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China Wah Yan Healthcare Limited

中國華仁醫療有限公司

(Incorporated in the Hong Kong with limited liability)

(Stock Code: 648)

**FURTHER UPDATE INFORMATION ON
THE 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 OF THE OUTSTANDING SHARE OPTIONS
OF XINHUA NEWS MEDIA**

Joint Financial Advisers to the Offeror



華泰金融控股(香港)有限公司

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

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Reference is made to (i) the joint announcement of China Wah Yan Healthcare Limited (“Wah Yan Healthcare”) and Wisdom Eighteen Limited (the “Offeror”) dated 8 December 2016 and the offer document (the “Offer Document”) dated 22 May 2017 jointly issued by Wah Yan Healthcare and the Offeror in relation to the voluntary conditional securities exchange offers by Huatai Financial Holdings (Hong Kong) Limited and Nuada Limited on behalf of the Offeror 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 to cancel all of the outstanding Xinhua News Media Options; (ii) the joint announcement of Wah Yan Healthcare and Rui Kang Pharmaceutical Group Investments Limited (“Rui Kang Pharmaceutical”,

together with its subsidiaries, the “Rui Kang Pharmaceutical Group”) dated 5 June 2017; and (iii) the announcement of Wah Yan Healthcare dated 5 June 2017 (together with the joint announcements mentioned in (i) and (ii), collectively, the “Announcements”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Offer Document and the Announcements.

As disclosed in the Announcements, Wah Yan Healthcare has been approached by and, as at the date of this announcement, is in discussion with the Potential Offeror in respect of the potential disposal of all of the shares of Rui Kang Pharmaceutical owned by it. Rui Kang Pharmaceutical, the shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, is principally engaged in the (i) manufacture, research and development, sale and distribution of health related and pharmaceutical products in the People’s Republic of China and Hong Kong; (ii) provision of medical laboratory testing services and health check services in Hong Kong; and (iii) the research and development, manufacture and distribution of beauty products under its own brand name through a joint venture in Switzerland. Rui Kang Pharmaceutical became a non wholly-owned subsidiary of Wah Yan Healthcare in May 2016 and thereafter, the financial results of Rui Kang Pharmaceutical have been consolidated into the financial statements of Wah Yan Healthcare. As at the date of this announcement, Wah Yan Healthcare beneficially owns approximately 51.5% of the issued share capital of Rui Kang Pharmaceutical.

As disclosed in the Offer Document and the announcement of Wah Yan Healthcare dated 12 May 2017, the Wah Yan Healthcare Group entered into sale and purchase agreements relating to the disposal (the “Health Management Disposal”) of a 61%-owned subsidiary engaged in the health management business (the “Health Management Disposal Group”). As at the date of this announcement, the Health Management Disposal has not been completed yet.

As at the date of this announcement, the discussion in respect of the Potential Disposal is still on-going and no definitive agreement has been entered into. In the event that the Potential Disposal materialises and proceeds to completion, Wah Yan Healthcare will cease to hold any interest in Rui Kang Pharmaceutical (i.e. Rui Kang Pharmaceutical will cease to be a subsidiary of Wah Yan Healthcare and the financial results of the Rui Kang Pharmaceutical Group will no longer be consolidated into the financial statements of Wah Yan Healthcare).

Based on the annual reports of Rui Kang Pharmaceutical and Wah Yan Healthcare for the year ended 31 December 2016, Rui Kang Pharmaceutical Group recorded (i) revenue of HK\$86.6 million (of which HK\$59.0 million was consolidated into the Wah Yan Healthcare Group’s consolidated revenue, representing 30.4% of its consolidated revenue); (ii) net loss of HK\$95.6 million (of which HK\$59.7 million was consolidated into the Wah Yan Healthcare Group’s net loss, representing 17.6% of the Wah Yan Healthcare Group’s consolidated net loss); and (iii) total assets of HK\$323.0 million as at 31 December 2016 (representing 37.0% of the Wah Yan Healthcare Group’s consolidated total asset). Based on its published unaudited financial statements for the three months ended 31 March 2017, Rui Kang Pharmaceutical Group recorded (i) revenue of HK\$34.1 million; and (ii) loss before and after taxation of HK\$29.1 million and HK\$29.2 million respectively.

Based on its annual report for the year ended 31 December 2016, Wah Yan Healthcare Group recorded (i) revenue of HK\$194.2 million; (ii) loss before and after taxation of HK\$337.9 million and HK\$338.6 million respectively; and (iii) total assets of HK\$874.1 million. The aggregate revenue, net loss and total assets of Rui Kang Pharmaceutical Group and the Health

Management Disposal Group consolidated into the Wah Yan Healthcare Group's consolidated financial statements for the year ended 31 December 2016 amounted to HK\$151.5 million (representing 78.0% of the Wah Yah Healthcare's consolidated revenue of HK\$194.2 million), HK\$56.1 million (representing 16.6% of the Wah Yah Healthcare's consolidated net loss of HK\$338.6 million) and HK\$415.8 million (representing 47.6% of the Wah Yah Healthcare's consolidated total asset of HK\$874.1 million), respectively.

Further announcement(s) regarding the Potential disposal and the Health Management Disposal will be made by the Wah Yan Healthcare as and when appropriate in accordance with the relevant requirements of Listing Rules and Takeovers Code.

The Xinhua News Media Shareholders and the Xinhua News Media Optionholders should be aware that the Health Management Disposal and the Potential Disposal, if materialise and proceed to completion, may impact the value of the new Wan Yan Healthcare Shares that may fall to be issued to the Xinhua News Media Shareholder(s) and/or the Xinhua News Media Optionholder(s) who accept the Share Offer and the Option Offer. The Xinhua News Media Shareholders and the Xinhua News Media Optionholders should therefore exercise caution in deciding whether or not to accept the Share Offer and/or the Option Offer.

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.

Further, the Xinhua News Media Shareholders, the Xinhua News Media Optionholders and potential investors of Xinhua News Media should be aware that there is no assurance that the Health Management Disposal and the Potential Disposal will materialise or eventually be consummated and the discussions may or may not lead to the making of an offer (as defined in the Takeovers Code) for the Rui Kang Shares.

The Xinhua News Media Shareholders, the Xinhua News Media Optionholders and potential investors of Xinhua News Media 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.

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

Hong Kong, 6 June 2017

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 Xuezhe and Mr. Lam Chun Ho.

As at the date of this announcement, the sole director of the Offeror is Wah Yan Healthcare.

The director 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, 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.