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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)

Wisdom Eighteen Limited

(Incorporated in the British Virgin Islands with limited liability)

ANNOUNCEMENT

- (1) VOLUNTARY CONDITIONAL
SECURITIES EXCHANGE OFFERS BY HUATAI FINANCIAL AND NUADA ON
BEHALF OF WISDOM EIGHTEEN LIMITED
(A WHOLLY-OWNED SUBSIDIARY OF WAH YAN HEALTHCARE)
TO ACQUIRE ALL THE ISSUED SHARES OF XINHUA NEWS MEDIA
AND
TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF XINHUA NEWS MEDIA;
(2) VERY SUBSTANTIAL ACQUISITION;
(3) SPECIFIC MANDATE TO ISSUE NEW SHARES;
(4) CONNECTED TRANSACTION — ISSUANCE OF NEW SHARES TO A CONNECTED
PERSON UNDER THE SPECIFIC MANDATE;
AND
(5) RESUMPTION OF TRADING IN THE SHARES**

Joint Financial Advisers to the Offeror



華泰金融控股(香港)有限公司
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Nuada Limited

**Independent Financial Adviser to the Independent Board Committee and
the independent Wah Yan Healthcare Shareholders**



云锋金融

REORIENT Financial Markets Limited
(A member of Yunfeng Financial Group)

(1) INTRODUCTION

On 4 December 2016, the Offeror, a direct wholly-owned subsidiary of Wah Yan Healthcare, informed the board of directors of Xinhua News Media that it will make voluntary conditional securities exchange offers (i) to acquire all of the issued shares of Xinhua News Media held by the Xinhua News Media Shareholders (including Weluck) (other than those already owned by the Offeror, Wah Yan Healthcare and parties acting in concert with it (except Weluck)); and (ii) to cancel all of the outstanding Xinhua News Media Options.

(2) CONSIDERATION FOR THE OFFERS

Huatai Financial and Nuada will, for and on behalf of the Offeror, make the Offers on the following basis:

The Share Offer:

For every 1 Xinhua News Media Share 4 new Wah Yan Healthcare Shares

The Option Offer:

Appropriate offers will be made by Huatai Financial and Nuada, for and on behalf of the Offeror, to the Xinhua News Media Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Xinhua News Media Options in exchange for new Wah Yan Healthcare Shares:

For cancellation of every 100 Xinhua
News Media Options 1 new Wah Yan Healthcare Share

Since the closing price of the Xinhua News Media Shares on the Last Trading Day, which was HK\$0.18, is lower than the exercise price of the outstanding Xinhua News Media Options based on the publicly available information, which is HK\$0.1882, the Xinhua News Media Options are thus currently “out of the money”. As such, the Option Offer is made with 1 new Wah Yan Healthcare Share for the cancellation of every 100 Xinhua News Media Options.

(3) CONDITIONS OF THE OFFERS

The Share Offer is conditional upon:

- (a) the Offers, the allotment and issue by Wah Yan Healthcare of new Wah Yan Healthcare Shares to the Xinhua News Media Shareholders and the Xinhua News Media Optionholders who accept the Offers and the Very Substantial Acquisition having been approved by the independent Wah Yan Healthcare Shareholders at the Wah Yan Healthcare EGM in accordance with the Listing Rules;
- (b) valid acceptances of the Offers having been received at or before 4:00 p.m. on the Closing Date in respect of the Xinhua News Media Shares which will result in the Offeror and the parties acting in concert with it holding more than 50% of the Xinhua News Media Shares;

- (c) the Stock Exchange having granted its approval for the listing of, and permission to deal in, the new Wah Yan Healthcare Shares to be allotted and issued in consideration for the acquisition of the Xinhua News Media Shares and the Xinhua News Media 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 Xinhua News Media Shares by the Offeror 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 Xinhua News Media Shares;
- (f) any necessary consents, approvals, licenses and authorizations required to be obtained on the part of Wah Yan Healthcare, the Offeror or Xinhua News Media (where any failure to obtain a consent would have a material adverse effect on the business of the Wah Yan Healthcare Group or the Xinhua News Media 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 from the date of this announcement;
- (h) subject to Note 2 to Rule 30.1 of the Takeovers Code, save as publicly disclosed by Xinhua News Media in any of its announcement and circular as at the date of this announcement, since the date of the last audited consolidated financial statements of Xinhua News Media, 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 the Xinhua News Media Group as a whole, whether or not arising in the ordinary course of business; and
- (i) the Xinhua News Media 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 Xinhua News Media 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 Xinhua News Media 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 the Offeror, Wah Yan Healthcare or their respective parties acting in concert.

The Offeror 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. Save for the required approvals as referred to in conditions (a), (b) and (c), the Offeror and Wah Yan Healthcare are not aware of any other consents, approvals, licenses and authorisation as referred to in condition (f) being required as at the date of this announcement.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the above conditions precedent, other than the acceptance condition, so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke such conditions are of material significance to the Offeror in the context of the Offers.

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

(4) VERY SUBSTANTIAL ACQUISITION, ALLOTMENT AND ISSUE OF NEW WAH YAN HEALTHCARE SHARES UNDER SPECIFIC MANDATE AND ALLOTMENT AND ISSUE OF NEW WAH YAN HEALTHCARE SHARES TO WELUCK

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the acquisition of Xinhua News Media Shares by the Offeror pursuant to the Offers is more than 100%, the Offers constitute a very substantial acquisition for Wah Yan Healthcare under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best knowledge, information and belief of the directors of Wah Yan Healthcare, having made all reasonable enquiry, no Wah Yan Healthcare Shareholders will be required to abstain from voting at Wah Yan Healthcare EGM on the resolution relating to the Very Substantial Acquisition. In the event that there are any Wah Yan Healthcare Shareholders who hold Xinhua News Media Shares at the date of the Wah Yan Healthcare EGM, such shareholders and their close associates are required to abstain from voting at Wah Yan Healthcare EGM on the resolution relating to the Very Substantial Acquisition.

The allotment and issue of new Wah Yan Healthcare Shares to the Xinhua News Media Shareholders and the Xinhua News Media Optionholders who accept the Offers is also subject to the approval of Wah Yan Healthcare Shareholders at Wah Yan Healthcare EGM pursuant to Rule 13.36(1)(a) of the Listing Rules. To the best knowledge, information and belief of the directors of Wah Yan Healthcare, having made all reasonable enquiry, no Wah Yan Healthcare Shareholders will be required to abstain from voting at Wah Yan Healthcare EGM on the resolution relating to the allotment and issue of new Wah Yan Healthcare Shares. In the event that there are any Wah Yan Healthcare Shareholders who hold Xinhua News Media Shares at the date of the Wah Yan Healthcare EGM, such shareholders are required to abstain from voting at Wah Yan Healthcare EGM on the resolution relating to the allotment and issue of new Wah Yan Healthcare Shares.

Weluck, being a party acting in concert with the Offeror and a Xinhua News Media Shareholder holding 67,502,000 Xinhua News Media Shares (representing 4.94% of total issued Xinhua News Media Shares) as at the date of this announcement, is the wholly-owned subsidiary of a company which is a substantial shareholder (as defined under the Listing Rules) of a non wholly-owned subsidiary of Wah Yan Healthcare and therefore is a Connected Person of Wah Yan Healthcare by virtue of Rule 14A.07(1) of the Listing Rules. The allotment and issue of Wah Yan Healthcare Shares to Weluck under the terms of the Offers therefore constitutes a connected transaction for Wah Yan Healthcare under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent Wah Yan Healthcare Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Wah Yan Healthcare EGM will be held to consider and, if thought fit, pass the requisite resolution(s) to approve the Offers, the Very Substantial Acquisition, the allotment and issue by Wah Yan Healthcare of new Wah Yan Healthcare Shares to the Xinhua News Media Shareholders and Xinhua News Media Optionholders who accept the Offers and the allotment and issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers. A circular containing, *inter alia*, (i) further details of the Offers which constitute the Very Substantial Acquisition; (ii) further details in relation to the allotment and issue of new Wah Yan Healthcare Shares to the Xinhua News Media Shareholders and the Xinhua News Media Optionholders who accept the Offers under the specific mandate; (iii) further details in relation to the issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers; (iv) the recommendation from the Independent Board Committee on the issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers; (v) the advice from the Wah Yan Healthcare IFA on the allotment and issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers; (vi) financial information of the Wah Yan Healthcare Group and the Xinhua News Media Group; (vii) unaudited pro forma financial information of the Enlarged Group; and (viii) other information as is required to be contained in the circular under the Listing Rules together with a notice convening the Wah Yan Healthcare EGM will be despatched to the Wah Yan Healthcare Shareholders on or before 3 January 2017.

(5) SUSPENSION AND RESUMPTION OF TRADING

At the request of Wah Yan Healthcare, trading in the Wah Yan Healthcare Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 5 December 2016 pending the release of this announcement. Application has been made by Wah Yan Healthcare for resumption of trading in the Wah Yan Healthcare Shares on the Stock Exchange with effect from 9:00 a.m. on 9 December 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 Wah Yan Healthcare and/or Xinhua News Media are advised to exercise caution when dealing in the Wah Yan Healthcare Shares and the Xinhua News Media Shares. Persons who are in doubt as to the actions they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

INTRODUCTION

On 4 December 2016, the Offeror, a direct wholly-owned subsidiary of Wah Yan Healthcare, informed the board of directors of Xinhua News Media that it will make voluntary conditional securities exchange offers (i) to acquire all of the issued shares of Xinhua News Media held by the Xinhua News Media Shareholders (including Weluck) (other than those already owned by the Offeror, Wah Yan Healthcare and parties acting in concert with it (except Weluck)); and (ii) to cancel all of the outstanding Xinhua News Media Options.

To the best of knowledge, information and belief of the directors of Wah Yan Healthcare having made all reasonable enquiry,

1. each of Xinhua News Media, Xinhua News Media Shareholders (except Weluck) and the Xinhua News Media Optionholders and each of their respective ultimate beneficial owners is a third party independent of Wah Yan Healthcare and its Connected Persons; and
2. Weluck, being a party acting in concert with the Offeror and a Xinhua News Media Shareholder holding 67,502,000 Xinhua News Media Shares (representing 4.94% of total issued Xinhua News Media Shares) as at the date of this announcement, is the wholly-owned subsidiary of a company which is a substantial shareholder (as defined under the Listing Rules) of a non wholly-owned subsidiary of Wah Yan Healthcare and therefore is a Connected Person of Wah Yan Healthcare by virtue of Rule 14A.07(1) of the Listing Rules. Weluck acquired the abovesaid 67,502,000 Xinhua News Media Shares at a price of approximately HK19.9 million.

The Offers will be made in compliance with the Takeovers Code, which is administered by the Executive. The Offeror has appointed Huatai Financial and Nuada as its joint financial advisers in respect of the Offers.

Based on the publicly available information, as at the date of this announcement, there are 1,367,486,040 Xinhua News Media Shares in issue and outstanding Xinhua News Media Options in respect of 80,675,400 Xinhua News Media Shares.

Based on the publicly available information, the exercise price of the outstanding Xinhua News Media Options and the period in which they are exercisable are set out below:

Exercise Price	Number of outstanding Xinhua News Media Options	Exercise Period
HK\$0.1882	80,675,400	29 September 2016 to 28 September 2026

CONSIDERATION FOR THE OFFERS

Huatai Financial and Nuada will, for and on behalf of the Offeror, make the Offers on the following basis:

The Share Offer:

For every 1 Xinhua News Media Share 4 new Wah Yan Healthcare Shares

Based on an exchange ratio of (i) 4 new Wah Yan Healthcare Shares per 1 Xinhua News Media Share and 1,367,486,040 Xinhua News Media Shares in issue; and (ii) 1 new Wah Yan Healthcare Share per 100 Xinhua News Media Options and 80,675,400 Xinhua News Media Options in issue as at the date of this announcement, and assuming that (i) all Xinhua News Media Shareholders (including Weluck) validly elect to accept the Offers; and (ii) there will be no change in the number of issued Xinhua News Media Shares since the date of this announcement and up to the Closing Date; and (iii) no Xinhua News Media Options will be exercised prior to the Closing Date, the maximum number of new Wah Yan Healthcare Shares that may fall to be issued in connection with the Share Offer and the Option Offer is 5,470,750,914. This represents approximately 83.90% of the 6,520,736,569 existing issued Wah Yan Healthcare Shares as at the date of this announcement and approximately 45.62% of the enlarged issued share capital of Wah Yan Healthcare of 11,991,487,483 Wah Yan Healthcare Shares immediately following the issue of the aforesaid number of new Wah Yan Healthcare Shares.

On the basis of an ascribed value of HK\$0.184 per Xinhua News Media Share under the Share Offer (based on the closing price of each Wah Yan Healthcare Share of HK\$0.046 as quoted on the Stock Exchange on the Last Trading Day and the exchange ratio of 4 new Wah Yan Healthcare Shares per 1 Xinhua News Media Share), the entire issued share capital of Xinhua News Media (including the Xinhua News Media Shares held by Weluck) is valued at approximately HK\$251,617,431.

The exchange ratio of 4 new Wah Yan Healthcare Shares per 1 Xinhua News Media Share was determined by the Offeror based on the prevailing market prices of the Wah Yan Healthcare Shares and the Xinhua News Media Shares.

Save for Weluck’s interest in the 67,502,000 Xinhua Media Shares, neither the Offeror, Wah Yan Healthcare nor the parties acting in concert with the Offeror or Wah Yan Healthcare holds or has control or discretion over any Xinhua News Media Shares or holds any convertible securities, warrants or options in respect of any Xinhua News Media Shares as at the date of this announcement.

The Option Offer:

Appropriate offers will be made by Huatai Financial and Nuada, for and on behalf of the Offeror, to the Xinhua News Media Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Xinhua News Media Options in exchange for new Wah Yan Healthcare Shares:

For the cancellation of every 100 Xinhua
 News Media Options 1 new Wah Yan Healthcare Share

Since the closing price of the Xinhua News Media Shares on the Last Trading Day, which was HK\$0.18, is lower than the exercise price of the outstanding Xinhua News Media Options based on the publicly available information, which is HK\$0.1882, the Xinhua News Media Options are thus currently “out of the money”. As such, the Option Offer is made with 1 new Wah Yan Healthcare Share for the cancellation of every 100 Xinhua News Media 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 Offer Document containing details of the Option Offer which will be sent to the Xinhua News Media Optionholders in accordance with the Takeovers Code.

Following acceptance of the Option Offer, the relevant Xinhua News Media 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 the applicable laws and regulatory requirements, becomes or is declared unconditional, the Xinhua News Media Optionholders shall be entitled to exercise their Xinhua News Media Option at any time before the close of such offer and after which the Xinhua News Media Options shall lapse automatically.

Based on the publicly available information, Xinhua News Media has no other outstanding Xinhua News Media Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Xinhua News Media Shares or other types of securities in Xinhua News Media as at the date of this announcement.

As at the date of this announcement, the Offeror or Wah Yan Healthcare has not received any notice from any Xinhua News Media Shareholders or Xinhua News Media Optionholders relating to their acceptance or rejection of the Offers.

Comparisons of value

The ascribed value of HK\$0.184 per each Xinhua News Media Share (equivalent to the closing price of Wah Yan Healthcare Shares of HK\$0.046 as quoted on the Stock Exchange on the Last Trading Day multiplied by 4 for each Xinhua News Media Share) represents:

- (i) a premium of approximately 2.22% to the closing price of Xinhua News Media Share of HK\$0.180, as quoted on the Stock Exchange on 2 December 2016, being the Last Trading Day;
- (ii) approximately the same as the average closing price of approximately HK\$0.184 per Xinhua News Media Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 1.6% to the average closing price of approximately HK\$0.187 per Xinhua News Media Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day; and
- (iv) a premium of approximately 87.76% to the audited consolidated net assets per Xinhua News Media Share of approximately HK\$0.098 as at 31 March 2016 (being the date to which the latest audited consolidated annual results of the Xinhua News Media Group were made up), calculated based on the Xinhua News Media Group's audited consolidated net assets attributable to its shareholders of approximately HK\$133.60 million as at 31 March 2016 and 1,367,486,040 Xinhua News Media Shares in issue as at the date of this announcement.

The implied issue price of HK\$0.045 per each new Wah Yan Healthcare Share (equivalent to the closing price of HK\$0.180 per Xinhua News Media Share as quoted on the Stock Exchange on the Last Trading Day divided by 4 for each new Wah Yan Healthcare Share) represents:

- (i) a discount of approximately 2.17% to the closing price of Wah Yan Healthcare Share of HK\$0.046, as quoted on the Stock Exchange on 2 December 2016, being the Last Trading Day;
- (ii) a discount of approximately 4.26% to the average closing price of approximately HK\$0.047 per Wah Yan Healthcare Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 4.26% to the average closing price of approximately HK\$0.047 per Wah Yan Healthcare Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day; and
- (iv) a premium of approximately 40.63% to the unaudited consolidated net assets per Wah Yan Healthcare Share of approximately HK\$0.032 as at 30 June 2016 (being the date to which the latest unaudited consolidated interim results of the Wah Yan Healthcare Group were made up), calculated based on Wah Yan Healthcare Group's unaudited consolidated net assets attributable to its shareholders of approximately HK\$211.22 million as at 30 June 2016 and 6,520,736,569 Wah Yan Healthcare Shares in issue as at the date of this announcement.

Highest and lowest prices of Xinhua News Media Shares

During the six-month period preceding the date of this announcement, the highest closing price of Xinhua News Media Shares as quoted on the Stock Exchange was HK\$0.228 on 2 June 2016, and the lowest closing price of Xinhua News Media Shares as quoted on the Stock Exchange was HK\$0.180 on 2 December 2016.

VALUE OF THE OFFERS

Based on the publicly available information, as at the date of this announcement, there are 1,367,486,040 Xinhua News Media Shares in issue. On the basis of the ascribed value of HK\$0.184 per Xinhua News Media Share and assuming that (i) there will be no change in the number of Xinhua News Media Shares in issue and no outstanding Xinhua News Media Options are exercised prior to the Closing Date; and (ii) all Xinhua News Media Shareholders accept the Share Offer, the Share Offer is valued at HK\$251,617,431. As at the date of this announcement, there are 80,675,400 Xinhua News Media Options outstanding entitling the Xinhua News Media Optionholders to subscribe for, pursuant to the Share Option Scheme, 80,675,400 Xinhua News Media Shares at an exercise price of HK\$0.1882. Assuming none of the outstanding Xinhua News Media Options are exercised prior to the Closing Date, based on the closing price of Wah Yan Healthcare Shares of HK\$0.046 as quoted on the Stock Exchange on the Last Trading Day, the Option Offer is valued at approximately HK\$37,111. Based on the above and assuming no Xinhua News Media Options are exercised prior to the Closing Date, the Offers are valued at HK\$251,654,542 in aggregate.

CONDITIONS OF THE OFFERS

The Share Offer is conditional upon:

- (a) the Offers, the allotment and issue by Wah Yan Healthcare of new Wah Yan Healthcare Shares to the Xinhua News Media Shareholders and the Xinhua News Media Optionholders who accept the Offers and the Very Substantial Acquisition having been approved by the independent Wah Yan Healthcare Shareholders at the Wah Yan Healthcare EGM in accordance with the Listing Rules;
- (b) valid acceptances of the Offers having been received at or before 4:00 p.m. on the Closing Date in respect of the Xinhua News Media Shares which will result in the Offeror and the parties acting in concert with it holding more than 50% of the Xinhua News Media Shares;
- (c) the Stock Exchange having granted its approval for the listing of, and permission to deal in, the new Wah Yan Healthcare Shares to be allotted and issued in consideration for the acquisition of the Xinhua News Media Shares and the Xinhua News Media 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 Xinhua News Media Shares by the Offeror 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 Xinhua News Media Shares;
- (f) any necessary consents, approvals, licenses and authorizations required to be obtained on the part of Wah Yan Healthcare, the Offeror or Xinhua News Media (where any failure to obtain a consent would have a material adverse effect on the business of the Wah Yan Healthcare Group or the Xinhua News Media 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 from the date of this announcement;
- (h) subject to Note 2 to Rule 30.1 of the Takeovers Code, save as publicly disclosed by Xinhua News Media in any of its announcement and circular as at the date of this announcement, since the date of the last audited consolidated financial statements of Xinhua News Media, 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 the Xinhua News Media Group as a whole, whether or not arising in the ordinary course of business; and

- (i) the Xinhua News Media 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 Xinhua News Media 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 Xinhua News Media 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 the Offeror, Wah Yan Healthcare or their respective parties acting in concert.

The Offeror 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 conditions precedent has been fulfilled or waived. Save for the required approvals as referred to in conditions (a), (b) and (c), the Offeror and Wah Yan Healthcare are not aware of any other consents, approvals, licenses and authorisation as referred to in condition (f) being required as at the date of this announcement.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the above conditions precedent, other than the acceptance condition, so as to cause the Offers to lapse unless the circumstances which give rise the right to invoke such conditions are of material significance to the Offeror in the context of the Offers.

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, the Offeror 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. The Xinhua News Media Shareholders are reminded that neither the Offeror nor Wah Yan Healthcare has any obligation to keep the Offers open for acceptance beyond this minimum 14-day period.

WARNING: The Xinhua News Media Shareholders, the Xinhua News Media Optionholders and potential investors of Xinhua News Media should be aware that the Share Offer is subject to the satisfaction or waiver (where applicable) of the conditions of the Share Offer, 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. The Xinhua News Media Shareholders, the Xinhua News Media Optionholders and potential investors should therefore exercise caution when dealing in the Xinhua News Media Shares, exercising the Xinhua News Media 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 OFFERS

New Wah Yan Healthcare Shares to be issued

The new Wah Yan Healthcare Shares to be issued under the Offers, if it is made, will be 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 Wah Yan Healthcare 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 Wah Yan Healthcare Shares to be issued in connection with the Offers.

Xinhua News Media Shares

Acceptance of the Offers by any Xinhua News Media Shareholder and Xinhua News Media Optionholder will be deemed to constitute a warranty by such person that all the Xinhua News Media Shares and the Xinhua News Media 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 Xinhua News Media 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 higher of (i) the consideration payable in respect of the relevant acceptances; or (ii) the market value of the Xinhua News Media Shares tendered for acceptance, will be borne by the Offeror.

No stamp duty is payable in connection with the Option Offer.

Availability of the Offers

The Offeror intends to make available the Share Offer and the Option Offer to all Xinhua News Media Shareholders (including Weluck) and Xinhua News Media 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 Offer Document by overseas Xinhua News Media Shareholders or Xinhua News Media 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 Offer Document, subject to the

Executive's consent, will not be despatched to such overseas Xinhua News Media Shareholders or the Xinhua News Media Optionholders. The Offeror 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.

As at the date of this announcement, each of the Offeror and Wah Yan Healthcare has not obtained the list of the Xinhua News Media Shareholders and the Xinhua News Media Optionholders so as to ascertain whether there is any overseas Xinhua News Media Shareholders or Xinhua News Media Optionholders. The Offeror or Wah Yan Healthcare will liaise with Xinhua News Media to obtain the list of shareholders and Xinhua News Media Optionholders for such purpose and any arrangement for overseas Xinhua News Media Shareholders and Xinhua News Media Optionholders to collect the Offer Document will be set out in a further announcement in compliance with the Listing Rules and the Takeovers Code.

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 become or are declared unconditional as to acceptances, whichever is the later. The latest date on which the Offeror 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 Xinhua News Media Shareholders will be notified by an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

Settlement of consideration

Consideration of the Offers will be settled by way of issue of new Wah Yan Healthcare Shares, and new shares certificates of the Wah Yan Healthcare Shares will be posted by ordinary post to the Xinhua News Media Shareholders and the Xinhua News Media 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 (i) the date on which the Offers becomes or is declared unconditional in all respects; and (ii) the date on which receipt of a complete and valid acceptance of the Offers with which relevant Xinhua News Media Shares and Xinhua News Media Options, as the case may be, are duly tendered.

Xinhua News Media Shareholders and Xinhua News Media Optionholders should be aware that in accepting the Offers, any resulting fractions of a new Wah Yan Healthcare Share will be disregarded and such fractions of a new Wah Yan Healthcare Share will not be issued.

Xinhua News Media Shareholders and Xinhua News Media Optionholders should also be aware that Wah Yan Healthcare 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 Wah Yan Healthcare Shares resulting from the acceptance of the Offers.

PUBLIC FLOAT OF XINHUA NEWS MEDIA AND WAH YAN HEALTHCARE

Should the Offers become unconditional, the directors of the Offeror and the new directors (if any) to be appointed to the board of directors of Xinhua News Media, will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Xinhua News Media Shares.

The Offeror 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 Xinhua News Media Shares or more.

The Stock Exchange has stated that if, at completion of the Offers, less than 25% of the Xinhua News Media Shares and/or the Wah Yan Healthcare 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 Xinhua News Media Shares and/or the Wah Yan Healthcare Shares; or**
- (b) there are insufficient Xinhua News Media Shares and/or Wah Yan Healthcare Shares in public hands to maintain an orderly market,**

then it will consider exercising its discretion to suspend trading in the Xinhua News Media Shares and/or the Wah Yan Healthcare Shares.

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

REASONS FOR THE OFFERS

The Wah Yan Healthcare Group is principally engaged in (i) the health management business (operation of a chain of sports and healthcare clubhouses under the brand name of “Megafit” in the PRC); (ii) the medical and well-being business (operation of a chain of optical products and eye-care services retail shops under the brand name of “Hong Kong Optical” and the provision of obstetric and gynaecological services); and (iii) the asset management business. It is also the controlling shareholder of Rui Kang Pharmaceutical Group Investments Limited (“Rui Kang Pharmaceutical”, stock code: 8037), a company listed on the Growth Enterprise Market of the Stock Exchange and principally engaged in the (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) investment in a joint venture in Switzerland engaged in the research and development, manufacture and distribution of beauty products under its own brand name. Wah Yan Healthcare is also a shareholder holding 8.25% of the issued share capital of New Ray Medicine International Holdings Limited (“New Ray Medicine”, stock code: 6108), a company listed on the Main Board of the Stock Exchange. New Ray Medicine is principally engaged in the pharmaceutical distribution business in the PRC and as disclosed in the interim report of New Ray Medicine for the six months ended 30 June 2016, New Ray Medicine sells pharmaceutical products to around 800 hospitals in the PRC through a network of 171 distributors covering 22 regions.

As noted in the Xinhua News Media’s annual report for the year ended 31 March 2016 and interim results announcement for the six months ended 30 September 2016, the Xinhua News Media Group has television screen outlets located in the departure hall of Hung Hom Railway Station and on the trains of the Kowloon-Through-Train of the MTR Corporation Limited, as well as the travellers lounge of the Hong Kong International Airport as its platform for the broadcast of news, information and advertisement for travellers. Given that media broadcasting remains the main promotion means for enterprises to raise the public awareness of their services/products, the Offeror and Wah Yan Healthcare consider that

consolidating the media business of Xinhua News Media Group into the Wah Yan Healthcare Group will enable it to explore new horizon for cooperation opportunities with other business sectors and thus may potentially broaden the income sources of the Wah Yan Healthcare Group. In addition, the products and services of the Wah Yan Healthcare Group, together with those of Rui Kang Pharmaceutical and New Ray Medicine, can leverage on the broadcasting platform of Xinhua News Media to better promote their products and services.

The Offeror and Wah Yan Healthcare also consider that there would be synergy between the medical waste treatment business operated by the Xinhua News Media Group in the PRC and the Wah Yan Healthcare Group's prior experience in the management and operation of medical/hospital related projects in the PRC and the hospital network of New Ray Medicine in the PRC. In addition, the cleaning and related services of Xinhua News Media also recorded segment profit of HK\$12.0 million, HK\$12.8 million and HK\$8.8 million for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016 respectively, which is expected to have a positive impact on the financial performance of the Wah Yan Healthcare Group following completion of the Offers.

Based on the above, the directors of Wah Yan Healthcare are of the view that the terms and conditions of the Offers and the Very Substantial Acquisition are fair and reasonable and on normal commercial terms, in the interests of Wah Yan Healthcare and its shareholders as a whole.

The view of the independent non-executive directors of Wah Yan Healthcare on the allotment and issue of Wah Yan Healthcare Shares to Weluck under the terms of the Offers in relation to, among others, its fairness and reasonableness will be given and included in the circular of Wah Yan Healthcare to be despatched to the Wah Yan Healthcare Shareholders after taking into account the advice of the Wah Yan Healthcare IFA.

The Offeror's intentions in relation to Xinhua News Media and the Enlarged Group

The Offeror intends to nominate additional directors to the board of directors of Xinhua News Media following completion of the Offers.

The Offeror and Wah Yan Healthcare intend Xinhua News Media to remain listed on the Stock Exchange and have no intention to discontinue any of the existing businesses of the Xinhua News Media Group and such businesses will be conducted in the manner in which they are presently conducted immediately following completion of the Offers. The Offeror and Wah Yan Healthcare will conduct a comprehensive strategic review on the Enlarged Group and subject to market conditions, the Offeror and Wah Yan Healthcare will explore various opportunities to further develop, collaborate and expand the businesses of or amongst the businesses of the Wah Yan Healthcare Group, New Ray Medicine and the Xinhua News Media Group, including but not limited to the possibility of undertaking new investments. Save as the aforesaid and save as disclosed in the announcement of Wah Yan Healthcare dated 2 December 2016 relating to the disposal of an aggregate of 228,620,000 shares of Rui Kang Pharmaceutical at a consideration of approximately HK\$87.97 million, as at the date of this announcement, Wah Yan Healthcare does not intend to discontinue its existing business nor have any plan, arrangement, understanding, intention, negotiation taken place or in-progress on any potential transaction which would involve any potential acquisition and/or disposal of the businesses of the Wah Yan Healthcare Group and Xinhua News Media.

INFORMATION ON THE OFFEROR AND THE WAH YAN HEALTHCARE GROUP

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.

The Offeror is a wholly-owned subsidiary of Wah Yan Healthcare and is principally engaged in investment holding.

SHAREHOLDING STRUCTURE OF WAH YAN HEALTHCARE

As at the date of this announcement, there are 6,520,736,569 Wah Yan Healthcare Shares in issue. Save and except for (i) the outstanding share options granted by Wah Yan Healthcare to subscribe for 127,900,787 Wah Yan Healthcare Shares; (ii) the outstanding warrants granted by Wah Yan Healthcare to subscribe for 144,539,615 Wah Yan Healthcare Shares; and (iii) the convertible notes with aggregate principal amounts of HK\$2 million which are convertible into 5,714,286 Wah Yan Healthcare Shares, there are no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into Wah Yan Healthcare Shares.

Assuming all Xinhua News Media Shareholders and Xinhua News Media Optionholders validly elect to accept the Share Offer and the Option Offer, respectively and based on the 1,367,486,040 Xinhua News Media Shares and 80,675,400 Xinhua News Media Options in issue as at the date of this announcement, a maximum of 5,470,750,914 new Wah Yan Healthcare Shares may fall to be issued. Assuming that there will be no change in the existing 6,520,736,569 Wah Yan Healthcare Shares in issue since the date of this announcement and up to the Closing Date, and based on the publicly available information of the shareholding of Xinhua News Media, the shareholding structures of Wah Yan Healthcare, both before and after completion of the Offers, are as follows:

	Prior to completion of the Offers		Immediately after completion of the Offers (assuming all Xinhua News Media Shareholders and Xinhua News Media Optionholders validly elect to accept the Share Offer and Option Offer, respectively and there will be no other change in the issued share capital of Wah Yan Healthcare)	
	<i>No. of Wah Yan Healthcare Shares</i>	<i>%</i>	<i>No. of Wah Yan Healthcare Shares</i>	<i>%</i>
Xinhua News Agency Asia-Pacific Regional Bureau Limited	—	—	858,724,160	7.16
Dr. Lo Kou Hong (<i>Note 1</i>)	—	—	168,556,740	1.41
Mr. Yu Guang (<i>Note 1</i>)	—	—	533,561,674	4.45
Other Public Xinhua News Media Shareholders and Optionholders	—	—	<u>3,909,908,340</u>	<u>32.61</u>
Xinhua News Media Shareholders and Optionholders (who will cease to be Xinhua News Media Shareholders and Optionholders immediately after completion of the Offers assuming they all validly elect to accept the Offers)	—	—	5,470,750,914	45.63
Mr. Chan Ka Chung (<i>Note 2</i>)	101,250,000	1.55	101,250,000	0.84
Public Wah Yan Healthcare Shareholders (excluding, for this purpose, Xinhua News Media Shareholders and Optionholders who will have validly elected to accept the Offers)	<u>6,419,486,569</u>	<u>98.45</u>	<u>6,419,486,569</u>	<u>53.53</u>
Total	<u><u>6,520,736,569</u></u>	<u><u>100.00</u></u>	<u><u>11,991,487,483</u></u>	<u><u>100.00</u></u>

Notes: 1. Directors of Xinhua News Media.

2. Director of Wah Yan Healthcare.

INFORMATION ON XINHUA NEWS MEDIA

According to publicly available information, the Xinhua News Media Group is principally engaged in the provision of broadcasting information and advertisement on television screen services, the provision of cleaning and related services, and the provision of medical waste treatment services.

Set out below is a summary of the audited consolidated financial results of Xinhua News Media Group for the year ended 31 March 2015 and 2016 as extracted from the annual report of Xinhua News Media for the year ended 31 March 2016:

	For the year ended 31 March 2015 <i>(HK\$'000)</i>	For the year ended 31 March 2016 <i>(HK\$'000)</i>
Revenue	286,809	309,846
Loss before tax	1,386	59,806
Loss after tax	1,833	60,121
Net assets (including non-controlling interests)	190,628	129,790

Note: During the years ended 31 March 2015 and 2016, the revenue derived from the provision of cleaning and related services of the Xinhua News Media Group amounted to HK\$251.3 million and HK\$291.1 million respectively, representing 87.6% and 94.0% of the Xinhua News Media Group's consolidated revenue respectively.

SHAREHOLDING STRUCTURE OF XINHUA NEWS MEDIA

Based on the publicly available information, there are 1,367,486,040 Xinhua News Media Shares in issue as at the date of this announcement. There are no other classes of securities of Xinhua News Media in issue other than the Xinhua News Media Shares and the outstanding Xinhua News Media Options in respect of 80,675,400 Xinhua News Media Shares.

Based on the publicly available information, save and except for the outstanding Xinhua News Media Options in respect of 80,675,400 Xinhua News Media Shares, there were no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into the Xinhua News Media Shares as at the date of this announcement.

Based on the publicly available information and assuming all the Xinhua News Media Shareholders tender their acceptances for the Share Offer and none of the abovementioned outstanding Xinhua News Media Options are exercised, the shareholding structures of Xinhua News Media, both before and after the completion of the Offers, are as follows:

	Prior to completion of the Offers		Immediately after completion of the Offers	
	No. of Xinhua News Media Shares	%	No. of Xinhua News Media Shares	%
Dr. Lo Kou Hong (<i>Note 1</i>)	42,105,000	3.08	—	—
Mr. Yu Guang (<i>Note 1</i>)	133,387,000	9.75	—	—
Xinhua News Agency Asia-Pacific Regional Bureau Limited	<u>214,681,040</u>	<u>15.70</u>	<u>—</u>	<u>—</u>
	390,173,040	28.53	—	—
The Offeror	—	—	1,367,486,040	100.00
Public Xinhua News Media Shareholders	<u>977,313,000</u>	<u>71.47</u>	<u>—</u>	<u>—</u>
Total	<u>1,367,486,040</u>	<u>100.00</u>	<u>1,367,486,040</u>	<u>100.00</u>

Notes:

1. Directors of Xinhua News Media, and based on the publicly available information, each of Dr. Lo Kou Hong and Mr. Yu Guang has 13,674,000 Xinhua News Media Options and 1,367,400 Xinhua News Media Options respectively.
2. This shareholding table is for illustrative purpose only as trading in the Xinhua News Media Shares will be suspended until the public float as required by the Listing Rules is restored.

VERY SUBSTANTIAL ACQUISITION, ALLOTMENT AND ISSUE OF NEW WAH YAN HEALTHCARE SHARES UNDER SPECIFIC MANDATE AND ALLOTMENT AND ISSUE OF NEW WAH YAN HEALTHCARE SHARES TO WELUCK

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the acquisition of Xinhua News Media Shares by the Offeror pursuant to the Offers is more than 100%, the Offers constitute a very substantial acquisition (the “Very Substantial Acquisition”) for Wah Yan Healthcare under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Wah Yan Healthcare Shareholders’ approval requirements under Chapter 14 of the Listing Rules. To the best knowledge, information and belief of the directors of Wah Yan Healthcare, having made all reasonable enquiry, no Wah Yan Healthcare Shareholders will be required to abstain from voting at Wah Yan Healthcare EGM on the resolution relating to the Very Substantial Acquisition. In the event that there are any Wah Yan Healthcare Shareholders who hold Xinhua News Media Shares at the date of the Wah Yan Healthcare EGM, such shareholders and their close associates are required to abstain from voting at Wah Yan Healthcare EGM on the resolution relating to the Very Substantial Acquisition.

The allotment and issue of new Wah Yan Healthcare Shares to the Xinhua News Media Shareholders and the Xinhua News Media Optionholders who accept the Offers is also subject to the approval of Wah Yan Healthcare Shareholders at Wah Yan Healthcare EGM pursuant

to Rule 13.36(1)(a) of the Listing Rules. To the best knowledge, information and belief of the directors of Wah Yan Healthcare, having made all reasonable enquiry, no Wah Yan Healthcare Shareholders will be required to abstain from voting at Wah Yan Healthcare EGM on the resolution relating to the allotment and issue of new Wah Yan Healthcare Shares. In the event that there are any Wah Yan Healthcare Shareholders who hold Xinhua News Media Shares at the date of the Wah Yan Healthcare EGM, such shareholders are required to abstain from voting at Wah Yan Healthcare EGM on the resolution relating to the allotment and issue of new Wah Yan Healthcare Shares.

Weluck, being a party acting in concert with the Offeror and a Xinhua News Media Shareholder holding 67,502,000 Xinhua News Media Shares (representing 4.94% of total issued Xinhua News Media Shares) as at the date of this announcement, is the wholly-owned subsidiary of a company which is a substantial shareholder (as defined under the Listing Rules) of a non wholly-owned subsidiary of Wah Yan Healthcare and therefore is a Connected Person of Wah Yan Healthcare by virtue of Rule 14A.07(1) of the Listing Rules. The allotment and issue of Wah Yan Healthcare Shares to Weluck under the terms of the Offers therefore constitutes a connected transaction for Wah Yan Healthcare under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent Wah Yan Healthcare Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The resolutions relating to (i) the Very Substantial Acquisition; (ii) the allotment and issue of new Wah Yan Healthcare Shares under specific mandate; and (iii) the allotment and issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers will be conducted by way of a poll.

The Independent Board Committee has been established to consider the allotment and issue of Wah Yan Healthcare Shares to Weluck under the terms of the Offers and to advise the independent Wah Yan Healthcare Shareholders as to whether the issue of Wah Yan Healthcare Shares to Weluck under the terms of the Offers is on normal commercial terms, fair and reasonable and in the interests of Wah Yan Healthcare and the Wah Yan Healthcare Shareholders as a whole.

The Wah Yan Healthcare IFA has been appointed by Wah Yan Healthcare as the independent financial adviser to advise the Independent Board Committee and the independent Wah Yan Healthcare Shareholders on, among other matters, the fairness and reasonableness of the allotment and issue of Wah Yan Healthcare Shares to Weluck under the terms of the Offers.

OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offer Document containing the terms of the Offers shall be despatched to the Xinhua News Media Shareholders and the Xinhua News Media Optionholders within 35 days after the date of this announcement, or such later date as may be permitted by the Takeovers Code and approved by the Executive.

WAH YAN HEALTHCARE EGM

The Wah Yan Healthcare EGM will be held to consider and, if thought fit, pass the requisite resolution(s) to approve the Offers, the Very Substantial Acquisition, the allotment and issue by Wah Yan Healthcare of new Wah Yan Healthcare Shares to the Xinhua News Media Shareholders and Xinhua News Media Optionholders who accept the Offers and the allotment and issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers. A circular containing, *inter alia*, (i) further details of the Offers which constitute the Very Substantial Acquisition; (ii) further details in relation to the allotment and issue of new Wah Yan Healthcare Shares to the Xinhua News Media Shareholders and the Xinhua News Media Optionholders who accept the Offers under the specific mandate; (iii) further details in relation to the allotment and issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers; (iv) the recommendation from the Independent Board Committee on the allotment and issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers; (v) the advice from the Wah Yan Healthcare IFA on the allotment and issue of Wah Yan Healthcare Shares to Weluck under the terms of the Offers; (vi) financial information of the Wah Yan Healthcare Group and the Xinhua News Media Group; (vii) unaudited pro forma financial information of the Enlarged Group; and (viii) other information as is required to be contained in the circular under the Listing Rules together with a notice convening the Wah Yan Healthcare EGM will be despatched to the Wah Yan Healthcare Shareholders on or before 3 January 2017.

FURTHER AGREEMENTS OR ARRANGEMENTS

As at the date of this announcement:

- (i) the Offeror, Wah Yan Healthcare and their respective parties acting in concert have not received any irrevocable commitment to accept the Offers;
- (ii) Save for Weluck's interest in the 67,502,000 Xinhua Media Shares, the Offeror, Wah Yan Healthcare and their respective parties acting in concert do not hold any shares, convertible securities, warrants or options in Xinhua News Media;
- (iii) there is no outstanding derivative in respect of the securities in Xinhua News Media which has been entered into by the Offeror or Wah Yan Healthcare or any of their respective parties acting in concert;
- (iv) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Xinhua News Media Shares or the shares of the Offeror or Wah Yan Healthcare Shares and which might be material to the Offers;
- (v) save as disclosed in the section headed "Conditions of the Offers" above, there are no agreements or arrangements to which the Offeror or Wah Yan Healthcare is a party which relates to the circumstances in which the Offeror or Wah Yan Healthcare 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 Xinhua News Media which the Offeror, Wah Yan Healthcare or any of their respective parties acting in concert have borrowed or lent.

SUSPENSION AND RESUMPTION OF TRADING

At the request of Wah Yan Healthcare, trading in the Wah Yan Healthcare Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 5 December 2016 pending the release of this announcement. Application has been made by Wah Yan Healthcare for resumption of trading in the Wah Yan Healthcare Shares on the Stock Exchange with effect from 9:00 a.m. on 9 December 2016.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates of Xinhua News Media or the Offeror or Wah Yan Healthcare (including persons holding 5% or more of a class of relevant securities of Xinhua News Media, the Offeror or Wah Yan Healthcare) are reminded to disclose their dealings in the securities of Xinhua News Media and Wah Yan Healthcare 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.”

The Offeror, Wah Yan Healthcare, their nominees or brokers or associates may from time to time make certain purchases of, or arrangements to purchase Xinhua News Media 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 Wah Yan Healthcare and/or Xinhua News Media are advised to exercise caution when dealing in the Wah Yan Healthcare Shares and the Xinhua News Media Shares, respectively. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

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 to it in the Takeovers Code
“associates”	has the meaning ascribed to it in the Takeovers Code
“Closing Date”	the date to be stated in the Offer Document as the closing date of the Offers or any subsequent closing date as may be announced by Wah Yan Healthcare
“Connected Person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Enlarged Group”	the Wah Yan Healthcare Group and the Xinhua News Media Group
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Huatai Financial”	Huatai Financial Holdings (Hong Kong) Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the board of Wah Yan Healthcare, comprising all the independent non-executive directors of Wah Yan Healthcare, established for the purpose of advising the independent Wah Yan Healthcare Shareholders on, among other matters, the fairness and reasonableness of the allotment and issue of Wah Yan Healthcare Shares to Weluck under the terms of the Offers
“Last Trading Day”	2 December 2016, being the last trading day immediately prior to the suspension of trading in the Xinhua News Media Shares and Wah Yan Healthcare Shares pending the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the 60th day after the date of the posting of the Offer Document (or such later date to which the Executive may consent)
“Nuada”	Nuada Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

“Offeror”	Wisdom Eighteen Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Wah Yan Healthcare
“Offers”	the Share Offer and the Option Offer
“Offer Document”	the offer document to be issued by or on behalf of Wah Yan Healthcare to all Xinhua News Media Shareholders and the Xinhua News Media Optionholders in accordance with the Takeovers Code containing, <i>inter alia</i> , details of the Offers, terms and conditions of the Offers
“Option Offer”	the proposal to be made by Wah Yan Healthcare in compliance with Rule 13 of the Takeovers Code to cancel all the outstanding Xinhua News Media Options in accordance with the terms and conditions set out in this announcement
“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 Authorities”	means any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution
“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 Huatai Financial and Nuada, for and on behalf of the Offeror, to acquire all of the issued shares in the share capital of Xinhua News Media (other than those already owned by Wah Yan Healthcare and parties acting in concert with it (except Weluck)) in accordance with the terms and conditions set out in this announcement
“Share Option Scheme”	the share option scheme of Xinhua News Media adopted pursuant to an ordinary resolution of the Xinhua News Media Shareholders passed on 25 September 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Wah Yan Healthcare”	China Wah Yan Healthcare Limited, a company incorporated in Hong Kong and the issued shares of which are listed on the Stock Exchange (stock code: 648)

“Wah Yan Healthcare EGM”	the extraordinary general meeting of Wah Yan Healthcare referred to in the section entitled “Wah Yan Healthcare EGM” in this announcement
“Wah Yan Healthcare Group”	Wah Yan Healthcare and its subsidiaries
“Wah Yan Healthcare IFA”	REORIENT Financial Markets Limited (a wholly owned subsidiary of Yunfeng Financial Group Limited), a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by Wah Yan Healthcare for the purpose of advising the Independent Board Committee and the independent Wah Yan Healthcare Shareholders on, among other matters, the fairness and reasonableness of the allotment and issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers
“Wah Yan Healthcare Share(s)”	ordinary share(s) of Wah Yan Healthcare
“Wah Yan Healthcare Shareholders”	holders of Wah Yan Healthcare Shares
“Weluck”	Weluck Development Limited, a company incorporated in the British Virgin Islands with limited liability, a party acting in concert with Wah Yan Healthcare
“Very Substantial Acquisition”	the very substantial acquisition referred to in the section headed “Very Substantial Acquisition, Allotment and Issue of new Wah Yan Healthcare Shares under Specific Mandate and Allotment and Issue of new Wah Yan Healthcare Shares to Weluck” in this announcement
“Xinhua News Media”	Xinhua News Media Holdings Limited, a company incorporated in the Cayman Islands and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 309)
“Xinhua News Media Group”	Xinhua News Media and its subsidiaries
“Xinhua News Media Optionholders”	holders of the Xinhua News Media Options
“Xinhua News Media Options”	share options granted by Xinhua News Media pursuant to the Share Option Scheme, whether vested or not
“Xinhua News Media Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of Xinhua News Media

“Xinhua News Media holders of Xinhua News Media Shares Shareholders”

“%” per cent

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

Hong Kong, 8 December 2016

The directors of the Offeror and the directors of Wah Yan Healthcare jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to Xinhua News Media and the Xinhua News Media Group, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement 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 sole director of the Offeror is Wah Yan Healthcare.

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 Xuezheng and Mr. LAM Chun Ho.

The information relating to Xinhua News Media or Xinhua News Media Group in this announcement has been extracted from or based on the published information relating to Xinhua News Media or Xinhua News Media Group, including its annual report for the year ended 31 March 2015 and 31 March 2016 as well as the interim results announcement for the six months ended 30 September 2016. The only responsibility accepted by the sole director of the Offeror in respect of such information is for the correctness and fairness of its reproduction or presentation.