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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)

DISCLOSEABLE TRANSACTION: ACQUISITION OF 4% INTEREST OF THE TARGET

ACQUISITION

The Rui Kang Board is pleased to announce that, after the trading hours on 15 July 2016, the Purchaser, an indirect wholly-owned subsidiary of Rui Kang, and the Vendor entered into the SP Agreement pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing 4% of the issued share capital of the Target, at the Consideration of HK\$19,416,800.

The Target Group is principally engaged in provision of contracted medical schemes for integrated medical and healthcare check-up services. Immediately after Completion, the Purchaser will directly hold 4% of the issued share capital of the Target.

IMPLICATIONS UNDER THE GEM LISTING RULES AND THE LISTING RULES

As certain applicable percentage ratios under the GEM Listing Rules in respect of the Acquisition exceed 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of Rui Kang under the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Since Rui Kang is a non wholly-owned subsidiary of China Wah Yan and the relevant applicable percentage ratio under the Listing Rules in respect of the Acquisition exceeds 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of China Wah Yan under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Rui Kang Board is pleased to announce that, after the trading hours on 15 July 2016, the Purchaser, an indirect wholly-owned subsidiary of Rui Kang, and the Vendor entered into the SP Agreement pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing 4% of the issued share capital of the Target, at the Consideration of HK\$19,416,800.

THE SP AGREEMENT

The principal terms of the SP Agreement are set out below.

Date:

15 July 2016

Parties:

Vendor : JFA Capital, a company incorporated in the Cayman Islands with limited liability

Purchaser : Angel Rise International Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of Rui Kang as at the date of this joint announcement.

To the best of the knowledge, information and belief of each of the Rui Kang Directors and the China Wah Yan Directors and having made all reasonable enquiries, (i) the principal business of the Vendor is investment holding; and (ii) each of the Vendor and its ultimate beneficial owner(s) is an Independent Third Party.

Assets to be acquired:

The Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing 4% of the issued share capital of the Target.

Consideration:

The Consideration for the Sale Shares payable by the Purchaser is HK\$19,416,800. The Consideration shall be settled by the Purchaser in cash at Completion.

Basis of consideration:

The Consideration is determined by the Vendor and the Purchaser after arm's length negotiation on normal commercial terms with reference to (i) the unaudited combined net profit after taxation of the Target Group for the year ended 31 March 2016 taking into account the price-to-earnings ratio of multiple of 19; and (ii) the network of more than 700 specialist and general practitioner doctors which the Target Group has entered into contracts with.

The Consideration will be funded by the Rui Kang Group's internal resources and/or borrowings and/or equity issue. In the event Rui Kang has decided to raise fund by way of equity issue, Rui Kang will issue further announcement in compliance with the GEM Listing Rules.

Conditions:

Completion shall be conditional upon the following Conditions having been fulfilled or waived:

- (1) the Purchaser having carried out and completed the due diligence review of the Target Group (whether legal, accounting, financial, operational or other aspects that the Purchaser considers necessary) and being reasonably satisfied with the results of the due diligence review of the Target Group and its related business, assets, liabilities, activities, operations, financial position, prospects in all respects and any other aspects of the Target Group that the Purchaser, its agents or professional advisers consider necessary;
- (2) Rui Kang and China Wah Yan having complied with the requirements under the GEM Listing Rules and Listing Rules respectively in respect of the transactions contemplated under the SP Agreement;
- (3) (if required) all requisite waivers, consents and approvals from any relevant governmental or regulatory authorities or other relevant third parties in connection with the transactions contemplated by the SP Agreement required to be obtained on the part of the Vendor, the Purchaser and the Target having been obtained by the Purchaser;
- (4) the Purchaser being satisfied, from the date of the SP Agreement and at any time before Completion, that the Warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Warranties or other provisions of the SP Agreement by the Vendor; and
- (5) there being no Material Adverse Change up to Completion.

The Purchaser may waive the above Conditions (1), (4) and (5) at any time before the Long Stop Date by notice in writing to the Vendor. Save as aforesaid, none of the above Conditions is capable of being waived.

If any of the Conditions above shall not have been fulfilled or waived at or before 5:00 p.m. on the Long Stop Date, the SP Agreement shall cease and determine (save and except provisions in relation to confidentiality, costs and expenses, miscellaneous matters, notices and governing law and jurisdiction which shall continue to have full force and effect) and thereafter neither party under the SP Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion:

Upon fulfillment or waiver of all the above Conditions, Completion shall take place on the Completion Date.

Immediately after Completion, the Purchaser will directly hold 4% of the issued share capital of the Target.

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in the Cayman Islands with limited liability on 15 January 2016 and is principally engaged in investment holding. As at the date of this joint announcement, the Vendor is the holding company of the Target. The Target Group is principally engaged in provision of contracted medical schemes (“Schemes”) for integrated medical and healthcare check-up services. The customers of the Target Group are corporate clients, which have engaged the Target Group to provide the Schemes mainly in Hong Kong so as to allow the employees of such corporate clients to seek medical and healthcare services offered by the network of the Target Group. Currently, the Target Group has a network of more than 700 specialist and general practitioner doctors for providing medical and healthcare services under the Schemes.

The unaudited consolidated total asset value and the net asset value of the Target Group as at 31 March 2016 are approximately HK\$558.97 million and approximately HK\$10.56 million respectively.

Subsequent to 31 March 2016, the Target Group and the Vendor undertook an internal restructuring regarding certain amounts due to/from the various parties. After completion of such restructuring, the unaudited consolidated net asset value of the Target Group is adjusted to approximately HK\$495.98 million, without taking into account the profit and loss effect of the Target Group after 31 March 2016.

The unaudited combined financial information of the Target Group for the year ended 31 March 2015 and 31 March 2016 respectively are as follows:

	For the year ended 31 March 2015 <i>HK\$'000</i> (<i>approximately</i>)	For the year ended 31 March 2016 <i>HK\$'000</i> (<i>approximately</i>)
Revenue	199,713	202,005
Net profit before taxation	32,562	30,473
Net profit after taxation	27,282	25,215

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Rui Kang Group is principally engaged in (i) manufacture, research and development, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; (ii) provision of medical laboratory testing services and health check services in Hong Kong (“**Health Check Services**”); and (iii) trading of securities in Hong Kong.

The China Wah Yan Group is principally engaged in (i) the health management business; (ii) the medical and well-being business; and (iii) the asset management business.

As advised by the Vendor, the Target Group has a network of more than 700 specialist and general practitioner doctors for providing medical and healthcare services under the Schemes and the management team of the Target Group has extensive experiences in management of the Schemes. Having considered the extensive network of doctors and corporate customers that the Target Group has and the expertise of the management team of the Target Group, the Rui Kang Directors are of the view that the Acquisition would represent an opportunity to bring possible synergies between the Rui Kang Group and the Target Group, including but not limited to provision of the Health Check Services by the Rui Kang Group under the Schemes’ operated by the Target Group. Therefore it is expected that the Acquisition will enable the Rui Kang Group to expand its customer base in the business of Health Check Services and bring investment return to the Rui Kang Group.

The Rui Kang Directors are of the view that the terms of the SP Agreement are on normal commercial terms and fair and reasonable and in the interests of Rui Kang and its shareholders as a whole.

The China Wah Yan Board concurs with the views of the Rui Kang Board in respect of the Acquisition as set out above.

IMPLICATIONS UNDER THE GEM LISTING RULES AND THE LISTING RULES

As certain applicable percentage ratios under the GEM Listing Rules in respect of the Acquisition exceed 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of Rui Kang under the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Since Rui Kang is a non wholly-owned subsidiary of China Wah Yan and the relevant applicable percentage ratio under the Listing Rules in respect of the Acquisition exceeds 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of China Wah Yan under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this joint announcement have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the terms of the SP Agreement
“BVI”	British Virgin Islands
“China Wah Yan”	China Wah Yan Healthcare Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“China Wah Yan Board”	the board of China Wah Yan Directors
“China Wah Yan Directors”	the director(s) of China Wah Yan
“China Wah Yan Group”	China Wah Yan and its subsidiaries
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the SP Agreement
“Completion Date”	the date of Completion, which means a day within five business day after the last outstanding Condition (other than the Conditions which are only capable of being fulfilled upon Completion) shall have been fulfilled or waived (or such other date as the Vendor and the Purchaser may agree in writing) on which Completion is to take place
“Condition(s)”	condition(s) precedent to the Completion as set out in the section headed “The SP Agreement – Conditions” of this joint announcement
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules and the Listing Rules
“Consideration”	the sum of HK\$19,416,800, being the consideration for the sale and purchase of the Sale Shares
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party who is not a connected person of each of Rui Kang and China Wah Yan and is independent of each of Rui Kang and China Wah Yan and its respective connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 August 2016 (or such later date as the Vendor and the Purchaser may agree in writing)
“Material Adverse Change”	any change (or effect) which has a material and adverse effect on the financial position, business or prospects or results of operations, of the Target Group as a whole
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Angel Rise International Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of Rui Kang
“Rui Kang”	Rui Kang Pharmaceutical Group Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on GEM
“Rui Kang Board”	the board of Rui Kang Directors
“Rui Kang Directors”	the director(s) of Rui Kang
“Rui Kang Group”	Rui Kang and its subsidiaries
“Sale Shares”	400 shares of the Target, representing 4% of its issued share capital, which were legally and beneficially owned by the Vendor immediately before Completion

“SP Agreement”	the sale and purchase agreement dated 15 July 2016 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	C&C International Healthcare Group Limited, a company incorporated in the Cayman Islands with limited liability
“Target Group”	the Target, its subsidiaries and various joint venture companies
“Vendor”	JFA Capital, a company incorporated in the Cayman Islands with limited liability and the holding company of the Target
“Warranties”	the representations, warranties and undertakings given by the Vendor under the SP Agreement
“%”	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, 15 July 2016

As at the date of this joint announcement, the China Wah Yan Board comprises three executive China Wah Yan Directors, namely Mr. CHAN Ka Chung, Mr. CHEUNG Wai Kwan and Mr. WANG Jianguo; and four independent non-executive China Wah Yan Directors, namely Mr. CHAN Yee Ping, Michael, Ms. HU Xuezheng, Mr. LAM Chun Ho and Dr. TONG Cheuk Man.

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

This joint announcement, for which the Rui Kang Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Rui Kang. The Rui Kang Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this joint announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this joint announcement misleading.

This joint announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of Rui Kang at www.ruikang.com.hk.