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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**

**Nuada Limited**

#### **THE PLACING AGREEMENT**

On 23 August 2016 (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 778,057,500 new Shares to not less than six Places at the Placing Price of HK\$0.055 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate. The net proceed from the Placing is estimated to be HK\$41.4 million and is intended to be used for the Group's general working capital, investment opportunities and enhancement of capital structure.

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 778,057,500 Placing Shares represent (i) 19.7% of the issued Shares as at the date of this announcement; and (ii) 16.5% 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 23 August 2016 (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:**

23 August 2016 (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 not connected persons (as defined under the Listing Rules) of the Company.

### **The Placing Shares**

The Placing Agent has conditionally agreed to place, on a best effort basis, the maximum number of 778,057,500 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 778,057,500 Placing Shares represents (i) 19.7% of the existing number of issued Shares; and (ii) 16.5% of the number of issued Shares as enlarged by the issue of the Placing Shares. Based on the closing price of the Shares on 23 August 2016 (i.e. the date of the Placing Agreement) of HK\$0.066, the Placing Shares have a market value of HK\$51.35 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\$0.055 per Placing Share was determined after arm's length negotiation between the Company and the Placing Agent with reference to the current trading price of the Shares and represents:

- (i) a discount of approximately 16.7% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on 23 August 2016, being the date of the Placing Agreement; and
- (ii) a discount of approximately 17.9% to the average closing price of HK\$0.067 per Share as quoted on the Stock Exchange for the last five trading days immediately prior 23 August 2016, being the date of the Placing Agreement.

The Directors consider that the Placing Price is fair and reasonable and is in the interest of the Company and its shareholders as a whole.

Assuming that all the 778,057,500 Placing Shares are placed under the Placing, the gross proceed and the estimated net proceed from the Placing will amount to HK\$42.8 million and HK\$41.4 million, respectively. The net price per Placing Share is therefore estimated to be approximately HK\$0.053.

### **Conditions of the Placing**

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

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in the Placing Shares; and
- (ii) the Placing Agreement not being terminated in accordance with the terms thereof.

Completion of the Placing will take place on the third business day after the fulfilment of the conditions as set out above (the “Completion Date”) but not later than 13 September 2016 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) on or before the Long Stop Date, the obligation of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and none of the parties hereto shall have any claim against the other (save for any antecedent breaches hereof).

### **Termination**

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company under the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate this Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement, all liabilities of the parties thereto shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save in respect of any antecedent breach of any obligation under the Placing Agreement.

**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.

**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**

All the Placing Shares will be issued under the General Mandate. On the date of the annual general meeting granting the General Mandate, the Company had 3,890,293,547 Shares in issue and the General Mandate granted to the Directors thus authorised the Directors to allot and issue up to 778,058,709 new Shares, representing 20% of the number of issued Shares as at the date of the passing of the said resolution.

As at the date of this announcement, no Shares have been issued pursuant to the General Mandate. The Placing is not subject to the 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>
<b>Shareholders</b>				
Director	101,250,000	2.57%	101,250,000	2.15%
The Placee(s)	—	—	778,057,500	16.48%
Other shareholders of the Company	<u>3,841,429,069</u>	<u>97.43%</u>	<u>3,841,429,069</u>	<u>81.37%</u>
	<u><u>3,942,679,069</u></u>	<u><u>100.00%</u></u>	<u><u>4,720,736,569</u></u>	<u><u>100.00%</u></u>

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) the health management business; (ii) the medical and well-being business; and (iii) the asset management business. As described in the interim results announcement of the Company for the six months ended 30 June 2016, the Group will continue to streamline its business portfolio through mergers, acquisitions and integration with a view to achieving its business goal of becoming an integrated provider of healthcare and well-being services. In addition, the Group will also continue to explore investment opportunities in financial/fixed/distressed assets with a view to paving its path to achieve its business goal, diversifying the risks and return of its business and enhancing return to shareholders. The net proceed of the Placing will be applied as the Group's general capital and for investment opportunities and enhancement of capital structure to fulfill its business goal.

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 exercise in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceed raised	Intended use of proceeds	Actual use of proceeds
10 December 2015	Placing of new Shares	HK\$47 million	General working capital for development of the Group's business and capital structure enhancement	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 annual general meeting of the Company held on 18 May 2016 to allot, issue and deal with up to 778,058,709 new Shares (representing 20% of the total number of Shares in issue as at the date of the annual general meeting)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual(s), corporate(s), institutional investor(s) or other investor(s), who are not connected persons of the Company (as defined under the Listing Rules), procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Nuada Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) 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 23 August 2016 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.055 per Placing Share
“Placing Shares”	up to 778,057,500 new Shares to be placed pursuant to the terms of the Placing Agreement
“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, 23 August 2016

*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, Ms. Hu Xuezhen, Mr. Lam Chun Ho, and Dr. Tong Cheuk Man.*