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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)

DISCLOSEABLE TRANSACTION

THE CONTRIBUTION

The Company announces that on 31 October 2016, Sky Clear (a wholly-owned subsidiary of the Company) and the Participating Shareholder agreed to contribute an aggregate of HK\$13.14 million to Hong Kong Optical, of which HK\$9.46 million will be contributed by Sky Clear in the form of equity capital and shareholder's loan. Hong Kong Optical is a non wholly-owned subsidiary of the Company and is principally engaged in the operation of a chain of optical products and eye-care services retail shops under the brand name of "Hong Kong Optical". Following the Contribution, Sky Clear's equity interest in Hong Kong Optical will be increased from 52% to 62% and Hong Kong Optical will remain as a non wholly-owned subsidiary of the Company.

THE LISTING RULES IMPLICATION

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Contribution is greater than 5% but less than 25%, the Contribution will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

THE CONTRIBUTION

On 31 October 2016, it was agreed amongst the shareholders of Hong Kong Optical that Sky Clear (a wholly-owned subsidiary of the Company) and the Participating Shareholder would contribute an aggregate of HK\$13.14 million to Hong Kong Optical (approximately 20% of which will be contributed in the form of equity capital and the remaining approximately 80% will be in the form of shareholders' loan), whereby Sky Clear will contribute HK\$9.46 million (HK\$1.90 million as equity capital and HK\$7.56 million as shareholders' loan) and the Participating Shareholder will contribute the remaining HK\$3.68 million (HK\$0.74 million as equity capital and HK\$2.94 million as shareholder's loan). Both of the shareholders' loans given by Sky Clear and the Participating Shareholder are unsecured and non-interest bearing and are repayable upon demand by Sky Clear or the Participating Shareholder (as the case may be). Apart from Sky Clear and the Participating Shareholder, no contribution will be

made by the other shareholder of Hong Kong Optical. Following the Contribution, Sky Clear's equity interest in Hong Kong Optical will be increased from 52% to 62% and Hong Kong Optical will remain as a non wholly-owned subsidiary of the Company.

It is intended that the Contribution will be applied by Hong Kong Optical for repayment of part of its interest-bearing borrowings (of which HK\$15 million will be due on 1 November 2016).

INFORMATION OF HONG KONG OPTICAL

Hong Kong Optical is principally engaged in the operation of a chain of optical products and eye-care services retail shops under the brand name of "Hong Kong Optical". Based on the audited financial statements, Hong Kong Optical recorded (i) loss before and after tax of HK\$2.0 million for the period from 1 March to 31 December 2014 respectively and (ii) loss before and after tax of HK\$5.8 million for the year ended 31 December 2015 respectively. As at 30 June 2016, Hong Kong Optical had net liabilities of HK\$15.1 million.

REASONS FOR AND BENEFITS OF THE CONTRIBUTION

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

Hong Kong Optical operates one of the largest and well-known retail chains of optical products with the longest operating history of over 60 years in Hong Kong under the name of "Hong Kong Optical". Hong Kong Optical represents a platform of the eye-care business line under the Group's medical and well-being business segment, the Directors considered that the Contribution represents an opportunity for it to increase its stake in Hong Kong Optical and helps reducing its external borrowings. Following the Contribution, the Company expects Hong Kong Optical to be in a better position to collaborate with Group's other business lines for synergy including its strategic investment in one of the leading providers of ophthalmic medical services in Hong Kong as detailed in the interim report of the Group for the six months ended 30 June 2016. Given the above, the Directors are of the view that the terms of the Contribution are fair and reasonable and of normal commercial terms and the Contribution is in the interest of the Company and its shareholders as a whole.

THE LISTING RULES IMPLICATION

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Contribution is greater than 5% but less than 25%, the Contribution will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

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
“Contribution”	the contribution of an aggregate of HK\$13.14 million to Hong Kong Optical by Sky Clear and the Participating Shareholder by way of equity capital and shareholder’s loan
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Optical”	Hong Kong Optical Company Limited, a 52%-owned subsidiary of the Company before the Contribution
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Participating Shareholder”	an existing shareholder of Hong Kong Optical holding 28% of the total issued share capital of Hong Kong Optical
“Sky Clear”	Sky Clear Bright Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary 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 Directors of
China Wah Yan Healthcare Limited
Chan Ka Chung
Chairman

Hong Kong, 31 October 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 three independent non-executive Directors, namely, Mr. Chan Yee Ping, Michael, Ms. Hu Xuezhen and Mr. Lam Chun Ho.