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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)**



New Ray Medicine

**新銳醫藥**

**New Ray Medicine International Holding Limited**

**新銳醫藥國際控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 6108)**

**DISCLOSEABLE TRANSACTION AND  
MAJOR TRANSACTION**

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MAJOR TRANSACTION**

#### **THE SHARE TRANSFER**

Wah Yan Healthcare and New Ray Medicine are pleased to announce that after the trading hours on 2 December 2016, Wah Yan Healthcare and the Purchaser (a wholly-owned subsidiary of New Ray Medicine) entered into the Share Transfer Agreement, pursuant to which Wah Yan Healthcare has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing an aggregate of approximately 29.0% of the issued share capital of RK Pharmaceutical as at the date of the Share Transfer Agreement, in two tranches at an aggregate cash consideration of HK\$87,972,976.

The Share Transfer comprises the Tranche One Share Transfer and the Tranche Two Share Transfer. Under the Tranche One Share Transfer, Wah Yan Healthcare has agreed to sell and the Purchaser has agreed to acquire the Tranche One Sale Shares (representing approximately 11.0% of the issued share capital of RK Pharmaceutical as at the date of the Share Transfer Agreement) for the Tranche One Consideration of HK\$33,362,160. Immediately following completion of the Tranche One Share Transfer, the Wah Yan Healthcare Group and the New Ray Medicine Group will hold approximately 51.5% and approximately 11.0% of the issued share capital of RK Pharmaceutical respectively and RK Pharmaceutical will remain as a non wholly-owned subsidiary of Wah Yan Healthcare Group and the Tranche One Sale Shares will be accounted for as available-for-sale financial assets of New Ray Medicine Group.

Under the Tranche Two Share Transfer, Wah Yan Healthcare has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Tranche Two Sale Shares (representing approximately 18.0% of the issued share capital of RK Pharmaceutical as at the date of the Share Transfer Agreement) for the Tranche Two Consideration of HK\$54,610,816. Subject to completion of the Tranche One Share Transfer and immediately following completion of the Tranche Two Share Transfer, the Wah Yan Healthcare Group and the New Ray Medicine Group will hold approximately 33.5% and approximately 29.0% of the issued share capital of RK Pharmaceutical respectively and RK Pharmaceutical will cease to be a subsidiary of the Wah Yan Healthcare Group and will be accounted for as an associate of both the Wah Yan Healthcare Group and the New Ray Medicine Group.

As at the date of this announcement, RK Pharmaceutical is a 62.5%-owned subsidiary of Wah Yan Healthcare with its shares listed on the Growth Enterprise Market of the Stock Exchange and 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; and (iii) trading of securities in Hong Kong.

## **THE LISTING RULES IMPLICATION**

### **Wah Yan Healthcare**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Tranche One Share Transfer is greater than 5% but all applicable percentage ratios (as defined under the Listing Rules) are less than 25% for Wah Yan Healthcare, the Tranche One Share Transfer constitutes a discloseable transaction of Wah Yan Healthcare under the Listing Rules and is subject to only the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of (i) the Tranche Two Share Transfer (standing alone); and (ii) the Tranche Two Share Transfer, when aggregated with the Tranche One Share Transfer as a whole, is greater than 25% but all applicable percentage ratios (as defined under the Listing Rules) are less than 75% for Wah Yan Healthcare, each of (i) the Tranche Two Share Transfer (standing alone); and (ii) the Tranche Two Share Transfer, when aggregated with the Tranche One Share Transfer as a whole constitutes a major transaction of Wah Yan Healthcare under the Listing Rules and is subject to the notification, announcement and shareholders' approvals requirements under Chapter 14 of the Listing Rules.

### **New Ray Medicine**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Tranche One Share Transfer is greater than 5% but all applicable percentage ratios (as defined under the Listing Rules) are less than 25% for New Ray Medicine, the Tranche One Share Transfer constitutes a discloseable transaction for New Ray Medicine under the Listing Rules and is subject to only the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of (i) the Tranche Two Share Transfer (standing alone); and (ii) the Tranche Two Share Transfer, when aggregated with the Tranche One Share Transfer as a whole, is greater than 25% but all applicable percentage ratios (as defined under the Listing Rules) are less than 100% for New Ray Medicine, each of (i) the Tranche Two Share Transfer (standing alone); and (ii) the Tranche Two Share Transfer, when aggregated with the Tranche One Share Transfer as a whole constitutes a major transaction of New Ray Medicine under the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **SHAREHOLDERS MEETINGS**

### **Wah Yan Healthcare EGM**

The Wah Yan Healthcare EGM will be convened at which resolution(s) will be proposed to seek approval of the shareholders of Wah Yan Healthcare for the Tranche Two Share Transfer by way of a poll.

### **New Ray Medicine SGM**

The New Ray Medicine SGM will be convened at which resolution(s) will be proposed to seek approval of the shareholders of New Ray Medicine for the Tranche Two Share Transfer by way of a poll.

## **GENERAL**

A circular of Wah Yan Healthcare containing, among other things, further details regarding (i) the Share Transfer Agreement and the transactions contemplated thereunder; (ii) the notice of the Wah Yan Healthcare EGM and the corresponding form of proxy; and (iii) other disclosure requirements under the Listing Rules, is expected to be despatched to the shareholders of Wah Yan Healthcare on or before 16 January 2017 as more time is required for preparation of the information for inclusion in the circular.

A circular of New Ray Medicine containing, among other things, further details regarding (i) the Share Transfer Agreement and the transactions contemplated thereunder; (ii) the financial information of the RK Pharmaceutical Group; (iii) the notice convening the New Ray Medicine SGM; and (iv) other disclosure requirements under the Listing Rules, is expected to be despatched to the shareholders of New Ray Medicine on or before 16 January 2017 as more time is required for preparation of the information for inclusion in the circular.

## **THE SHARE TRANSFER**

Wah Yan Healthcare and New Ray Medicine are pleased to announce that after trading hours on 2 December 2016, Wah Yan Healthcare and the Purchaser (a wholly-owned subsidiary of New Ray Medicine) entered into the Share Transfer Agreement, pursuant to which Wah Yan Healthcare has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing an aggregate of approximately 29% of the issued share capital of RK Pharmaceutical as at the date of the Share Transfer Agreement, in two tranches at an aggregate cash consideration of HK\$87,972,976.

## **THE SHARE TRANSFER AGREEMENT**

### **Date**

2 December 2016

### **Parties to the Share Transfer Agreement**

- (i) Wah Yan Healthcare, as the vendor; and
- (ii) the Purchaser, as the purchaser

The Purchaser is a wholly-owned subsidiary of New Ray Medicine and is principally engaged in investment holding. To the best of the knowledge, information and belief of the directors of Wah Yan Healthcare, having made all reasonable enquiries, the Purchaser and the New Ray Medicine Group are third parties independent of Wah Yan Healthcare and its connected person (as defined under the Listing Rules). As at the date of this announcement, the New Ray Medicine Group holds 63,500,000 shares of Wah Yan Healthcare (representing approximately 0.97% of the issued share capital of Wah Yan Healthcare).

To the best of the knowledge, information and belief of the directors of New Ray Medicine, having made all reasonable enquiries, Wah Yan Healthcare and its ultimate beneficial owners are third parties independent of New Ray Medicine and its connected person (as defined under the Listing Rules). As at the date of this announcement, the Wah Yan Healthcare Group holds 34,356,960 shares of New Ray Medicine (representing 8.25% of the issued share capital of New Ray Medicine).

### **Assets to be acquired**

Subject to the terms and conditions of the Share Transfer Agreement, Wah Yan Healthcare has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares comprising the Tranche One Sale Shares and the Tranche Two Sale Shares, representing an aggregate of approximately 29.0% of the issued share capital of RK Pharmaceutical as at the date of the Share Transfer Agreement.

#### *Tranche One Share Transfer*

Pursuant to the terms and conditions of the Share Transfer Agreement, Wah Yan Healthcare has agreed to sell, and the Purchaser has agreed to acquire, the Tranche One Sale Shares, representing approximately 11.0% of the issued share capital of RK Pharmaceutical as at the date of the Share Transfer Agreement.

#### *Tranche Two Share Transfer*

Pursuant to the terms and conditions of the Share Transfer Agreement, Wah Yan Healthcare has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Tranche Two Sale Shares, representing approximately 18.0% of the issued share capital of RK Pharmaceutical as at the date of the Share Transfer Agreement.

As at the date of this announcement, RK Pharmaceutical, whose shares are listed on the Growth Enterprise Market of the Stock Exchange, is a 62.5%-owned subsidiary of Wah Yan Healthcare and is principally engaged in (i) the 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; and (iii) trading of securities in Hong Kong.

Based on the annual report of RK Pharmaceutical Group for the year ended 31 December 2015, RK Pharmaceutical Group recorded (i) audited consolidated loss before and after taxation of HK\$74.4 million and HK\$74.9 million from continuing operations respectively and loss of HK\$8.1 million from discontinued operation for the year ended 31 December 2014; and (ii) audited consolidated loss before and after taxation of HK\$60.0 million and HK\$59.7 million from continuing operations respectively and loss of HK\$8.1 million from discontinued operation for the year ended 31 December 2015. As at 30 June 2016, the unaudited consolidated total asset value and the net asset value of the RK Pharmaceutical Group amounted to HK\$364.2 million and HK\$320.0 million respectively.

### **Consideration**

The aggregate consideration for the sale and purchase of the Tranche One Sale Shares and the Tranche Two Sale Shares is HK\$87,972,976 and was determined after arm's length negotiation between the Wah Yan Healthcare Group and the New Ray Medicine Group with reference to the net asset value of RK Pharmaceutical attributable to its shareholders as at 30 June 2016 and taking into account the expected synergy between the RK Pharmaceutical Group and the New Ray Medicine Group following completion of the Share Transfer.

The Tranche One Consideration is HK\$33,362,160 and is payable by the Purchaser to Wah Yan Healthcare in cash (i) as to HK\$5,000,000 on the Tranche One Completion Date; and (ii) as to the remaining HK\$28,362,160 on a date falling on or before the third month from the Tranche One Completion Date as agreed between Wah Yan Healthcare and the Purchaser or on the Tranche Two Completion Date, whichever is earlier.

The Tranche Two Consideration is HK\$54,610,816 and is payable by the Purchaser to Wah Yan Healthcare in cash on the Tranche Two Completion Date.

Wah Yan Healthcare intends to apply the proceeds from the Share Transfer for general working capital purpose.

The Tranche One Consideration and the Tranche Two Consideration to be paid by the Purchaser will be funded by internal resources of the New Ray Medicine Group and/or borrowings and/or other financing alternatives.

The consideration per Sale Share of HK\$0.3848:

- (i) represents a premium of approximately 50.9% over the closing price of HK\$0.255 per RK Pharmaceutical Share as quoted on the Stock Exchange as at the date of this announcement;
- (ii) represents a premium of approximately 45.5% over the average closing price of HK\$0.2645 per RK Pharmaceutical Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to the date of this announcement; and



(iii) approximates to the unaudited consolidated net asset value of RK Pharmaceutical attributable to its shareholders per RK Pharmaceutical Share of approximately HK\$0.3848 as at 30 June 2016 (based on the unaudited consolidated net asset value of RK Pharmaceutical attributable to its shareholders of HK\$303.37 million as at 30 June 2016 and 788,366,750 RK Pharmaceutical Shares in issue as at the date of this announcement).

### **Conditions Precedent**

Completion of the Tranche One Share Transfer is not subject to any condition precedent and shall take place on the Tranche One Completion Date.

Completion of the Tranche Two Share Transfer shall take place on the Tranche Two Completion Date, subject to the fulfilment of the following conditions precedent:

- (i) completion of the Tranche One Share Transfer having taken place;
- (ii) approval having been obtained from the shareholders of Wah Yan Healthcare at the Wah Yan Healthcare EGM in respect of, among other things, the terms of the Share Transfer Agreement and the sale and purchase of the Tranche Two Sale Shares in accordance with the requirements of the Listing Rules;
- (iii) approval having been obtained from the shareholders of New Ray Medicine at the New Ray Medicine SGM in respect of, among other things, the terms of the Share Transfer Agreement and the sale and purchase of the Tranche Two Sale Shares in accordance with the requirements of the Listing Rules; and
- (iv) all necessary licences, consents, approvals, authorisations, permissions, waivers, orders, exemptions of, among others, the Stock Exchange and/or any other governmental or regulatory authorities, which are required for the execution and performance of the Share Transfer Agreement or completion of the Tranche Two Share Transfer, having been obtained and not having been revoked prior to completion of the Tranche Two Share Transfer.

Neither parties to the Share Transfer Agreement shall have the right to waive any of the conditions precedent above.

If the conditions precedent in respect of the Tranche Two Share Transfer as set out above are not fulfilled in full at or before 5:00 p.m. on 30 April 2017 (or such later date as may be agreed between Wah Yan Healthcare and the Purchaser in writing), without prejudice to the rights and obligations of the parties thereunder accrued up to and immediately after completion of the Tranche One Share Transfer, all other rights and obligations of the parties thereunder shall cease and terminate, save and except for those pursuant to the provisions relating to confidentiality and miscellaneous matters which provisions shall remain in full force and effect, and no party shall have any claim against the other save for claim (if any) in respect of such continuing provisions or any antecedent breach thereof.

## **Completion**

### *Tranche One Share Transfer*

Immediately following completion of the Tranche One Share Transfer, the Wah Yan Healthcare Group and the New Ray Medicine Group will respectively hold approximately 51.5% and approximately 11.0% of the issued share capital of RK Pharmaceutical. RK Pharmaceutical will remain as a non wholly-owned subsidiary of Wah Yan Healthcare Group and the Tranche One Sale Shares will be accounted for as available-for-sale financial assets of New Ray Medicine Group.

### *Tranche Two Share Transfer*

Subject to completion of the Tranche One Share Transfer and immediately following completion of the Tranche Two Share Transfer, the Wah Yan Healthcare Group and the New Ray Medicine Group will respectively hold approximately 33.5% and approximately 29.0% of the issued share capital of RK Pharmaceutical. RK Pharmaceutical will cease to be a subsidiary of Wah Yan Healthcare and will be accounted for as an associate of both Wah Yan Healthcare and New Ray Medicine.

As at the date of this announcement, the New Ray Medicine Group did not hold any RK Pharmaceutical Shares and is not expected to hold 30% or more of the issued share capital of RK Pharmaceutical upon completion of the Tranche Two Share Transfer.

## **Financial impact of the Share Transfer**

Based on (i) the unaudited consolidated net asset value of RK Pharmaceutical attributable to its shareholders of HK\$303.0 million as at 30 September 2016; (ii) the Tranche One Sale Shares and Tranche Two Sale Shares; and (iii) the Tranche One Consideration and the Tranche Two Consideration, it is estimated that Wah Yan Healthcare will record an aggregate loss of HK\$7.1 million as a result of the Share Transfer. However, the actual gain or loss to be recorded by the Wah Yan Healthcare Group pursuant to the Share Transfer Agreement will be subject to the then financial position of the RK Pharmaceutical Group.

## **REASONS FOR AND BENEFITS OF THE SHARE TRANSFER**

### **Wah Yan Healthcare**

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

RK Pharmaceutical has become a non wholly-owned subsidiary of Wah Yan Healthcare since completion of the voluntary conditional securities exchange offer made by Wah Yan Healthcare to acquire all of the issued shares of RK Pharmaceutical in May 2016. As the holding company of the RK Pharmaceutical Group, it has been the intention of Wah Yan Healthcare to formulate business strategies which will benefit both the RK Pharmaceutical Group and the Wah Yan Healthcare Group as a whole. As disclosed in New Ray Medicine's interim report for the six months ended 30 June 2016, New Ray Medicine, in addition to its principal focus in Zhejiang Province, has established an extensive distribution network covering 22 regions in the PRC, including Shanghai, Chongqing, Anhui Province, Sichuan Province, Hebei Province and Guangdong Province. In October and November 2016, New

Ray Medicine also announced its acquisition of 26% equity interest in a medical group (the “Contracted Medical Scheme Group”) principally engaged in the provision of contracted medical schemes for integrated medical and healthcare check-up services for corporate clients and having a network of over 700 contracted specialist and general practitioner doctors for providing medical and healthcare services, in which the RK Pharmaceutical Group also made a strategic investment of 4% equity interest.

The Share Transfer represents an introduction of a strategic investor for the RK Pharmaceutical Group to allow it to (i) leverage on the distribution network and sales expertise of the New Ray Medicine Group to expand its clientele, product offerings and market coverage of its pharmaceutical and health related products (complementing the objective of the RK Pharmaceutical Group to develop and expand its distribution network of existing products and new health related and pharmaceutical products as disclosed in its interim report for the six months ended 30 June 2016); and (ii) devise business plans with the Contracted Medical Scheme Group to enhance the customer base and service offerings of the medical laboratory testing and health check services of RK Pharmaceutical in Hong Kong. Having considered the above benefits of the Share Transfer to the business development of RK Pharmaceutical (hence the Wah Yan Healthcare Group), together with the premium over the recent share price of the RK Pharmaceutical Shares represented by the consideration per Sale Share, and, more importantly, the Share Transfer representing an opportunity for the Wah Yan Healthcare Group to realise part of its investment in the RK Pharmaceutical Group to obtain additional working capital for business development, the directors of Wah Yan Healthcare are of the view that the terms of the Share Transfer Agreement are fair and reasonable and on normal commercial terms and the entering into of the Share Transfer Agreement is in the interest of Wah Yan Healthcare and its shareholders as a whole.

### **New Ray Medicine**

The New Ray Medicine Group is principally engaged in pharmaceutical distribution business in the PRC.

The RK Pharmaceutical 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; and (iii) trading of securities in Hong Kong.

One of the subsidiaries of the RK Pharmaceutical Group in the PRC obtained the Good Manufacturing Practice (“GMP”) certifications for the production of their current pharmaceutical products and its production facilities are located in Guizhou Province, the PRC. GMP is included as a part of the hygiene audit before a permit for healthcare product manufacturing companies may be issued.

The Share Transfer represents an introduction of closer cooperation between the New Ray Medicine Group and the RK Pharmaceutical Group. The New Ray Medicine Group will devise business plan with the RK Pharmaceutical Group on expanding the distribution network of the products manufactured by the RK Pharmaceutical Group to enhance the New Ray Medicine Group’s product portfolio which is in line with the New Ray Medicine Group’s strategic development. On the other hand, the RK Pharmaceutical Group may benefit from



the wide coverage of hospitals in the PRC under the New Ray Medicine Group's extensive sales network and thus increasing its market share in the sector which New Ray Medicine will benefit as a shareholder of RK Pharmaceutical.

New Ray Medicine considers that the provision of medical laboratory testing and health check businesses of the RK Pharmaceutical Group in Hong Kong can generate possible synergy effects on the business of the Contracted Medical Scheme Group in the future that may enhance future return of the New Ray Medicine Group from its investment in both the Contracted Medical Scheme Group and the RK Pharmaceutical Group.

Based on the above, the directors of New Ray Medicine are of the view that the terms of the Share Transfer Agreement are fair and reasonable and on normal commercial terms and the entering into of the Share Transfer Agreement is in the interest of New Ray Medicine and its shareholders as a whole.

## **THE LISTING RULES IMPLICATION**

### **Wah Yan Healthcare**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Tranche One Share Transfer is greater than 5% but all applicable percentage ratios (as defined under the Listing Rules) are less than 25% for Wah Yan Healthcare, the Tranche One Share Transfer constitutes a discloseable transaction of Wah Yan Healthcare under the Listing Rules and is only subject to only the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Tranche Two Share Transfer, when aggregated with the Tranche One Share Transfer as a whole, is greater than 25% but all applicable percentage ratios (as defined under the Listing Rules) are less than 75% for Wah Yan Healthcare, the Tranche Two Share Transfer constitutes a major transaction of Wah Yan Healthcare under the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **New Ray Medicine**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Tranche One Share Transfer is greater than 5% but all applicable percentage ratios (as defined under the Listing Rules) are less than 25% for New Ray Medicine, the Tranche One Share Transfer constitutes a discloseable transaction for New Ray Medicine under the Listing Rules and is subject to only the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of (i) the Tranche Two Share Transfer (standing alone); and (ii) the Tranche Two Share Transfer, when aggregated with the Tranche One Share Transfer, as a whole, is greater than 25% but all applicable percentage ratios (as defined under the Listing Rules) are less than 100% for New Ray Medicine, each of (i) the Tranche Two Share Transfer (standing alone); and (ii) the Tranche Two Share Transfer, when aggregated with the Tranche One Share

Transfer, as a whole constitutes a major transaction for New Ray Medicine under the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **SHAREHOLDERS MEETINGS**

### **Wah Yan Healthcare EGM**

The Wah Yan Healthcare EGM will be convened at which resolution(s) will be proposed to seek the approval of the shareholders of Wah Yan Healthcare for the Tranche Two Share Transfer by way of a poll. To the best of the knowledge, information and belief of the directors of Wah Yan Healthcare, having made all reasonable enquiries, as at the date of this announcement, the New Ray Medicine Group holds 63,500,000 shares of Wah Yan Healthcare (representing approximately 0.97% of the issued share capital of Wah Yan Healthcare) and, accordingly, New Ray Medicine and its associates are required to abstain from voting at the Wah Yan Healthcare EGM to approve the resolution(s) regarding the Tranche Two Share Transfer. Save as disclosed above, no other shareholders of Wah Yan Healthcare are required to abstain from voting at the Wah Yan Healthcare EGM to approve the resolution(s) regarding the Tranche Two Share Transfer.

### **New Ray Medicine SGM**

The New Ray Medicine SGM will be convened at which resolution(s) will be proposed to seek the approval of the shareholders of New Ray Medicine for the Tranche Two Share Transfer by way of a poll. To the best of the knowledge, information and belief of the directors of New Ray Medicine, having made all reasonable enquiries, as at the date of this announcement, Wah Yan Healthcare holds 34,356,960 shares of New Ray Medicine (representing 8.25% of the issued share capital of New Ray Medicine) and, accordingly, Wah Yan Healthcare and its associates are required to abstain from voting at the New Ray Medicine SGM to approve the resolution(s) regarding the Tranche Two Share Transfer. Save as disclosed above, no other shareholders of New Ray Medicine are required to abstain from voting at the New Ray Medicine SGM to approve the resolution(s) regarding the Tranche Two Share Transfer.

## **GENERAL**

A circular of Wah Yan Healthcare containing, among other things, further details regarding (i) the Share Transfer Agreement and the transactions contemplated thereunder; (ii) the notice of the Wah Yan Healthcare EGM and the corresponding form of proxy and (iii) other disclosure requirements under the Listing Rules, is expected to be despatched to the shareholders of Wah Yan Healthcare on or before 16 January 2017 as more time is required for preparation of the information for inclusion in the circular.

A circular of New Ray Medicine containing, among other things, further details regarding (i) the Share Transfer Agreement and the transactions contemplated thereunder; (ii) the financial information of the RK Pharmaceutical Group; (iii) the notice convening the New Ray Medicine SGM; and (iv) other disclosure requirements under the Listing Rules, is expected to be despatched to the shareholders of New Ray Medicine on or before 16 January 2017 as more time is required for preparation of the information for inclusion in the circular.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Ray Medicine”	New Ray Medicine International Holding Limited, a company incorporated in Bermuda with limited liability whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 6108)
“New Ray Medicine Group”	New Ray Medicine and its subsidiaries
“New Ray Medicine SGM”	the special general meeting of New Ray Medicine to be held and convened for the shareholders of New Ray Medicine to consider, and if thought fit, approve the Tranche Two Share Transfer
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	China New Rich Medicine Holding Co. Limited 中國新銳醫藥控股有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of New Ray Medicine
“RK Pharmaceutical”	Rui Kang Pharmaceutical Group Investments Limited, a non wholly-owned subsidiary of Wah Yan Healthcare as at the date of this announcement and whose its shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8037)
“RK Pharmaceutical Group”	RK Pharmaceutical and its subsidiaries
“RK Pharmaceutical Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of RK Pharmaceutical
“Sale Share(s)”	collectively, the Tranche One Sale Shares and the Tranche Two Sale Shares
“Share Transfer”	collectively, the Tranche One Share Transfer and the Tranche Two Share Transfer
“Share Transfer Agreement”	the sale and purchase agreement dated 2 December 2016 entered into between the Purchaser and Wah Yan Healthcare in respect of the Share Transfer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tranche One Completion Date”	the date of completion of the Tranche One Share Transfer, which shall be within 45 business days from the date of the Share Transfer Agreement as agreed between Wah Yan Healthcare and the Purchaser or the 45th business day from the date of the Share Transfer Agreement if another date cannot be agreed between Wah Yan Healthcare and the Purchaser
“Tranche One Consideration”	the consideration of HK\$33,362,160 payable by the Purchaser for its acquisition of the Tranche One Sale Shares
“Tranche One Sale Shares”	the 86,700,000 RK Pharmaceutical Shares beneficially owned by Wah Yan Healthcare
“Tranche One Share Transfer”	the sale and purchase of the Tranche One Sale Shares between Wah Yan Healthcare and the Purchaser pursuant to the Share Transfer Agreement
“Tranche Two Completion Date”	the date of completion of the Tranche Two Share Transfer, which shall be within 5 business days following fulfilment of the last of the conditions precedent in respect of the Tranche Two Share Transfer (or such later date as may be agreed between Wah Yan Healthcare and the Purchaser in writing)
“Tranche Two Consideration”	the consideration of HK\$54,610,816 payable by the Purchaser for its acquisition of the Tranche Two Sale Shares
“Tranche Two Sale Shares”	the 141,920,000 RK Pharmaceutical Shares beneficially owned by Wah Yan Healthcare
“Tranche Two Share Transfer”	the sale and purchase of the Tranche Two Sale Shares between Wah Yan Healthcare and the Purchaser pursuant to the Share Transfer Agreement
“Wah Yan Healthcare”	China Wah Yan Healthcare Limited, a company incorporated in Hong Kong with limited liability and whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 648)
“Wah Yan Healthcare EGM”	the extraordinary general meeting of Wah Yan Healthcare to be held and convened for the shareholders of Wah Yan Healthcare to consider, and if thought fit, approve the Tranche Two Share Transfer
“Wah Yan Healthcare Group”	Wah Yan Healthcare and its subsidiaries

“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*

By Order of the board of directors of  
**New Ray Medicine International Holding Limited**  
**Lee Chik Yuet**  
*Executive Director*

Hong Kong, 2 December 2016

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

*As at the date of this announcement, the board of directors of New Ray Medicine comprises three executive Directors, namely Mr. Zhou Ling, Ms. Yang Fang and Mr. Lee Chik Yuet; and three independent non-executive Directors, namely, Mr. Ho Hau Cheung, BBS, MH, Mr. Sung Hak Keung, Andy and Mr. Leung Chi Kin.*