK\$0.098 per Existing Rui Kang Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 17.65% to the average closing price of approximately HK\$0.102 per Existing Rui Kang Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 7.69% to the audited consolidated net assets per Existing Rui Kang Share of approximately HK\$0.13 as at 31 December 2014 (being the date to which the latest audited consolidated annual results of the Rui Kang Group were made up),

calculated based on the Rui Kang Group's audited consolidated net assets attributable to its shareholders of approximately HK\$169.27 million as at 31 December 2014 and 1,313,973,500 Existing Rui Kang Shares in issue as at the date of this announcement; and

- a discount of approximately 20.00% to the unaudited consolidated net assets per Existing Rui Kang Share of approximately HK\$0.15 as at 30 June 2015 (being the date to which the latest unaudited consolidated interim results of the Rui Kang Group were made up), calculated based on the Rui Kang Group's unaudited consolidated net assets attributable to its shareholders of approximately HK\$196.64 million as at 30 June 2015 and 1,313,973,500 Existing Rui Kang Shares in issue as at the date of this announcement.

The implied issue price of HK\$0.08 per each new China Wah Yan Share (equivalent to the closing price of HK\$0.1 per Existing Rui Kang Share as quoted on the Stock Exchange on the Last Trading Date multiplied by 4 and divided by 5 for each new China Wah Yan Share) represents:

- a discount of approximately 16.67% to the closing price of China Wah Yan Share of HK\$0.096, as quoted on the Stock Exchange on 5 February 2016, being the Last Trading Day;
- a discount of approximately 15.79% to the average closing price of approximately HK\$0.095 per China Wah Yan Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 14.89% to the average closing price of approximately HK\$0.094 per China Wah Yan Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 16.67% to the average closing price of approximately HK\$0.096 per China Wah Yan Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 23.08% to the average closing price of approximately HK\$0.104 per China Wah Yan Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 52.94% to the audited consolidated net assets per China Wah Yan Share of approximately HK\$0.17 as at 31 December 2014 (being the date to which the latest audited consolidated annual results of China Wah Yan Group were made up), calculated based on China Wah Yan Group's audited consolidated net assets attributable to its shareholders of approximately HK\$452.45 million as at 31 December 2014 and 2,612,547,326 China Wah Yan Shares in issue as at the date of this announcement; and
- a discount of approximately 70.37% to the unaudited consolidated net assets per China Wah Yan Share of approximately HK\$0.27 as at 30 June 2015 (being the date to which the latest unaudited consolidated interim results of China Wah Yan Group were made up), calculated based on China Wah Yan Group's unaudited consolidated net assets attributable to its shareholders of approximately HK\$693.53 million as at 30 June 2015 and 2,612,547,326 China Wah Yan Shares in issue as at the date of this announcement.

## **Highest and lowest prices of Rui Kang Shares**

During the six-month period preceding the date of this announcement, the highest closing price of Rui Kang Shares as quoted on the Stock Exchange was HK\$0.229 on 13 October 2015, and the lowest closing price of Rui Kang Shares as quoted on the Stock Exchange was HK\$0.077 on 14 January 2016.

## **VALUE OF THE OFFERS**

As at the date of this announcement, there are 1,313,973,500 Existing Rui Kang Shares in issue and China Wah Yan and the parties acting in concert with it hold 257,812,500 Existing Rui Kang Shares. On the basis of the ascribed value of HK\$0.12 per Existing Rui Kang Share and assuming that (i) there will be no change in the number of Rui Kang Shares in issue and no outstanding Options are exercised prior to the Closing Date and (ii) all Rui Kang Independent Shareholders accept the Share Offer, the Share Offer is valued at HK\$126,739,320. As at the date of this announcement, there are a total of 12,576,591 Options outstanding entitling the Optionholders to subscribe for, pursuant to the Share Option Scheme, 12,576,591 Existing Rui Kang Shares at an exercise price of HK\$0.6337. Assuming none of the outstanding Options are exercised prior to the Closing Date, based on the closing price of China Wah Yan Shares of HK\$0.096 as quoted on the Stock Exchange on the Last Trading Date, the Option Offer is valued at approximately HK\$1,207. Based on the above and assuming that no Options are exercised prior to the Closing Date, the Offers are valued at HK\$126,740,527 in aggregate.

## **CONDITIONS OF THE OFFERS**

The Share Offer is conditional upon:

- (a) the Offers, the allotment and issue by China Wah Yan of new China Wah Yan Shares to the Rui Kang Independent Shareholders and the Optionholders who accept the Offers and the Very Substantial Acquisition having been approved by China Wah Yan Shareholders at China Wah Yan EGM in accordance with the Listing Rules;
- (b) valid acceptances of the Share Offer having been received at or before 4:00 p.m. on the Closing Date in respect of the Rui Kang Shares which will result in China Wah Yan and parties acting in concert with it holding more than 50% of the Rui Kang Shares;
- (c) the Stock Exchange having granted its approval for the listing of, and permission to deal in, the new China Wah Yan Shares to be allotted and issued in consideration for the acquisition of the Rui Kang Shares and the Options pursuant to the terms of the Offers;
- (d) no event having occurred which would make the Offers or the acquisition of any of the Rui Kang Shares by China Wah Yan void, unenforceable, illegal or which would prohibit the implementation of the Offers;
- (e) subject to Note 2 to Rule 30.1 of the Takeovers Code, no Relevant Authority(ies) in any jurisdiction having taken or instituted any action, proceeding, act, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offers void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions or obligations with respect to the Offers or any part thereof or on the acquisition of any of the Rui Kang Shares;

- (f) any necessary consents, approvals, licenses and authorisations required to be obtained on the part of China Wah Yan or Rui Kang (where any failure to obtain a consent would have a material adverse effect on the business of China Wah Yan Group or the Rui Kang Group taken as a whole) having been obtained or waived by the relevant party(ies);
- (g) no changes having been made to any terms of the Share Option Scheme (either formally or as a result of the exercise by Rui Kang's remuneration committee of its discretion) from the date of this announcement;
- (h) subject to Note 2 to Rule 30.1 of the Takeovers Code, save as publicly disclosed by Rui Kang in any of its announcement and circular up to the date of this announcement, since the date of the last audited consolidated financial statements of Rui Kang, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of Rui Kang Group as a whole, whether or not arising in the ordinary course of business; and
- (i) the Rui Kang Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading of the Rui Kang Shares as a result of or in connection with the Offers and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Rui Kang Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either of the Offers or anything done or caused by or on behalf of China Wah Yan or their respective parties acting in concert.

China Wah Yan reserves the right to waive all or any of the conditions (except for the conditions referred to in (a), (b), (c) and (d) above) in whole or in part. As at the date of this announcement, none of the above condition precedent has been fulfilled or waived.

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

In accordance with Rule 15.3 of the Takeovers Code, China Wah Yan must publish an announcement when the Share Offer becomes or is declared unconditional as to acceptances and when the Share Offer becomes or is declared unconditional in all respects. The Offers must also remain open for acceptance for at least fourteen (14) days after the Offers become unconditional. Shareholders and Optionholders are reminded that China Wah Yan does not have any obligation to keep the Offers open for acceptance beyond this minimum 14-day period.

**WARNING: Rui Kang Shareholders, Optionholders and potential investors of Rui Kang should be aware that the Share Offer is subject to the satisfaction or waiver (where applicable) of the conditions of the Offers, and the Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. Accordingly, the Offers may or may not become unconditional. Shareholders, Optionholders and potential investors should therefore exercise caution when dealing in the Rui Kang Shares, exercising the Options or other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **FURTHER TERMS OF THE OFFER**

### **New China Wah Yan Shares to be issued**

The new China Wah Yan Shares will be issued free from all liens, charges and encumbrances and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the Closing Date. There will be no restrictions on the transfer of the new China Wah Yan Shares to be issued under the Offers. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the new China Wah Yan Shares to be issued in connection with the Offers.

### **Rui Kang Shares**

Acceptance of the Offers by any Rui Kang Shareholder and Optionholder will be deemed to constitute a warranty by such person that all the Rui Kang Shares and the Options to be sold or cancelled by such person under the Offers will be free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption and any other third party rights or encumbrances of any nature whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive in full dividends and other distributions declared, made or paid, if any, on or after the Closing Date.

### **Hong Kong stamp duty**

Sellers' and buyers' ad valorem stamp duty for the Rui Kang Shares on the Hong Kong branch share register arising in connection with the acceptances of the Share Offer, amounting to HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable in respect of the relevant acceptances will be borne by China Wah Yan. No stamp duty is payable in connection with the Option Offer.

### **Availability of the Offers**

China Wah Yan intends to make available the Share Offer and the Option Offer to all Rui Kang Independent Shareholders and Optionholders, respectively, including those who are resident outside Hong Kong. The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdiction.

In the event that the receipt of the Composite Document by overseas Rui Kang Shareholders or Optionholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be despatched to such overseas Rui Kang Shareholders or Optionholders. China Wah Yan will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Any arrangements for overseas Rui Kang Shareholders and Optionholders to collect the Composite Document or the formal document containing details of the Option Offer, respectively, will be set out in a further announcement.

## **Closing of the Offers**

Except with the consent of the Executive, all conditions to the Offers must be fulfilled (or, if permissible, waived) or the Offers must lapse within 21 days of the Closing Date or of the date the Offers becomes or is declared unconditional as to acceptances, whichever is the later. The latest date on which China Wah Yan can declare the Offers unconditional as to acceptances is 7:00 p.m. on the Long Stop Date.

If the conditions to the Offers are fulfilled (or, if permissible, waived), the Rui Kang Shareholders will be notified by an announcement in accordance with the Takeovers Code and Listing Rules as soon as practicable thereafter.

## **Settlement of consideration**

Consideration of the Offers will be settled by way of issue of new China Wah Yan Shares, and new shares certificates of China Wah Yan Shares will be posted by ordinary post to the Rui Kang Independent Shareholders and Optionholders accepting the Offers at his/her/its own risk as soon as possible, but in any event within 7 business days following the later of the date on which the Offers becomes or is declared unconditional in all respects and the date on which receipt of a complete and valid acceptance of the Offers with which relevant Rui Kang Shares and the Options, as the case may be, are duly tendered.

Rui Kang Independent Shareholders and Optionholders should be aware that in accepting the Offers, any resulting fractions of a new China Wah Yan Share will be disregarded and such fractions of a new China Wah Yan Share will not be issued.

Rui Kang Independent Shareholders and Optionholders should also be aware that China Wah Yan Shares are traded in board lots of 2,500 shares and no arrangements are intended to be made for the trading of odd lots of China Wah Yan Shares resulting from the acceptance of the Offers.

## **PUBLIC FLOAT OF RUI KANG AND CHINA WAH YAN**

Should the Offers become unconditional, the directors of China Wah Yan and the new directors (if any) to be appointed to the board of directors of Rui Kang will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Rui Kang.

China Wah Yan does not intend to exercise any rights of compulsory acquisition under Rule 2.11 of the Takeovers Code if the Share Offer is accepted in respect of 90% of the Rui Kang Shares or more.

**The Stock Exchange has stated that if, at the completion of the Offers, less than 25% of the Rui Kang Shares and/or China Wah Yan Shares are held by the public, or if the Stock Exchange believes that:**

- (a) a false market exists or may exist in the trading of the Rui Kang Shares and/or China Wah Yan Shares; or
- (b) there are insufficient Rui Kang Shares and/or China Wah Yan Shares in public hands to maintain an orderly market,

**then it will consider exercising its discretion to suspend trading in the Rui Kang Shares and/or China Wah Yan Shares.**

**Upon completion of the Offers, if the public float of the Rui Kang is below 25%, i.e. the minimum public float under the Listing Rules, trading in the Rui Kang Shares may be suspended until a sufficient level of public float can be attained.**

## **REASONS FOR THE OFFERS**

China Wah Yan considers that there are compelling commercial reasons for consolidating the business and financial results of the Rui Kang Group into the China Wah Yan Group.

The China Wah Yan Group is principally engaged in the healthcare and well-being business as well as asset management business. It is also the single largest shareholder of Rui Kang, which is engaged in (i) the provision of medical laboratory testing services and health check services in Hong Kong; (ii) the research and development, manufacturing and distribution of health related and pharmaceutical products in the PRC; (iii) the research and development, manufacturing and worldwide distribution of beauty and health products in Europe following its business restructuring as mentioned below.

As noted in the recent announcements published by Rui Kang, the Rui Kang Group has been streamlining its business portfolio including (i) disposal of its non-performing and non-core businesses (e.g. the disposal of its money lending business in the PRC, the disposal of its remaining 30% equity interest in an associate engaged in the distribution of medicated oil products in the PRC and the disposal of its sale of commodities and trading of dental material and equipment business in the PRC); and, on the other hand, (ii) acquisitions of (a) an European cosmetic products group engaged in the development, manufacture and sale of cosmetics products under the brand name of “Bellefontaine” with product distribution agreements in Germany, the United Kingdom, France, Russia, Switzerland and the United Arab Emirates; and (b) a provider of medical laboratory testing services and healthcare maintenance services in Hong Kong. According to Rui Kang’s unaudited financial information contained in its interim report for the six months ended 30 June 2015, as at 30 June 2015, its highly liquid assets (including cash and cash equivalents, held for trading securities and cash held in margin accounts with stock brokers) amounted to HK\$132.28 million and its total assets and net asset value (including non-controlling interests) amounted to HK\$352.36 million and HK\$224.91 million, respectively. Subsequent to 30 June 2015, Rui Kang has raised aggregate net proceeds of HK\$179.8 million from a rights issue and a share placement.

Given such latest significant business development and capital strengthening of the Rui Kang Group and its formation of new business front with profit guarantees provided by the aforesaid European cosmetic group and the profit-making track record of the aforesaid medical laboratory testing group, China Wah Yan is of the view that it is in its interest to take more active role in steering the Rui Kang Group’s future business direction, management and operations for formulation of business strategies and plans to create synergy with and complement the businesses of the China Wah Yan Group.

The directors of China Wah Yan confirm that the terms and conditions of the Offers and the transactions contemplated thereunder are fair and reasonable and upon normal commercial terms. Having considered the terms and conditions of the Offers and the benefits that are expected to accrue to China Wah Yan as a result of the Offers and the transactions

contemplated thereunder, the directors of China Wah Yan further confirm that the Offers and the transactions contemplated thereunder are in the interests of China Wah Yan and its shareholders as a whole.

### **China Wah Yan's intentions in relation to Rui Kang and the Enlarged Group**

China Wah Yan intends to nominate additional directors to the board of directors of Rui Kang following completion of the Offers. Any changes to the board of directors of Rui Kang will be made in compliance with the Takeovers Code, the Listing Rules and the constitutional documents of Rui Kang. Further announcement(s) will be made upon the appointment of new directors of Rui Kang accordingly.

Subject to market conditions, China Wah Yan will explore various opportunities to further develop and expand the businesses of the China Wah Yan Group and the Rui Kang Group, including but not limited to the possibility of undertaking new investments.

### **INFORMATION ON CHINA WAH YAN**

China Wah Yan 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).

### **SHAREHOLDING STRUCTURE OF CHINA WAH YAN**

As at the date of this announcement, there are 2,612,547,326 China Wah Yan Shares in issue. Save and except for the outstanding share options granted by China Wah Yan to subscribe for 192,259,481 China Wah Yan Shares, the outstanding warrants granted by China Wah Yan to subscribe for 117,065,556 China Wah Yan Shares and the convertible notes with aggregate principal amounts of HK\$2 million which are convertible into 4,418,913 China Wah Yan Shares, there are no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into China Wah Yan Shares.

Assuming all Rui Kang Independent Shareholders and Optionholders validly elect to accept the Share Offer and the Option Offer, respectively and based on the 1,313,973,500 Existing Rui Kang Shares and 12,576,591 Options in issue at the date of this announcement, a maximum of 1,320,213,826 new China Wah Yan Shares may fall to be issued. Assuming that there will be no change in the issued share capital of China Wah Yan Shares since the date of this announcement and up to the Closing Date, the shareholding structure of China Wah Yan, both before and after the completion of the Offers, are as follows:

	<b>Prior to completion of the Offers</b>		<b>Immediately after completion of the Offers (assuming all Rui Kang Independent Shareholders and Optionholders validly elect to accept the Share Offer and the Option Offer, respectively and there will be no other change in the issued share capital of China Wah Yan)</b>	
	<i>No. of China Wah Yan Shares</i>	<i>%</i>	<i>No. of China Wah Yan Shares</i>	<i>%</i>
Mr. Chan Ka Chung (director)	101,250,000	3.88	101,250,000	2.57
Public Shareholders	<u>2,511,297,326</u>	<u>96.12</u>	<u>3,831,511,152</u>	<u>97.43</u>
<b>Total</b>	<u><u>2,612,547,326</u></u>	<u><u>100.00</u></u>	<u><u>3,932,761,152</u></u>	<u><u>100.00</u></u>

## INFORMATION ON RUI KANG

The Rui Kang Group is principally engaged in (i) manufacture, research and development, sale and distribution of consumer cosmetics, health related and pharmaceutical products, health supplement wine, dental materials and equipment in the PRC and Hong Kong; (ii) provision of medical laboratory testing services and health check services in Hong Kong; and (iii) trading of securities in Hong Kong.

Set out below is a summary of the audited consolidated financial results of Rui Kang Group for the fifteen months ended 31 December 2013 and the year ended 31 December 2014, prepared in accordance with the relevant accounting principles and financial regulations applicable to the Hong Kong Financial Reporting Standards:

	<b>For the fifteen months ended 31 December 2013</b>	<b>For the year ended 31 December 2014</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Revenue	106,625	140,385
Loss before tax and extraordinary items	74,630	82,333
Loss after tax and extraordinary items	75,289	82,946
Net assets (including non-controlling interests)	128,191	197,913

Based on the interim report of the Rui Kang Group prepared in accordance with the relevant accounting principles and financial regulations applicable to the Hong Kong Financial Reporting Standards, the unaudited consolidated net asset value (including non-controlling interests) of the Rui Kang Group as at 30 June 2015 was HK\$224,906,000.

## SHAREHOLDING STRUCTURE OF RUI KANG

As at the date of this announcement, there are 1,313,973,500 Existing Rui Kang Shares in issue. There are no other classes of securities of Rui Kang in issue than the Rui Kang Shares and the outstanding Options in respect of 12,576,591 Existing Rui Kang Shares. As announced by Rui Kang on 8 January 2016, the board of directors of Rui Kang proposed to put forward to the Rui Kang Shareholders a proposal of Rui Kang Share Consolidation on the basis of that every two Existing Rui Kang Shares be consolidated into one Consolidated Rui Kang Share. Subject to the approval by the Rui Kang Shareholders, the Rui Kang Share Consolidation shall take effect on 23 February 2016.

As at the date of this announcement, save and except for the outstanding Options in respect of 12,576,591 Existing Rui Kang Shares, there were no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into the Rui Kang Shares.

Assuming all the Rui Kang Independent Shareholders tender their acceptances for the Share Offer and none of the abovementioned outstanding Options are exercised, the shareholding structure of Rui Kang, both before and after the completion of the Offers is as follows:

	As at the date of this announcement		Immediately after completion of the Offers and assuming the Rui Kang Share Consolidation does not become effective (Note)		Immediately after completion of the Offers and assuming the Rui Kang Share Consolidation becomes effective (Note)	
	No. of Rui Kang Shares	%	No. of Existing Rui Kang Shares	%	No. of Consolidated Rui Kang Shares	%
China Wah Yan	257,812,500	19.62	1,313,973,500	100.00	656,986,750	100.00
Public Shareholders	<u>1,056,161,000</u>	<u>80.38</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total</b>	<u><u>1,313,973,500</u></u>	<u><u>100.00</u></u>	<u><u>1,313,973,500</u></u>	<u><u>100.00</u></u>	<u><u>656,986,750</u></u>	<u><u>100.00</u></u>

*Note:* This shareholding table is for illustrative purpose only as trading in Rui Kang Shares will be suspended until the public float as required by Rule 11.23 of the GEM Listing Rules is restored. In the event that upon completion of the Offers, the public float cannot be maintained, China Wah Yan will place down its shareholdings in Rui Kang to ensure compliance with Rule 11.23 of the GEM Listing Rules.

## VERY SUBSTANTIAL ACQUISITION AND ALLOTMENT AND ISSUE OF NEW CHINA WAH YAN SHARES

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of Rui Kang Shares by China Wah Yan pursuant to the Offers is more than 100%, the Offers constitute a very substantial acquisition for China Wah Yan under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and China Wah Yan Shareholders' approval requirements under Chapter 14 of the Listing Rules. No China Wah Yan Shareholders will be required to abstain from voting at China Wah Yan EGM on the resolution relating to the Very Substantial Acquisition.

The allotment and issue of new China Wah Yan Shares to the Rui Kang Independent Shareholders and the Optionholders who accept the Offers is also subject to the approval of China Wah Yan Shareholders at China Wah Yan EGM pursuant to Rule 13.36(1)(a) of the

Listing Rules. No China Wah Yan Shareholders will be required to abstain from voting at China Wah Yan EGM on the resolution relating to the allotment and issue of new China Wah Yan Shares.

The resolutions relating to the Very Substantial Acquisition and the allotment and issue of new China Wah Yan Shares will be conducted by way of a poll.

### **RUI KANG IBC AND RUI KANG IFA**

An independent board committee comprising all non-executive directors of Rui Kang has been formed to approve the appointment of the Rui Kang IFA and to make a recommendation to the Rui Kang Independent Shareholders as to whether the Share Offer is, or is not, fair and reasonable and as to acceptance and to the Optionholders as to its views on the Option Offer. The appointment of Veda Capital Limited as the independent financial adviser of Rui Kang has been approved by the Rui Kang IBC. The advice of the Rui Kang IBC and the letter from the Rui Kang IFA will be included in the Composite Document.

### **COMPOSITE DOCUMENT**

It is the intention of China Wah Yan and Rui Kang to send a Composite Document combining the offer document and the response document, which will set out the terms and details of the Offers, the advice of the Rui Kang IBC, the letter from the Rui Kang IFA together with the acceptance and transfer forms in respect of the Offers will be despatched to the Rui Kang Shareholders as soon as practicable in accordance with the Takeovers Code.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document containing the terms of the Offers (accompanied by the acceptance and transfer forms) shall be despatched to the Rui Kang Shareholders and the Optionholders within 35 days after date of this announcement, or such later date as may be permitted by the Takeovers Code and approved by the Executive.

### **CHINA WAH YAN EGM**

China Wah Yan will convene an extra-ordinary general meeting (China Wah Yan EGM) to consider and, if thought fit, pass the requisite resolution(s) to approve the Offers and the allotment and issue of the new China Wah Yan Shares as consideration under the Offers and all the transactions and matters contemplated or required in connection with the Offers including but not limited to the Very Substantial Acquisition. A circular containing, inter alia, further details of the Offers which constitutes a Very Substantial Acquisition together with a notice of China Wah Yan EGM, will be despatched to the China Wah Yan Shareholders on or before 9 March 2016.

### **FURTHER AGREEMENTS OR ARRANGEMENTS**

As at the date of this announcement:

- (i) China Wah Yan and its parties acting in concert have not received any irrevocable commitment to accept the Offers;
- (ii) Save as disclosed in the section headed “Parties Acting in Concert with China Wah Yan” below, China Wah Yan and its parties acting in concert do not hold any shares, convertible securities, warrants or options in Rui Kang;

- (iii) there is no outstanding derivative in respect of the securities in Rui Kang which has been entered into by China Wah Yan or any of its parties acting in concert;
- (iv) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Rui Kang Shares or China Wah Yan Shares and which might be material to the Offers;
- (v) save as disclosed in the section headed “Conditions to the Share Offer” above, there are no agreements or arrangements to which China Wah Yan is a party which relates to the circumstances in which China Wah Yan may or may not invoke or seek to invoke a condition to the Offers; and
- (vi) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Rui Kang which China Wah Yan or any of its parties acting in concert have borrowed or lent.

#### **PARTIES ACTING IN CONCERT WITH CHINA WAH YAN**

As at the date of this announcement, China Wah Yan holds 257,812,500 Existing Rui Kang Shares, representing approximately 19.62% of the entire issued share capital of Rui Kang. Save as the above, none of China Wah Yan or parties acting in concert with it holds any Rui Kang Shares.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of China Wah Yan, trading in the China Wah Yan Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 11 February 2016 pending the release of this announcement. Application has been made by China Wah Yan for resumption of trading in the China Wah Yan Shares on the Stock Exchange with effect from 9:00 a.m. on 18 February 2016.

At the request of Rui Kang, trading in the Rui Kang Shares on the Stock Exchange was suspended with effect from 9:00 p.m. on 11 February 2016 pending the release of this announcement. Application has been made by Rui Kang for resumption of trading in the Rui Kang Shares on the Stock Exchange with effect from 9:00 a.m. on 18 February 2016.

#### **DISCLOSURE OF DEALINGS**

In accordance with Rule 3.8 of the Takeovers Code, associates of Rui Kang or China Wah Yan (including persons holding 5% or more of a class of relevant securities of Rui Kang or China Wah Yan) are reminded to disclose their dealings in the securities of Rui Kang and the China Wah Yan pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

*“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*”

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

China Wah Yan, its nominees or brokers or associates may from time to time make certain purchases of, or arrangements to purchase Rui Kang Shares other than pursuant to the Share Offer, before or during the period in which the Share Offer remains open for acceptance in compliance with the Takeovers Code. These purchases may occur either in the open market at prevailing price or in private transactions at negotiated prices. Any information about such purchases will be reported to the SFC and will be available on the SFC website at <http://www.sfc.hk/>.

## **WARNING**

**Completion of the Offers is subject to the conditions of the Offers being fulfilled or waived, as applicable. Completion may or may not take place and accordingly, the Offers may or may not proceed. Shareholders and potential investors in China Wah Yan and/or Rui Kang are advised to exercise caution when dealing in China Wah Yan Shares and Rui Kang Shares, respectively.**

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed in the Takeovers Code
“associates”	has the meaning ascribed to it in the Takeovers Code
“China Wah Yan”	China Wah Yan Healthcare Limited, a company incorporated in Hong Kong and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 648)
“China Wah Yan EGM”	the extraordinary general meeting of China Wah Yan referred to in the section entitled “China Wah Yan EGM” in this announcement
“China Wah Yan Group”	China Wah Yan and its subsidiaries
“China Wah Yan Shares”	ordinary share(s) of China Wah Yan
“China Wah Yan Shareholder(s)”	holder(s) of China Wah Yan Shares
“Closing Date”	the date to be stated in the Composite Document as the closing date of the Offers or any subsequent closing date as may be announced by China Wah Yan

“Composite Document”	the composite offer and response document to be issued by or on behalf of China Wah Yan and Rui Kang to all Rui Kang Shareholders and the Optionholders in accordance with the Takeovers Code containing, inter alia, details of the Offers, terms and conditions of the Offers, the advice of the Rui Kang IBC, the letter from Rui Kang IFA and the acceptance and transfer form or the form of acceptance and cancellation in respect of the Offers
“Connected Person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Consolidated Rui Kang Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of Rui Kang immediately after the Rui Kang Share Consolidation becoming effective
“Convertible Notes”	the convertible note(s) in the aggregate principal amount of HK\$43,340,000 which Rui Kang originally conditionally agreed to issue to the Subscriber as disclosed in the announcement of Rui Kang dated 15 January 2016 and the subscription of which was terminated by Rui Kang and the Subscriber as disclosed in Rui Kang’s announcement dated 17 February 2016
“Enlarged Group”	the China Wah Yan Group and the Rui Kang Group
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Existing Rui Kang Share(s)”	ordinary share(s) of par value of HK\$0.05 each in the share capital of Rui Kang prior to the Rui Kang Share Consolidation becoming effective
“GEM”	the Growth Enterprise Market of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	5 February 2016, being the last trading day immediately prior to the suspension of trading in the Rui Kang Shares or China Wah Yan Shares pending the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange on the Main Board or GEM (where relevant)
“Long Stop Date”	the 60th day after the date of the posting of the Composite Document (or such later date to which the Executive may consent)
“Main Board”	the main board of the Stock Exchange
“Offers”	the Share Offer and the Option Offer

“Option Offer”	the proposal to be made by China Wah Yan in compliance with Rule 13 of the Takeovers Code to cancel all the outstanding Options in accordance with the terms and conditions set out in this announcement
“Optionholder(s)”	holder(s) of the Options
“Options”	share options granted by Rui Kang pursuant to the Share Option Scheme, whether vested or not
“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
“Relevant Authority(ies)”	means any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution.
“Rui Kang”	Rui Kang Pharmaceutical Group Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on GEM (stock code: 8037)
“Rui Kang Group”	Rui Kang and its subsidiaries
“Rui Kang IBC”	the independent board committee of Rui Kang referred to in the section entitled “Rui Kang IBC and Rui Kang IFA” in this announcement
“Rui Kang IFA”	Veda Capital Limited, the independent financial adviser appointed by Rui Kang to advise Rui Kang IBC and Rui Kang Independent Shareholders in respect of the Offers as referred to in the section entitled “Rui Kang IBC and Rui Kang IFA” in this announcement
“Rui Kang Independent Shareholders”	the Rui Kang Shareholders (other than China Wah Yan and parties acting in concert with it)
“Rui Kang Share Consolidation”	the proposed consolidation of every two (2) issued and unissued Rui Kang Shares into one (1) Consolidated Share, details of which are set out in the announcement of Rui Kang dated 8 January 2016 and the circular of Rui Kang dated 2 February 2016
“Rui Kang Shares”	Existing Rui Kang Share(s) or Consolidated Rui Kang Share(s), as the case may be
“Rui Kang Shareholder(s)”	holders of Rui Kang Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share Offer”	the voluntary conditional securities exchange offer to be made by China Wah Yan to acquire all of the issued shares in the share capital of Rui Kang (other than those already owned by China Wah Yan and parties acting in concert with it) in accordance with the terms and conditions set out in this announcement
“Share Option Scheme”	the share option scheme of Rui Kang adopted by Rui Kang pursuant to an ordinary resolution of the Rui Kang Shareholders passed on 26 May 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Hang Fat Ginseng International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Hang Fat Ginseng Holdings Company Limited which in turn is 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: 911)
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Unconditional Date”	the date on which the Offers become or are declared unconditional in all respects
“Very Substantial Acquisition”	the very substantial acquisition referred to in the section headed “Very Substantial Acquisition and Allotment and Issue of China Wah Yan Shares” in this announcement
“%”	per cent

By order of the board of directors of  
**China Wah Yan Healthcare Limited**  
**CHAN Ka Chung**  
*Chairman*

By order of the board of directors of  
**Rui Kang Pharmaceutical Group**  
**Investments Limited**  
**LEUNG Pak Hou Anson**  
*Executive Director*

Hong Kong, 17 February 2016

*The directors of China Wah Yan jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to Rui Kang and the Rui Kang Group, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by Rui Kang and the Rui Kang Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*

*The directors of Rui Kang jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to China Wah Yan and parties acting in concert with it, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by China Wah Yan and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*

*As at the date of this announcement, the board of directors of China Wah Yan 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.*

*As of the date of this announcement, the board of directors of Rui Kang comprises three executive directors, namely Mr. CHEUNG Hung (Chairman), Mr. LEUNG Pak Hou Anson and Ms. CHEN Miaoping (Chief Executive Officer); and three independent non-executive directors, namely Mr. YUEN Chun Fai, Mr. LEUNG Ka Fai and Mr. HO Fung Shan Bob.*