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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in China Wah Yan Healthcare Limited ("Wah Yan Healthcare"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

SUPPLEMENTAL CIRCULAR IN RELATION TO

- (1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO 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) SPECIFIC MANDATE TO ISSUE NEW WAH YAN HEALTHCARE SHARES;
- (3) CONNECTED TRANSACTION — POSSIBLE ISSUANCE OF NEW WAH YAN HEALTHCARE SHARES TO A CONNECTED PERSON UNDER THE SPECIFIC MANDATE;
- AND
- (4) NOTICE OF THE ADJOURNED WAH YAN HEALTHCARE EGM

Joint Financial Advisers



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



云鋒金融

REORIENT Financial Markets Limited

(A member of Yunfeng Financial Group)

This supplemental circular should be read in conjunction with the May VSA circular.

A notice convening the adjourned extraordinary general meeting of Wah Yan Healthcare (the "Wah Yan Healthcare EGM") to be held at Room 4608, 46th Floor, The Centre, 99 Queen's Road Central, Hong Kong on Wednesday, 19 July 2017, at 3:30 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the adjourned Wah Yan Healthcare EGM is enclosed. Whether or not you intend to attend the adjourned Wah Yan Healthcare EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of Wah Yan Healthcare at 36th Floor, Times Tower, 391-407 Jaffe Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the adjourned Wah Yan Healthcare EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Wah Yan Healthcare EGM or any adjournment thereof should you so wish. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting in person at the adjourned Wah Yan Healthcare EGM and in such event, the instrument appointing a proxy shall be deemed revoked.

4 July 2017

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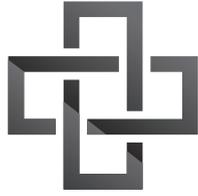
DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings and expressions used in this circular shall have the same meaning as those used in the May VSA Circular:

“Adjourned Wah Yan Healthcare EGM”	the extraordinary general meeting of Wah Yan Healthcare to be held at Room 4608, 46th Floor, The Centre, 99 Queen’s Road Central, Hong Kong, on Wednesday, 19 July 2017 at 3:30 p.m. for the independent Wah Yan Healthcare Shareholders to consider and, if thought fit, approve 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 possible allotment and issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers
“Health Management Business Disposal”	disposal of the Wah Yah Healthcare Group’s interest in a subsidiary engaged in health management business, details of which are set out in the announcement of Wah Yan Healthcare dated 12 May 2017
“Latest Practicable Date”	29 June 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“May VSA Circular”	the circular dated 22 May 2017 issued by Wah Yan Healthcare in relation to, among other things, the Offers and the Very Substantial Acquisition
“May Offer Document”	the offer document dated 22 May 2017 issued by Wah Yan Healthcare and the Offeror to all Xinhua News Media Shareholders and the Xinhua News Media Optionholders, containing, inter alia, details of the Offers
“Purchaser”	Genius Lead Limited, a company incorporated in Samoa with limited liability
“Revised Closing Date”	Friday, 21 July 2017, the revised closing date of the Offers, or if the Offers are extended, any subsequent revised closing date as may be determined by the Offeror and Wah Yan Healthcare and jointly announced by the Offeror and Wah Yan Healthcare, with the consent of the Executive, in accordance with the Takeovers Code
“Rui Kang Pharmaceutical Disposal”	the proposed disposal of the 406,023,891 shares of Rui Kang Pharmaceutical owned by Wah Yan Healthcare pursuant to a sale and purchase agreement dated 15 June 2017 entered into between Wah Yan Healthcare and the Purchaser (details of which was disclosed in the Rui Kang Pharmaceutical Disposal Announcement)

DEFINITIONS

“Rui Kang Pharmaceutical Disposal Announcement”	the joint announcement of Wah Yan Healthcare, Rui Kang Pharmaceutical and the Purchaser dated 15 June 2017 relating to the Rui Kang Pharmaceutical Disposal
“Rui Kang Pharmaceutical Group”	Rui Kang Pharmaceutical and its subsidiaries
“Termination”	the termination of the potential Health Management Business Disposal pursuant to a deed of termination dated 9 June 2017 entered into by the Wah Yan Healthcare Group (details of which was disclosed in an announcement of Wah Yan Healthcare dated 9 June 2017)



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)

Executive Directors:

Mr. Chan Ka Chung (*Chairman*)
Mr. Cheung Wai Kwan
Mr. Wang Jianguo

Registered office:

36th Floor, Times Tower
391–407 Jaffe Road
Wanchai
Hong Kong

Independent non-executive Directors:

Mr. Chan Yee Ping, Michael
Mr. Lam Chun Ho
Ms. Hu Xuezhen

4 July 2017

To the Wah Yan Healthcare Shareholders

Dear Sir or Madam,

- (1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO 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) SPECIFIC MANDATE TO ISSUE NEW WAH YAN HEALTHCARE SHARES;
(3) CONNECTED TRANSACTION — POSSIBLE ISSUANCE OF NEW WAH YAN HEALTHCARE SHARES TO A CONNECTED PERSON UNDER THE SPECIFIC MANDATE; AND
(4) NOTICE OF THE ADJOURNED WAH YAN HEALTHCARE EGM

INTRODUCTION

References are made to (i) the May VSA Circular; (ii) the May Offer Document; (iii) the announcement jointly issued by Wah Yan Healthcare and Rui Kang Pharmaceutical dated 5 June 2017 relating to the potential disposal of all the shares of Rui Kang Pharmaceutical held by Wah Yan Healthcare; (iv) the announcement of Wah Yan Healthcare dated 9 June 2017 relating to the Termination; (v) the announcement jointly issued by Wah Yan Healthcare and the Offeror dated 12 June 2017 relating to the

LETTER FROM THE WAH YAN HEALTHCARE BOARD

adjournment of the Wah Yan Healthcare EGM and extension of the closing date of the Offers; (vi) the Rui Kang Pharmaceutical Disposal Announcement; (vii) the announcement jointly issued by Wah Yan Healthcare and the Offeror dated 15 June 2017 relating to the requirements of Rule 10 of the Takeovers Code in respect of certain financial information on the Rui Kang Pharmaceutical Disposal; and (viii) the announcement jointly issued by Wah Yan Healthcare and the Offeror dated 19 June 2017 relating to the extension of the closing time and date of the Offers from 4:00 p.m. on 19 June 2017 to 4:00 p.m. on 21 July 2017 (the “**Extension Announcement**”).

You are advised to read this supplemental circular in conjunction with the May VSA Circular.

The purpose of this supplemental circular is to provide you with, among other things, certain new material information of the Wah Yan Healthcare Group following the despatch of the May VSA Circular including the Termination and the Rui Kang Pharmaceutical Disposal, as well as the updated information relating to (i) the recommendation of the Independent Board Committee; (ii) the advice from the Wah Yan Healthcare IFA; (iii) other material updated information relating to the Wah Yan Healthcare Group and Xinhua News Media Group; (iv) the letters from the reporting accountant and the financial adviser of Wah Yan Healthcare in respect of the Required Financial Information (as defined below) pursuant to Rule 10 of the Takeovers Code; and (v) the notice convening the Adjourned Wah Yan Healthcare EGM and the corresponding proxy form.

THE TERMINATION

As described in the May VSA Circular, on 12 May 2017, a wholly-owned subsidiary of Wah Yan Healthcare entered into a conditional sale and purchase agreement with a potential purchaser to dispose of its 77.4% equity interest in a company (the “**Target Company**”) engaged in health management business.

Wah Yan Healthcare, after being approached by the Purchaser in respect of the potential Rui Kang Pharmaceutical Disposal, has reviewed its business portfolio and reconsidered the Health Management Business Disposal. Upon further discussion with the purchaser of the Target Company, Wah Yan Healthcare entered into the deed of termination (the “**Termination Deed**”) with the purchaser to terminate the Health Management Business Disposal. Wah Yan Healthcare is of the view that the Termination shall have no material adverse impact on the existing businesses, operation and financial condition of the Wah Yan Healthcare Group. Following the Termination, Wah Yan Healthcare is considering different restructuring plans to capture the market trend and improve the profitability of the health management business.

THE RUI KANG PHARMACEUTICAL DISPOSAL

The Rui Kang Pharmaceutical Disposal Agreement

Subsequent to the despatch of the May VSA Circular, on 15 June 2017, Wah Yan Healthcare announced that it entered into a conditional sale and purchase agreement with the Purchaser and pursuant to which, Wah Yan Healthcare has conditionally agreed to dispose of all 406,023,891 shares of Rui Kang Pharmaceutical (the “**Sale Shares**”, representing 51.5% of the issued share capital of Rui Kang Pharmaceutical) owned by it at a cash consideration of HK\$207,072,184 (the “**RKP Disposal Consideration**”), representing a consideration of HK\$0.51 per Sale Share.

Completion of the Rui Kang Pharmaceutical Disposal is subject to the conditions precedent as set out in paragraph headed “Conditions precedents to Completion” of the Rui Kang Pharmaceutical Disposal Announcement being fulfilled or waived (as the case may be), including the obtaining of the approval from the independent Wah Yan Healthcare Shareholders at an extraordinary general meeting of Wah Yan Healthcare in respect of the Rui Kang Pharmaceutical Disposal to be convened.

Following completion of the Rui Kang Pharmaceutical Disposal, Wah Yan Healthcare will cease to have any interest in Rui Kang Pharmaceutical and Rui Kang Pharmaceutical will no longer be a subsidiary of Wah Yan Healthcare.

Based on (i) the audited consolidated net asset value of the Rui Kang Pharmaceutical Group attributable to Wah Yan Healthcare as at 31 December 2016; (ii) the exchange reserve to be released as a result of the Rui Kang Pharmaceutical Disposal; and (iii) the RKP Disposal Consideration, it is estimated that the Wah Yan Healthcare Group will record a gain of approximately HK\$62.9 million as a result of the Rui Kang Pharmaceutical Disposal.

For details of the Rui Kang Pharmaceutical Disposal, please refer to the Rui Kang Pharmaceutical Disposal Announcement.

Information on the Rui Kang Pharmaceutical Group

The principal activity of Rui Kang Pharmaceutical is investment holding and through its subsidiaries, the Rui Kang Pharmaceutical Group is principally engaged in the (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 Rui Kang Pharmaceutical Group is also engaged in the research and development, manufacture and distribution of branded cosmetic products through a joint venture in Switzerland.

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The following table is a summary of certain audited financial information of the Rui Kang Pharmaceutical Group for the two financial years ended 31 December 2015 and 31 December 2016:

	For the year ended 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Turnover	34,127	86,565
Loss before tax	(60,040)	(95,139)
Loss for the year from continuing operations	(59,651)	(95,618)
(Loss)/profit for the year from discontinued operation	(8,109)	35,526
Loss for the year	(67,760)	(60,092)
	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Total assets	478,018	322,956
Total liabilities	(135,280)	(47,739)
Net assets (including non-controlling interest)	342,738	275,217

Based on Wah Yan Healthcare's 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 consolidated into the Wah Yan Healthcare Group's consolidated financial statements for the year ended 31 December 2016 amounted to HK\$59.0 million (representing 30.4% of the Wah Yah Healthcare Group's consolidated revenue), HK\$59.7 million (representing 17.6% of the Wah Yah Healthcare Group's consolidated net loss) and HK\$323.0 million (representing 37.0% of the Wah Yah Healthcare Group's consolidated total assets), respectively.

Reasons for and benefits of the Rui Kang Pharmaceutical Disposal

Rui Kang Pharmaceutical became a subsidiary of Wah Yan Healthcare following the securities exchange offers completed in May 2016. It was the initial intention of Wah Yan Healthcare that the acquisition of Rui Kang Pharmaceutical will complement the Wah Yan Healthcare Group in achieving its business goal of becoming a strategic healthcare and financial group. However, as disclosed in the annual report of the Rui Kang Pharmaceutical Group for the year ended 31 December 2016 ("**RKP 2016 Annual Report**"), the financial results and prospects of the major business segments of the Rui Kang Pharmaceutical Group have been unsatisfactory, including (i) the segment loss of HK\$33.0 million (including an impairment loss recognised on goodwill of HK\$27.7 million) for the year

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ended 31 December 2016 in respect of its medical laboratory testing services and health check services business acquired in December 2015; and (ii) the continuous segment loss recorded by the manufacture and sale of health related and pharmaceutical products business segment for the years ended 31 December 2015 and 2016 of approximately HK\$14.3 million (attributable to, among other things, the increasing pressure on the cost of sales (such as labour and raw materials costs) and the decrease in the selling price of products resulting from the fierce competition in the PRC, as well as the written-off of property, plant and equipment of HK\$7.4 million) and approximately HK\$21.6 million (attributable to, among other things, the increase in selling and distribution expenses due to the launching of its rebranded products, the decrease in turnover due to the phasing out of its certain existing main product, the impairment loss on trade receivable and written off of property, plant and equipment in the aggregate amount of HK\$10.8 million) respectively.

As described in the RKP 2016 Annual Report, in addition to the keen competition, the medical laboratory testing services and health check services market also reached a saturation stage with constant joining of new competitors. The Rui Kang Pharmaceutical Group expects that its businesses will continue to encounter challenges including (i) the increase in labour costs, rental expenses and raw material costs in health related and pharmaceutical products industry in the PRC and Hong Kong and the medical laboratory testing services and health check services in Hong Kong; (ii) the weak consumption sentiments in health related and pharmaceutical products in the PRC and Hong Kong; and (iii) the fierce competition in the healthcare related products industry and medical laboratory testing services and health check services in Hong Kong.

Given (i) the continuous loss incurred by the Rui Kang Pharmaceutical Group and its key business segments; (ii) the remote likelihood of the financial performance of Rui Kang Pharmaceutical's medical laboratory testing services and health check services business to turnaround and such business segment will remain challenging with great uncertainties and fierce competition as disclosed in the RKP 2016 Annual Report; (iii) the RKP Disposal Consideration representing a significant premium over the audited consolidated net asset value of the Rui Kang Pharmaceutical Group; and (iv) the estimated gain on disposal as a result of the Rui Kang Pharmaceutical Disposal, the Wah Yan Healthcare Directors (excluding the independent non-executive Wah Yan Healthcare Directors whose view regarding the Rui Kang Pharmaceutical Disposal will be rendered after taking into account the advice from the independent financial adviser in respect of the Rui Kang Pharmaceutical Disposal) are of the view that the terms of the Rui Kang Pharmaceutical Disposal are fair and reasonable and on normal commercial terms and the Rui Kang Pharmaceutical Disposal is in the interests of Wah Yan Healthcare and the Wah Yan Healthcare Shareholders as whole.

Implication of the Listing Rules

By virtue of the ultimate beneficial owner of the Purchaser being a substantial shareholder of Rui Kang Pharmaceutical, the Purchaser is a connected person of Wah Yan Healthcare and the Rui Kang Pharmaceutical Disposal is therefore a connected transaction for Wah Yan Healthcare under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Rui Kang

LETTER FROM THE WAH YAN HEALTHCARE BOARD

Pharmaceutical Disposal is higher than 25% and less than 75%, the Rui Kang Pharmaceutical Disposal constitutes a major transaction for Wah Yan Healthcare. In view of the foregoing, the Rui Kang Pharmaceutical Disposal is subject to the notification, announcement and approval of the independent shareholders requirements under Chapters 14 and 14A of the Listing Rules.

PRINCIPAL TERMS OF THE OFFERS

Save for the extension of the closing time and date of the Offers from 4:00 p.m. on 19 June 2017 to 4:00 p.m. on 21 July 2017 as detailed in the Extension Announcement, all terms of the Offers set out in the May Offer Document and the forms of acceptance (in respect of the Share Offer and the Option Offer) remain unchanged and apply to the extended Offers.

Comparisons of value

The ascribed value of HK\$0.369 per each Xinhua News Media Share (equivalent to the closing price of Wah Yan Healthcare Shares of HK\$0.041 as quoted on the Stock Exchange on the Last Trading Day multiplied by 9 for each Xinhua News Media Share) represents:

- (i) a premium of approximately 2.50% to the closing price of Xinhua News Media Share of HK\$0.36, as quoted on the Stock Exchange on 9 March 2017, being the Last Trading Day;
- (ii) a premium of approximately 2.22% to the average closing price of approximately HK\$0.361 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 premium of approximately 5.13% to the average closing price of approximately HK\$0.351 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;
- (iv) a discount of approximately 26.20% to the closing price of Xinhua News Media Share of HK\$0.50, as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 305.49% to the unaudited consolidated net assets per Xinhua News Media Share of approximately HK\$0.091 as at 30 September 2016 (being the date to which the latest unaudited consolidated interim results of the Xinhua News Media Group were made up), calculated based on the Xinhua News Media Group's unaudited consolidated net assets attributable to its shareholders of approximately HK\$131.75 million as at 30 September 2016 and 1,440,483,790 Xinhua News Media Shares in issue as at the Latest Practicable Date.

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The implied issue price of HK\$0.04 per each new Wah Yan Healthcare Share (equivalent to the closing price of HK\$0.36 per Xinhua News Media Share as quoted on the Stock Exchange on the Last Trading Day divided by 9 for each new Wah Yan Healthcare Share) represents:

- (i) a discount of approximately 2.44% to the closing price of Wah Yan Healthcare Share of HK\$0.041, as quoted on the Stock Exchange on 9 March 2017, being the Last Trading Day;
- (ii) a discount of approximately 1.48% to the average closing price of approximately HK\$0.0406 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 1.96% to the average closing price of approximately HK\$0.0408 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;
- (iv) a premium of approximately 53.85% to the closing price of Wah Yan Healthcare Share of HK\$0.026, as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 5.26% to the audited consolidated net assets per Wah Yan Healthcare Share of approximately HK\$0.038 as at 31 December 2016 (being the date to which the latest audited consolidated annual results of the Wah Yan Healthcare Group were made up), calculated based on Wah Yan Healthcare Group's audited consolidated net assets attributable to its shareholders of approximately HK\$245.88 million as at 31 December 2016 and 6,520,736,569 Wah Yan Healthcare Shares in issue as at the Latest Practicable Date.

Based on an exchange ratio of (i) 9 new Wah Yan Healthcare Shares per 1 Xinhua News Media Share and 1,440,483,790 Xinhua News Media Shares in issue; and (ii) 4 new Wah Yan Healthcare Shares per 1 Xinhua News Media Option and 7,677,650 Xinhua News Media Options in issue as at the Latest Practicable Date, 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 Latest Practicable Date and up to the Revised 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 will be (a) 12,995,064,710 (assuming that no Xinhua News Media Option will be exercised prior to the Revised Closing Date), representing approximately 199.29% of the 6,520,736,569 existing issued Wah Yan Healthcare Shares as at the Latest Practicable Date and approximately 66.59% of the enlarged issued share capital of Wah Yan Healthcare of 19,515,801,279 Wah Yan Healthcare Shares immediately following the issue of the aforesaid number of new Wah Yan Healthcare Shares; or (b) 13,033,452,960 (assuming that all Xinhua News Media Options will be exercised prior to the Revised Closing Date), representing approximately 199.88% of the 6,520,736,569 existing issued Wah Yan Healthcare Shares as at the Latest Practicable Date and approximately 66.65% of the

LETTER FROM THE WAH YAN HEALTHCARE BOARD

enlarged issued share capital of Wah Yan Healthcare of 19,554,189,529 Wah Yan Healthcare Shares immediately following the issue of the aforesaid number of new Wah Yan Healthcare Shares.

Value of the Offers

Based on the publicly available information, as at the Latest Practicable Date, there were 1,440,483,790 Xinhua News Media Shares in issue and save for the outstanding 7,677,650 Xinhua News Media Options, 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.

On the basis of the ascribed value of HK\$0.369 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 (ii) all Xinhua News Media Shareholders accept the Share Offer, the Share Offer is valued at HK\$531,538,519 (assuming that no outstanding Xinhua News Media Options are exercised prior to the Revised Closing Date) or HK\$534,371,571 (assuming that all outstanding Xinhua News Media Options are exercised prior to the Revised Closing Date).

As at the Latest Practicable Date, there were 7,677,650 Xinhua News Media Options outstanding entitling the Xinhua News Media Optionholders to subscribe for, pursuant to the Share Option Scheme, 7,677,650 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 Revised Closing Date, based on the closing price of Wah Yan Healthcare Shares of HK\$0.041 as quoted on the Stock Exchange on the Last Trading Day and the exchange ratio of 4 new Wah Yan Healthcare Shares for every 1 Xinhua News Media Option, the Option Offer is valued at approximately HK\$1,259,135.

Based on the above the Offers are valued at HK\$532,797,654 (assuming no Xinhua News Media Option is exercised prior to the Revised Closing Date) or HK\$534,371,571 (assuming all of the outstanding Xinhua News Media Options are exercised prior to the Revised Closing Date).

On the basis that the ascribed value per Xinhua News Media Share is HK\$0.369 and Weluck held 67,502,000 Xinhua News Media Shares as at the Latest Practicable Date, the issue of Wah Yan Healthcare Shares to Weluck under the Offers is valued at HK\$24,908,238.

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PUBLIC FLOAT OF XINHUA NEWS MEDIA

As set out in the May VSA Circular, the Offeror does not intend to exercise any rights of compulsory acquisition under Rule 2.11 of the Takeovers Code if the Share Offer results in acceptance of 90% (or more) of the Xinhua News Media Shares.

The Stock Exchange has stated that if, at completion of the Offers, less than the minimum prescribed percentage applicable to Xinhua News Media, being 25% of the issued 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;**
or
- (b) there are insufficient Xinhua News Media 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 until a sufficient level of public float can be attained.

The Offeror intends Xinhua News Media to remain listed on the Stock Exchange following completion of the Offers. The director of the Offeror, the directors of Wan Yan Healthcare and the new directors who are nominated by the Offeror to be appointed to the board of directors of Xinhua News Media (if any) have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float of the Xinhua News Media Shares exists following completion of the Offers.

SHAREHOLDING STRUCTURE OF XINHUA NEWS MEDIA

Based on the publicly available information, there were 1,440,483,790 Xinhua News Media Shares in issue as at the Latest Practicable Date. There were no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into the Xinhua News Media Shares other than the Xinhua News Media Shares and the outstanding Xinhua News Media Options as at the Latest Practicable Date.

LETTER FROM THE WAH YAN HEALTHCARE BOARD

Assuming all the Xinhua News Media Shareholders tender their acceptances to the Share Offer and none of the abovementioned outstanding Xinhua News Media Options are exercised, the shareholding structures of Xinhua News Media, both as at the Latest Practicable Date and immediately after the completion of the Offers, are as follows:

	Prior to completion of the Offers <i>(Note 1)</i>		Immediately after completion of the Offers	
	<i>No. of Xinhua News Media Shares</i>	%	<i>No. of Xinhua News Media Shares</i>	%
Dr. Lo Kou Hong <i>(Note 2)</i>	55,779,000	3.87	—	—
Mr. Yu Guang <i>(Note 3)</i>	133,387,000	9.26	—	—
Mr. Ju Mengjun	13,674,000	0.95	—	—
Mr. Ji David Wei	13,674,000	0.95	—	—
Mr. Wen Xin Nian	13,674,000	0.95	—	—
Xinhua News Agency Asia-Pacific Regional Bureau Limited	214,681,040	14.90	—	—
Symphony Investments Holdings Limited	289,011,000	20.06	—	—
The Offeror	—	—	1,440,483,790	100.00
Public Xinhua News Media Shareholders	706,603,750	49.06	—	—
Total	<u>1,440,483,790</u>	<u>100.00</u>	<u>1,440,483,790</u>	<u>100.00</u>

Notes:

- Details of the shareholdings of Xinhua News Media are based on the disclosure of interest forms on the website of the Stock Exchange.*
- Including 2,105,000 Xinhua News Media Shares held by the spouse of Dr. Lo Kou Hong.*
- Mr. Yu Guang, executive directors of Xinhua News Media, holds 1,367,400 Xinhua News Media Options.*
- Each of Mr. Wang Qi, Mr. Tsang Chi Hon and Mr. Ho Hin Yip, independent non-executive directors of Xinhua News Media, holds 1,367,000, 1,367,000 and 1,367,000 Xinhua News Media Options respectively.*

SHAREHOLDING STRUCTURE OF WAH YAN HEALTHCARE

As at the Latest Practicable Date, there were 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 13,250,176 Wah Yan Healthcare Shares; and (ii) the outstanding warrants granted by Wah Yan Healthcare to subscribe for 144,539,615 Wah Yan Healthcare Shares, there were no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into Wah Yan Healthcare Shares.

Assuming that (i) all Xinhua News Media Shareholders and Xinhua News Media Optionholders validly elect to accept the Share Offer and the Option Offer, respectively; (ii) there will be no change in the existing 6,520,736,569 Wah Yan Healthcare Shares in issue since the Latest Practicable Date and up to the Revised Closing Date, and based on (iii) the publicly available information relating to the shareholding of Xinhua News Media; and (iv) the 1,440,483,790 Xinhua New Media Shares and 7,677,650 Xinhua News Media Options in

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issue according to publicly available information as at the Latest Practicable Date, 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 that (i) all Xinhua News Media Shareholders and Xinhua News Media Optionholders validly elect to accept the Share Offer and the Option Offer, respectively; (ii) no Xinhua News Media Options will be exercised prior to the Revised Closing Date; and (iii) there will be no other change in the issued share capital of Wah Yan Healthcare)		Immediately after completion of the Offers (assuming that (i) all Xinhua News Media Options will be exercised prior to the Revised Closing Date; (ii) all Xinhua News Media Shareholders validly elect to accept the Offers, and (iii) there will be no other change in the issued share capital of Wah Yan Healthcare)	
	No. of Wah Yan Healthcare Shares	%	No. of Wah Yan Healthcare Shares	%	No. of Wah Yan Healthcare Shares	%
Symphony Investments Holdings Limited (Note 1)	—	—	2,601,099,000	13.328	2,601,099,000	13.302
Xinhua News Agency Asia-Pacific Regional Bureau Limited	—	—	1,932,129,360	9.900	1,932,129,360	9.881
Mr. Ju Mengjun (Note 2)	—	—	123,066,000	0.631	123,066,000	0.629
Dr. Lo Kou Hong (Note 2)	—	—	502,011,000	2.572	502,011,000	2.568
Mr. Yu Guang (Note 2)	—	—	1,205,952,600	6.179	1,212,789,600	6.202
Mr. David Wei Ji (Note 2)	—	—	123,066,000	0.631	123,066,000	0.629
Mr. Wen Xin Nian (Note 2)	—	—	123,066,000	0.631	123,066,000	0.629
Mr. Wang Qi (Note 2)	—	—	5,468,000	0.028	12,303,000	0.063
Mr. Tsang Chi Hon (Note 2)	—	—	5,468,000	0.028	12,303,000	0.063
Mr. Ho Hin Yip (Note 2)	—	—	5,468,000	0.028	12,303,000	0.063
Public Xinhua News Media Shareholders and Xinhua News Media Optionholders (who will cease to be Xinhua News Media Shareholders and Xinhua News Media Optionholders immediately after completion of the Offers assuming they all validly elect to accept the Offers)	—	—	6,368,270,750	32.631	6,379,317,000	32.624
Xinhua News Media Shareholders and Xinhua News Media Optionholders (who will cease to be Xinhua News Media Shareholders and Xinhua News Media Optionholders immediately after completion of the Offers assuming they all validly elect to accept the Offers)	—	—	12,995,064,710	66.587	13,033,452,960	66.653
Mr. Chan Ka Chung (Note 3)	101,250,000	1.55	101,250,000	0.519	101,250,000	0.518
Other public Wah Yan Healthcare Shareholders (excluding, for this purpose, Xinhua News Media Shareholders and Xinhua News Media Optionholders who will have validly elected to accept the Offers)	6,419,486,569	98.45	6,419,486,569	32.894	6,419,486,569	32.829
Total	6,520,736,569	100.00	19,515,801,279	100.000	19,554,189,529	100.000

Notes:

1. Symphony Investments Holdings Limited is taken to be interested in 289,011,000 Xinhua News Media Shares held jointly with Chen Ming under Part XV of the SFO.
2. Directors of Xinhua News Media.
3. An executive director of Wah Yan Healthcare.

LETTER FROM THE WAH YAN HEALTHCARE BOARD

As illustrated in the table above, assuming there will be no change in the existing issued shares of Wah Yan Healthcare from the Latest Practicable Date up to and including the Revised Closing Date, the percentage shareholding of Wah Yan Healthcare held by the public Wah Yan Healthcare Shareholders (excluding Xinhua News Media Shareholders and Xinhua News Media Optionholders who will have validly elected to accept the Offers) will decrease from approximately 98.45% as at the Latest Practicable Date to (i) approximately 32.89% immediately after completion of the Offers if all Xinhua News Media Shareholders and Xinhua News Media Optionholders validly elect to accept the Offers and no Xinhua News Media Options will be exercised prior to the Revised Closing Date or (ii) 32.83% immediately after completion of the Offers if all Xinhua News Media Options will be exercised prior to the Revised Closing Date and all Xinhua News Media Shareholders validly elect to accept the Offers.

REASONS FOR AND BENEFITS OF THE OFFERS

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. Following completion of the Rui Kang Pharmaceutical Disposal, the medical and well-being business segment of the Wah Yan Healthcare Group will comprise the 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.

Wah Yan Healthcare considers that the Rui Kang Pharmaceutical Disposal will not have any material adverse impact on its intention to improve the performance of the Xinhua News Media Group’s business of broadcasting information and advertisement on television screens and the Wah Yan Healthcare Group can still, through utilizing the business network and resources of Wah Yan Healthcare, New Ray Medicine and Xinhua News Agency, to expand the clientele of Xinhua News Media as described in the May VSA Circular. Following completion of the Offers, it is the intention of Wah Yan Healthcare to explore with Xinhua News Media and Xinhua News Agency, by leveraging on the resources of the Asia Pacific regional branch of Xinhua News Agency, particularly on news, entertainment, education, business data and promotion, to redefine its scope of media business to expand into multi-media broadcasting, narrowcasting and paper media. Given the active role of Xinhua News Agency in the development of the Belt and Road Initiative by the PRC government, Wah Yan Healthcare is positive about the business opportunities available to the Enlarged Group (including the Wah Yan Healthcare Group and the Xinhua News Media Group) leveraging on the strategic relationship between the Enlarged Group and Xinhua News Agency and the global network of Xinhua News Agency to explore business opportunities through the Enlarged Group’s participation in and promotion of the Belt and Road Initiative.

Wah Yan Healthcare intends to retain the management teams of the medical waste services and the cleaning businesses of the Xinhua News Media Group given their satisfactory performance as described in the May VSA Circular. As described in the letter from the Wah Yan Healthcare IFA contained in the May VSA Circular, the cleaning business of the Xinhua News Media Group, which has a long and established history of over 30 years, is likely to be in an advantageous position to benefit from the continuous

LETTER FROM THE WAH YAN HEALTHCARE BOARD

increase in housing area, infrastructure, transport and public facilities in Hong Kong. As such, the strong performance of the cleaning business of the Xinhua News Media Group will help diversify the business portfolio and reduce the business risk of the Wah Yan Healthcare Group and the Xinhua News Media Group as a whole. On the other hand, the growing market size of the PRC medical waste industry (due to the increase in the number of hospitals and life expectancy of the PRC citizens) will also favour the development of the medical waste treatment business of the Xinhua News Media Group. It is the intention of the Wah Yan Healthcare Group to work with the management team of the Xinhua News Media Group's medical waste treatment business to devise plans with a view to leveraging on the business connection of the Wah Yan Healthcare Group established through its prior operation of medical centres in the PRC (together with New Ray Medicine's network of hospitals in the PRC) to enhance the medical waste treatment business.

Although the Wah Yan Healthcare Group does not engage in the same business segments as those of the Xinhua News Media Group, Wah Yan Healthcare considers that the respective business segments of the two groups of companies are complimentary to one another and extension of such business segments through riding on the synergy to be created (including utilising the business network and resources of Wah Yan Healthcare, New Ray Medicine and Xinhua News Agency to expand the clientele of Xinhua News Media and devising plans to leverage on the business connection of the Wah Yan Healthcare and New Ray Medicine to enhance the medical waste treatment business), would be beneficial to the Enlarged Group as a whole. As also described in the May VSA Circular, the Offeror and Wah Yan Healthcare will conduct a comprehensive strategic review on the Enlarged Group following completion of the Offers and, subject to market conditions, will explore 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.

Based on the above, the directors of Wah Yan Healthcare consider that the terms and conditions of the Offers and the Very Substantial Acquisition, taking into account the Rui Kang Pharmaceutical Disposal, are fair and reasonable and are in the interest of Wah Yan Healthcare and its shareholders as a whole.

Save for the Rui Kang Pharmaceutical Disposal and the potential restructuring of the health management business of the Wah Yan Healthcare Group as mentioned above, as at the Latest Practicable Date, Wah Yan Healthcare does not have any intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on any disposal/termination/scaling down of the Wah Yan Healthcare Group's existing businesses, injection of any new business to Wah Yan Healthcare (except for certain potential investment opportunities which are still at preliminary stage and of which no definitive agreements have been entered into) and any change in the board composition and shareholding structure of Wah Yan Healthcare.

LETTER FROM THE WAH YAN HEALTHCARE BOARD

PROFIT FORECAST UNDER RULE 10 OF THE TAKEOVERS CODE

Reference is made to the Rui Kang Pharmaceutical Disposal Announcement.

Pursuant to Rule 10 of the Takeovers Code, as the financial information relating to the gain of approximately HK\$62.9 million (the “**Required Financial Information**”) from the Rui Kang Pharmaceutical Disposal as set out in the paragraph headed “Completion” in the Rui Kang Pharmaceutical Disposal Announcement, which is required to be disclosed pursuant to the Listing Rules, constitutes profit forecasts under Rule 10 of the Takeovers Code. The Required Financial Information must be reported on in accordance with Rule 10 of the Takeovers Code by Wah Yan Healthcare’s financial adviser and its auditors or accountants and such reports must be lodged with the Executive in accordance with Rule 10.4 of the Takeovers Code. The letters from the financial adviser and auditors of Wah Yan Healthcare in respect of the Required Financial Information pursuant to Rule 10 of the Takeovers Code are included in Appendix I to this circular.

INDEPENDENT BOARD COMMITTEE AND WAH YAN HEALTHCARE IFA

Your attention is also drawn to: the letter from the Independent Board Committee as set out on pages 18 to 19 and the letter of recommendation from the Wah Yan Healthcare IFA as set out on pages 20 to 33.

ADJOURNED WAH YAN HEALTHCARE EGM

The Adjourned Wah Yan Healthcare EGM will be held at Room 4608, 46th Floor, The Centre, 99 Queen’s Road Central, Hong Kong, on Wednesday, 19 July 2017 at 3:30 p.m. for the Wah Yan Healthcare Shareholders 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 the Xinhua News Media Optionholders who accept the Offers and the possible allotment and issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offers. In the event that there are any Wah Yan Healthcare Shareholder(s) who hold Xinhua News Media Shares as at the date of the Adjourned Wah Yan Healthcare EGM, such shareholder(s) and their close associates are required to abstain from voting at the Adjourned Wah Yan Healthcare EGM on the resolution(s) as mentioned above.

The notice of the Adjourned Wah Yan Healthcare EGM is set out on pages EGM-1 to EGM-3 of this circular.

For determining the entitlement of the Wah Yan Healthcare Shareholders to attend and vote at the Adjourned Wah Yan Healthcare EGM, the register of members of Wah Yan Healthcare will be closed from Friday, 14 July 2017 to Wednesday, 19 July 2017 (both days inclusive) during which period no transfer of Wah Yan Healthcare Shares will be effected. In order to be entitled to attend and vote at the Adjourned Wah Yan Healthcare EGM, all transfers, accompanied by the relevant share certificates, must be lodged with Wah Yan Healthcare’s share registrar in Hong Kong, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 13 July 2017.

LETTER FROM THE WAH YAN HEALTHCARE BOARD

A proxy form for use at the Adjourned Wah Yan Healthcare EGM is enclosed with this circular. Whether or not you intend to attend the Adjourned Wah Yan Healthcare EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the registered office of Wah Yan Healthcare at 36/F., Times Tower, 391–407 Jaffe Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Adjourned Wah Yan Healthcare EGM or any adjournments thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Adjourned Wah Yan Healthcare EGM or any adjournments thereof should you so wish. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting in person at the Adjourned Wah Yan Healthcare EGM and in such event, the instrument appointing a proxy shall be deemed revoked.

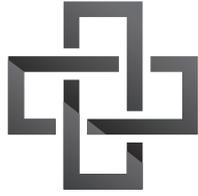
RECOMMENDATION

Based on the above, the directors of Wah Yan Healthcare are of the view that the Offers are in the interests of Wah Yan Healthcare and the Wah Yan Healthcare Shareholder as a whole and accordingly, recommend the Wah Yan Healthcare Shareholders to vote in favour of the proposed resolutions at the Adjourned Wah Yan Healthcare EGM in relation to the Offers, 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 (including the possible allotment and issue of new Wah Yan Healthcare Shares to Weluck under the terms of the Offer).

MISCELLANEOUS

Your attention is also drawn to the appendices to this circular.

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



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)

4 July 2017

To the independent Wah Yan Healthcare Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION —
POSSIBLE ISSUE OF NEW SHARES TO CONNECTED PERSON
UNDER SPECIFIC MANDATE**

We refer to the May VSA Circular and the circular dated 4 July 2017 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

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

Having considered the recommendation from the letters of advice prepared by Wah Yan Healthcare IFA including the one dated 22 May 2017 which formed part of the May VSA Circular and the one dated 4 July 2017 which formed part of this Circular, we are of the view that the issue and allotment of new Wah Yan Healthcare Shares to Weluck, which forms part of the Offers, is in the interests of Wah Yan Healthcare and the Wah Yan Healthcare Shareholders as a whole, and accordingly, recommend the independent Wah Yan Healthcare Shareholders to vote in favour of the ordinary resolution(s) in relation to

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the Offers, the Very Substantial Acquisition, the allotment and issue by Wah Yan Healthcare to the Xinhua News Media Shareholders and the Xinhua News Media Optionholders who accept the Offers and as well as the possible allotment and issue of Wah Yan Healthcare Shares to Weluck under the terms of the Offers.

Yours faithfully,
For and on behalf of the
Independent Board Committee

LETTER FROM THE WAH YAN HEALTHCARE IFA

The following is the text of a letter of advice from REORIENT Financial Markets Limited, the independent financial adviser to the Independent Board Committee and the independent Wah Yan Healthcare Shareholders, for the purpose of incorporation into this circular.



Suites 3201–3204
One Exchange Square
8 Connaught Place
Hong Kong

4 July 2017

*The Independent Board Committee and
the independent Wah Yan Healthcare Shareholders*

Dear Sirs,

**VOLUNTARY CONDITIONAL SECURITIES EXCHANGE OFFERS BY
HUATAI FINANCIAL AND NUADA FOR AND ON BEHALF OF WISDOM
EIGHTEEN LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF XINHUA
NEWS MEDIA AND TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
XINHUA NEWS MEDIA
AND
POSSIBLE ISSUANCE OF NEW SHARES TO A CONNECTED PERSON
PURSUANT TO THE OFFERS UNDER THE SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the independent Wah Yan Healthcare Shareholders in connection with the possible issue of new Wah Yan Healthcare Shares to Weluck pursuant to the Share Offer under the specific mandate (the “**Specific Mandate**”) if the Share Offer becomes unconditional and Weluck accepts the Share Offer (the “**Issue**”), and our letter of advise dated 22 May 2017 (the “**May Letter**”) to the Independent Board Committee and the independent Wah Yan Healthcare Shareholders on, among others, the Issue and the Specific Mandate was set out in the May VSA Circular.

After the despatch of the May VSA Circular, on 5 June 2017, Wah Yan Healthcare announced the potential Rui Kang Pharmaceutical Disposal. On 9 June 2017, Wah Yan Healthcare announced the Termination. On 15 June 2017, Wah Yan Healthcare, Genius Lead Limited and Rui Kang Pharmaceutical jointly issued Rui Kang Pharmaceutical Disposal Announcement. This circular (the “**Circular**”) is to provide the Wah Yan Healthcare Shareholders certain new material information on the Wah Yan Healthcare Group following the despatch of the May VSA Circular including, among others, the Rui Kang Pharmaceutical Disposal and the Termination. Capitalised terms used in this letter have the same meanings as defined in the Circular, unless the context requires otherwise.

LETTER FROM THE WAH YAN HEALTHCARE IFA

During the past two years, we acted as independent financial adviser of Wah Yan Healthcare in respect of another transaction and is currently acting as independent financial adviser in respect of another transaction of Wah Yan Healthcare providing our independent view to the independent board committee and the independent shareholders of Wah Yan Healthcare. Apart from normal professional fees for our services to Wah Yan Healthcare in connection with the engagement described above, no other arrangement exists whereby we will receive any fees and/or benefits from the Wah Yan Healthcare Group. During the past two years, we have also acted as independent financial adviser of IR Resources Limited (stock code: 8186) (“**IR Resources**”), a company listed on the Growth Enterprise Market of the Stock Exchange in which Wah Yan Healthcare held approximately 26.58% in the issued share capital of IR Resources as at the Latest Practicable Date, in respect of a transaction involving a rights issue and two transactions involving the refreshment of general mandate providing our independent view to the independent board committee and the independent shareholders of IR Resources.

As at the Latest Practicable Date, we are not aware of any relationships or interests between us, Wah Yan Healthcare or its substantial shareholders, directors or chief executive, or associates. We are independent under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the independent Wah Yan Healthcare Shareholders in connection with the Issue.

THE RUI KANG PHARMACEUTICAL DISPOSAL

On 15 June 2017, Wah Yan Healthcare announced that it entered into the Rui Kang Pharmaceutical Disposal Agreement with the Purchaser pursuant to which, Wah Yan Healthcare has agreed to dispose of all the Sale Shares, representing 51.5% of the issued share capital of Rui Kang Pharmaceutical owned by it at a consideration of HK\$207,072,184, representing consideration of HK\$0.51 per share of Rui Kang Pharmaceutical subject to the terms and conditions as summarised in the said announcement.

The RKP Disposal Consideration shall be payable in cash by the Purchaser as to (i) HK\$50 million upon the signing of the Rui Kang Pharmaceutical Disposal Agreement and (ii) the remaining balance of HK\$157,072,184.41 upon completion of the Rui Kang Pharmaceutical Disposal Agreement.

Upon completion of the Rui Kang Pharmaceutical Disposal, Wah Yah Healthcare will cease to have any interest in Rui Kang Pharmaceutical.

The Rui Kang Pharmaceutical Disposal is conditional upon satisfaction of the conditions precedent in the Rui Kang Pharmaceutical Disposal Agreement, and therefore may or may not proceed.

LETTER FROM THE WAH YAN HEALTHCARE IFA

THE TERMINATION

We understand that the Wah Yan Healthcare Group, after further discussion with the purchaser of the sale an purchase agreement dated 12 May 2017, the parties entered into the Termination Deed on 9 June 2017 and the Health Management Business Disposal was accordingly terminated.

PRINCIPAL FACTORS CONSIDERED

Information of the Wah Yah Healthcare Group

Principal business of the Wah Yan Healthcare Group

As discussed in our May Letter, the Wah Yan Healthcare Group remains 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) (the “**Health Management Business**”); (ii) the medical and well-being business comprising the operation of a chain of optical products and eye-care services retail shops under the brand name of “Hong Kong Optical” (the “**Eye-care Business**”) and the provision of obstetric and gynaecological services (the “**O&G Business**”); and (iii) the asset management (investment) business. Currently, Wah Yan Healthcare is also the holding company of Rui Kang Pharmaceutical, which is principally engaged in the manufacture, research and development of pharmaceutical products in the PRC and Hong Kong (the “**Pharmaceutical Manufacturing Business**”); (ii) the provision of medical laboratory testing services and health check services in Hong Kong (the “**Medical Laboratory Testing Business**”); and (iii) trading of securities in Hong Kong. The Rui Kang Pharmaceutical Group is also engage in the research and development, manufacture and distribution of branded cosmetic products through a joint venture in Switzerland.

The Wah Yan Healthcare Group’s business segment

We set out the audited segment results of the Wah Yan Healthcare Group for the 3 years ended 31 December 2016 as extracted from the annual reports of Wah Yan Healthcare for the year ended 31 December 2016 (the “**2016 Annual Report**”) and 31 December 2015 (the “**2015 Annual Report**”):

For the year ended 31 December	Health Management Business		Medical and well-being business			Asset management		Segment results	
	% to revenue		Segment results	% to revenue		Segment results	% to revenue		Segment results
	HKS’000		HKS’000	HKS’000		HKS’000	HKS’000		HKS’000
	Audited		Audited	Audited		Audited	Audited		Audited
2016	92,430	47.59%	3,467	101,253	52.14%	(13,834)	528	0.27%	(246,687)
2015	86,035	67.62%	(3,558)	41,201	32.38%	(128,627)	—	0.00%	(87,425)
2014	N/A	N/A	N/A	85,385	100.00%	56,119	—	0.00%	(25)

LETTER FROM THE WAH YAN HEALTHCARE IFA

We also set out the consolidated net loss before and after taxation of the Wah Yan Healthcare Group for the three years ended 31 December 2016 as set out in the 2016 Annual Report and the 2015 Annual Report:

	For the year ended 31 December		
	2016	2015	2014
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Loss before taxation	337,929	358,826	39,500
Loss after taxation	338,631	364,673	41,820

The Health Management Business and the medical and well-being business accounted for most of the revenue of the Wah Yan Healthcare Group for the year ended 31 December 2016.

The Health Management Business refers to the Wah Yan Healthcare Group's business in the operation of a chain of sports and healthcare clubhouses under the brand name of "Megafit" in the PRC.

The Health Management Business is a major source of income and profit for the Wah Yan Healthcare Group for the year ended 31 December 2016. Revenue attributable from the Health Management Business for the year ended 31 December 2016 increased by approximately 7.43% as compared with that for the year ended 31 December 2015, however, the percentage to total revenue of the Wah Yan Healthcare Group decreased to approximately 47.59% for the year ended 31 December 2016 from approximately 67.62% for the year ended 31 December 2015 is due to the increase in revenue recognition in the medical and well-being business segment from the consolidation of the results of Rui Kang Pharmaceutical since it became a subsidiary of Wah Yan Healthcare in May 2016. The revenue derived from the medical and well-being business accounted for approximately 52.14% of total revenue of the Wah Yan Healthcare Group for the year ended 31 December 2016 as compared with approximately 32.38% for the year ended 31 December 2015.

The medical and well-being business consists of the Eye-care Business, the O&G Business, the Medical Laboratory Testing Business and the Pharmaceutical Manufacturing Business.

For the year ended 31 December 2016, the Wah Yan Healthcare Group's revenue derived from the Medical Laboratory Testing Business and the Pharmaceutical Manufacturing Business (the "**Rui Kang Business**") amounted to approximately HK\$48.32 million and HK\$10.18 million respectively, representing approximately 47.72% and approximately 10.05% of the medical and well-being business segment revenue. The total revenue of the Wah Yan Healthcare Group attributable from the Rui Kang Business amounted to approximately 30.12% to the total revenue of the Wah Yan Healthcare Group's total revenue for the year ended 31 December 2016.

LETTER FROM THE WAH YAN HEALTHCARE IFA

Independent Wah Yan Healthcare Shareholders shall refer to our May Letter and the annual reports or interim reports for further information on the financial results of the Wah Yan Healthcare Group.

Information of the Rui Kang Pharmaceutical Group

As set out in the 2015 Annual Report, the Rui Kang Pharmaceutical Group, prior to the Wah Yan Healthcare Group's investment in it, was engaged in the manufacture, research and development, sale and distribution of consumer cosmetic, health related and pharmaceutical products in the PRC and Hong Kong. In January 2015, the Wah Yan Healthcare Group became a strategic investor and the single largest shareholder of Rui Kang Pharmaceutical through subscription of a 20.4% equity interest of Rui Kang Pharmaceutical at an investment cost of HK\$33 million in cash.

As a strategic shareholder, Wah Yan Healthcare also participated in the rights issue of Rui Kang in August 2015 for an additional investment amount of HK\$37.1 million. In the second half of 2015, the Rui Kang Pharmaceutical Group streamlined its business portfolio through the disposal of non-core and non-performing businesses (including the disposal of money lending business in the PRC and the disposal of the sale of commodities and trading of dental materials and equipment in the PRC) and, fueled by the new funding received from the rights issue, acquired new business lines including the provision of medical laboratory testing and health check services and distribution of cosmetics products in Europe.

The Wah Yan Healthcare Group, with a view to taking a more active role in steering the direction of Rui Kang Pharmaceutical Group's future business development so as to complement and create synergy with the Wah Yan Healthcare Group, in February 2016, proposed a voluntary conditional securities exchange offer of every 2 existing issued shares of Rui Kang Pharmaceutical (after the share consolidation of Rui Kang Pharmaceutical becomes effective) (the "**Rui Kang Pharmaceutical Shares**") for 5 new Wah Yan Healthcare Shares to acquire all of the issued Rui Kang Pharmaceutical Shares of Rui Kang Pharmaceutical (the "**RK Exchange Offer**"). In May 2016, Rui Kang Pharmaceutical became a non wholly-owned subsidiary of Wah Yan Healthcare by issuing 1,330,131,743 Wah Yan Healthcare Shares upon completion of the RK Exchange Offer at an investment cost of approximately HK\$135.88 million as disclosed in the 2015 Annual Report (based on the closing prices of the Wah Yan Healthcare Shares upon acceptances of the RK Exchange Offer). Following completion of the RK Exchange Offer in May 2016, the results of Rui Kang Pharmaceutical have been consolidated in the accounts of Wah Yan Healthcare.

As at the Latest Practicable Date, Wah Yan Healthcare held an approximately 51.5% equity interest in Rui Kang Pharmaceutical.

LETTER FROM THE WAH YAN HEALTHCARE IFA

The Rui Kang Pharmaceutical Group's financial performance

We set out below a summary of certain audited financial information of the Rui Kang Pharmaceutical Group for the three financial years ended 31 December 2016 as extracted from the respective annual reports of Rui Kang Pharmaceutical:

	For the year ended 31 December		
	2016	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)
			Restated
Turnover	86,565	34,127	70,110
Loss before tax	(95,139)	(60,040)	(74,398)
Loss for the year from continuing operations	(95,618)	(59,651)	(74,871)
(Loss)/profit for the year from discontinued operation	35,526	(8,109)	(8,075)
Loss for the year	(60,092)	(67,760)	(82,946)
	As at 31 December		
	2016	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)
			Restated
Total assets	322,956	478,018	327,016
Total liabilities	(47,739)	(135,280)	(129,103)
Equity attributable to owners of Rui Kang Pharmaceutical	265,510	321,058	169,270
Total equity	275,217	342,738	197,913

Impact of the Termination and the Rui Kang Pharmaceutical Disposal to the development and prospect of the Wah Yan Healthcare Group

As set out in our May Letter, in recent years, the Wah Yan Healthcare Group has been carrying out different acquisitions and divestments and has built up its current business portfolio comprising three major business segments: the Health Management Business, the medical and well-being business segment and the asset management segment. Wah Yan Healthcare also invested in other companies/businesses, like the acquisition of shareholding interests in IR Resources Limited and New Ray Medicine International Holding Limited.

As set out in the Rui Kang Pharmaceutical Disposal Announcement, Wah Yan Healthcare stated that it has considered, among others, the following reasons for the Rui Kang Pharmaceutical Disposal: (i) the continuous loss incurred by Rui Kang Pharmaceutical Group, (ii) the medical laboratory testing services and health check services business of Rui Kang Pharmaceutical Group remains challenging with great

LETTER FROM THE WAH YAN HEALTHCARE IFA

uncertainties and fierce competition; (iii) the consideration of the Rui Kang Pharmaceutical Disposal representing a significant premium over the audited consolidated net asset value of the Rui Kang Pharmaceutical Group; and (iv) the estimated gain on the Rui Kang Pharmaceutical Disposal.

As set out in 《2016年健身教練職業發展研究報告》 (The report on the development of the fitness centre instructor's career in the PRC in 2016) published on the website of the General Administration of Sports in China (the “**Report**”), the fitness industry in the PRC is growing fast. In 2016, the market size of the fitness industry in the PRC reached RMB30 billion, representing an increase of approximately 14% as compared with that in 2015. According to the Report, it was estimated that the number of people holding fitness membership reached 15 million in 2016, among them, on third of them will appoint fitness instructors and the average spending on fitness exercise is RMB12,007 per year in 2016.

According to the 2016 China Statistical Yearbook published by the National Bureau of Statistics of the People's Republic of China and the website of the National Bureau of Statistics of the People's Republic of China, China's GDP increased from approximately RMB54,037 billion in 2012 to approximately RMB74,413 billion in 2016, representing a compound annual growth rate (“**CAGR**”) of approximately 8.33%. The per capita disposable income of nationwide households by income quintile for high income households increased from approximately RMB47,457 in 2013 to approximately RMB59,259 in 2016, representing a CAGR of approximately 7.68%.

Wah Yan Healthcare reconsidered the disposal of the Health Management Business after it has been approached by the Purchaser regarding the Rui Kang Pharmaceutical Disposal. The Termination represents the continuation of the Health Management Business segment. However, Wah Yan Healthcare, in consideration of the growing market size of the fitness market and the increasing GDP and income level in the PRC, whilst the Health Management Business is facing intensifying competition (the fitness centre market is changing with more smaller boutique fitness centres opened in first tier cities like Beijing and Shanghai in the PRC), is considering different restructuring plans on the Health Management Business with a view to capturing market growth following the Termination.

The Rui Kang Pharmaceutical Disposal is in line with the investment philosophy of Wah Yan Healthcare's management in achieving good long term return to the Wah Yan Healthcare Shareholders. As disclosed below, the Rui Kang Pharmaceutical Disposal will result in a gain of approximately HK\$62.9 million for Wah Yan Healthcare.

We also understand from Wah Yan Healthcare that it will continue to advance its business strategies through embracing appropriate initiatives and opportunities and there will not be any material change to the prospect of Wah Yan Healthcare.

The impact on the reasons for the Offers relating to the Rui Kang Pharmaceutical Disposal

We understand from Wah Yan Healthcare that the reasons for the proposed acquisition of Xinhua News Media under the Offers mainly include the following factors.

- (i) It has been the business strategy of Wah Yan Healthcare to invest in a diversified portfolio of business and to achieve reasonable return from the investments/operation of the business acquired.
- (ii) The Xinhua News Media Group has a solid cleaning and media waste treatment business, both of which recorded segment profits for the years ended 31 March 2015 and 2016.
- (iii) The potential of the currently underperformed media business of the Xinhua News Media Group, in particular given the development of the Belt and Road policy and initiatives and the possible leverage on the network and position of Xinhua News Agency Asia-Pacific Regional Bureau Limited.

Whilst the businesses of the Wah Yan Healthcare Group and those of the Xinhua News Media Group are not the same, Wah Yan Healthcare considers there are possible complimentary cooperation between the two groups with a view to creating additional value to each of Wah Yan Healthcare Group and Xinhua News Media Group. The Offeror and Wah Yan Healthcare will conduct a comprehensive strategic review on the Enlarged Group following completion of the Offers, and subject to market conditions, will explore opportunities to further collaborate, develop and expand the businesses of, among others, the Wah Yan Healthcare Group and the Xinhua News Media Group, including but not limited to undertaking new investments. We further summarize below the business plan of the Enlarged Group, after completion of the Offers:

Media Business

Following completion of the Offers, Wah Yan healthcare intends to work with the Xinhua News Media Group to restructure its media management team. Wah Yan Healthcare also intends to explore with Xinhua News Media and Xinhua News Agency, by leveraging on the resources of the Asia Pacific regional branch of Xinhua News Agency, particularly on news, entertainment, education, business data and promotion, to redefine its scope of media business to expand into multi-media broadcasting and narrowcasting (e.g. television, radio, billboards, internet, etc.) and paper media (e.g. newspapers, magazines, trade publications, etc.). Xinhua News Agency has launched an information product platform, “Xinhua Silk Road”, to serve as a platform for commodity trade and investment cooperation for governments and companies along the Belt and Road. The Enlarged Group will leverage on the extensive global network of Xinhua News Agency to explore business opportunities through participation in and promotion of the Belt and Road Initiative by the Enlarged Group.

Wah Yan Healthcare intends to utilize the business network and resources of the Enlarged Group to expand the clientele of Xinhua News Media. We understand from Wah Yan Healthcare that Rui Kang Pharmaceutical possibly ceasing to be a member of the Wah

LETTER FROM THE WAH YAN HEALTHCARE IFA

Yah Healthcare Group after completion of the Rui Kang Pharmaceutical Disposal will not have a material impact on this initiation. Wah Yan Healthcare expects that it will continue to maintain a healthy relationship with the Rui Kang Pharmaceutical Group. It will continue to introduce appropriate potential customers, including Rui Kang Pharmaceutical to Xinhua News Media after completion of the Offers.

Cleaning and Medical Waste Treatment Business

We understand that Wah Yan Healthcare does not intend to propose any material change to the cleaning and medical waste treatment business of the Xinhua News Media Group.

In respect of the medical waste treatment business, the Offeror and Wah Yan Healthcare intend to work with the management team of the Xinhua News Media Group's medical waste treatment business to devise plans with a view to leveraging on the business connection which the Wah Yan Healthcare Group established through its prior operations of medical centres in the PRC (together with New Ray Medicine's network of hospitals in the PRC) to enhance the medical waste treatment business. We understand from Wah Yan Healthcare that this relies mainly on the network resourcing of the senior management of Wah Yan Healthcare and do not expect much involvement of Rui Kang Pharmaceutical.

As set out in the Letter from the Board, Wah Yan Healthcare does not expect that the Rui Kang Pharmaceutical Disposal will have any material adverse impact on its intended plans to improve the performance of the Xinhua News Media Group's media business as well as the cleaning and medical waste treatment business. The business strategy of the Enlarged Group regarding the acquisition of Xinhua News Media remains materially unaffected by the Termination and the Rui Kang Pharmaceutical Disposal. As such, we agree with Wah Yan Healthcare that the proposed Rui Kang Pharmaceutical Disposal also will not materially adversely affect the business ideas and expected cooperation of the acquisition of Xinhua News Media as discussed in our May Letter and above.

Impact on the Rui Kang Pharmaceutical Disposal to the Wah Healthcare Group's net asset value

As set out in the 2016 Annual Report, as at 31 December 2016, the audited consolidated equity attributable to the owners of Wah Yan Healthcare amounted to approximately HK\$245.88 million. The Wah Yan Healthcare Group estimates that a gain of approximately HK\$62.9 million would be recorded as a result of the Rui Kang Pharmaceutical Disposal. However, the actual gain or loss in respect of the Rui Kang Pharmaceutical Disposal to be recorded by the Wah Yan Healthcare Group will be subject to the then financial position of the Rui Kang Pharmaceutical Group upon completion of the Rui Kang Pharmaceutical Disposal. We understand from Wah Yan Healthcare, the expected gain on disposal will have a positive impact on the net asset value of the Wah Yan Healthcare Group. Assuming the gain of HK\$62.9 million from the Rui Kang Pharmaceutical Disposal represents an increase in net asset value of Wah Yan Healthcare, the net asset value per share on the Wah Yan Healthcare Shares will increase from HK\$0.038 to HK\$0.047, by approximately 23.68% based on the number of issued Wah Yan Healthcare Shares as at the Latest Practicable Date.

LETTER FROM THE WAH YAN HEALTHCARE IFA

As set out in the Rui Kang Pharmaceutical Disposal Announcement, Wah Yan Healthcare intends to apply the proceeds from the Rui Kang Pharmaceutical Disposal for the purposes of general working capital, repayment of debts and potential investment opportunities. As at 31 December 2016, Wah Yan Healthcare had accumulated losses of approximately HK\$2,840.20 million and therefore the Wah Yan Healthcare Shareholders will not receive any distribution from Wah Yan Healthcare from the proceeds from the Rui Kang Pharmaceutical Disposal.

Updates in Xinhua News Media since the May VSA Circular

On 5 June 2017, Xinhua News Media issued the response document in relation to the Offers (the “**Response Document**”). We understand that the independent financial adviser to the independent board committee of Xinhua News Media (the “**Xinhua News Media IFA**”) considered that the terms of the Offers to be not fair and not reasonable having considered, among others, (i) the existing board of directors of Wah Yan Healthcare comprise six members, five of whom have commenced office since 2014, the remaining one since 2012 and the Wah Yan Healthcare Group has suffered from losses for four consecutive years since the year ended 31 December 2013 and it will soon cease to operate the health management business, which was the only business segment with positive segment results for the year ended 31 December 2016; (ii) the Wah Yan Healthcare Group’s net asset position had worsen from 31 December 2015 to 31 December 2016, with both equity attributable to owners of Wah Yan Health and cash and bank balances shrinking while its gearing ratio increased considerably from 31 December 2015 to 31 December 2016; and (iii) the exchange ratio of 9 Wah Yan Healthcare Shares to 1 Xinhua News Media Share was based on the historical share price performance, trading liquidity of the Wah Yan Healthcare Shares and comparison with other comparable companies, is not fair, and the Xinhua News Media IFA recommended the independent board committee of Xinhua News Media to advise the independent Xinhua News Media Shares not to accept the Offers.

After the release of the Response Document, Wah Yan Healthcare announced the Termination and thus the Health Management Business will be continued.

As set out in the Response Document, the directors of Xinhua News Media confirmed that there has been no material change in the financial or trading position or outlook of the Xinhua News Media Group since 31 March 2016, being the date to which the latest published audited consolidated financial statements of the Xinhua News Media Group were made up, up to and including 2 June 2017 (the latest practicable date for the purpose of the Response Document), except for (i) the grant of the Xinhua News Media Options (which may be converted into an aggregate of 80,675,400 Shares at the exercise price of HK\$0.1882 per Share and the period in which they are exercisable is from 29 September 2016 to 28 September 2026) by Xinhua News Media in September 2016; and (ii) the intended extension of a loan agreement for a loan with principal amount of approximately HK\$18,000,000, which was advanced to a company not connected to the Xinhua News Media Group. The loan is unsecured and charged at an interest rate of 6% per annum.

LETTER FROM THE WAH YAN HEALTHCARE IFA

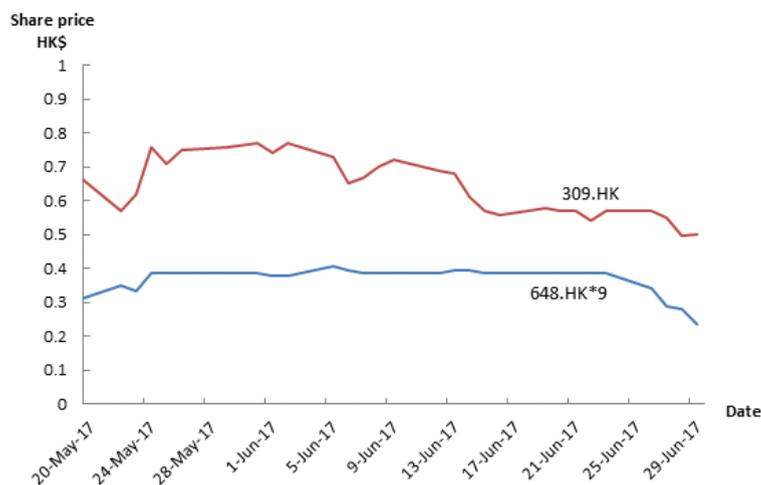
The Xinhua News Media IFA may or may not update its opinion letter having considered the effect of the Termination and the Rui Kang Pharmaceutical Disposal. Independent Wah Yan Healthcare Shareholders are advised to check the latest announcements of Xinhua News Media from time to time.

Comparison of value of Wah Yan Healthcare and Xinhua News Media

We understand from Wah Yan Healthcare that the exchange ratio of 9 Wah Yan Healthcare Shares to 1 Xinhua News Media Share are determined based on the recent trading prices of Wah Yan Healthcare Shares and Xinhua News Media Shares on the Stock Exchange on or prior to the last trading date prior to the issue of the May VSA Circular. As explained in our May Letter, both Wah Yan Healthcare and Xinhua News Media are listed companies on the Stock Exchange, and the trading price of the Wah Yan Healthcare Shares and the Xinhua News Media Shares shall best represent the value of their shares from time to time.

Share price performance of the Wah Yan Healthcare Shares and the Xinhua News Media Shares

Set out below is a chart showing the daily closing price of the Wah Yan Healthcare Shares multiplied by 9 under the Share Offer and the daily closing price of the Xinhua News Media Shares as quoted on the Stock Exchange from 20 May 2017 (being the day after the latest practicable date of 19 May 2017 as set out in the May VSA Circular (the “**May Latest Practicable Date**”)) up to the Latest Practicable Date:



Source: the Stock Exchange's website (www.hkex.com.hk)

LETTER FROM THE WAH YAN HEALTHCARE IFA

We set out below a comparison of the ratio of the share price of one Xinhua News Media Share to 9 China Wah Yan Healthcare Shares (“**Ratio**”) as at the last trading day prior to the release of the announcement regarding the revised ratio of the Offers (the “**Previous Last Trading Day**”), the May Latest Practicable Date and the Latest Practicable Date:

	The Previous Last Trading Date	The May Latest Practicable Date	The Latest Practicable Date
The Previous Last Trading Date	0.98		
The May Latest Practicable Date		2.22	
The Latest Practicable Date			2.14

As at the Latest Practicable Date, the Ratio decreased to approximately 2.14 from 2.22.

RECOMMENDATION

Based on the above factors, we remain of the view that the terms of the Offers and the Issue are fair and reasonable and the Issue is on normal commercial terms, in the interests of Wah Yan Healthcare and the Wah Yan Healthcare Shareholders as a whole after having considered the following major reasons as set out in our May Letter:

- The Issue, which technically constitutes a connected transaction for Wah Yan Healthcare, forms only a small part of the Offers. The terms of the Issue are exactly the same as the terms of the Share Offer extended to every other independent Xinhua News Media Shareholders.
- The Wah Yan Healthcare Group recorded loss for the four years ended 31 December 2016. In the last two financial years ended 31 December 2015 and 2016, the net loss of Wah Yan Healthcare Group increased to approximately HK\$365 million and approximately HK\$339 million respectively. Wah Yan Healthcare Group continued to record net cash outflow from operating activities for the year ended 31 December 2016 amounting to HK\$96.5 million (2015: cash outflow of HK\$163.8 million). Wah Yan Healthcare Group supported its cash position mainly by issue of new Wah Yan Healthcare Shares in the last two years. The making of the Offers is consistent with a key strategy of Wah Yan Healthcare to further diversify into other business areas as that it considers to have a reasonably good prospect.
- Whilst the Xinhua News Media Group recorded loss for the three years ended 31 March 2016 and six months ended 31 September 2016, the recent results performance of the Xinhua News Media Group has improved. The revenue of the Xinhua News Media Group increased from approximately HK\$227.54 million for the year ended 31 March 2014 to approximately HK\$286.81 million for the

LETTER FROM THE WAH YAN HEALTHCARE IFA

year ended 31 March 2015 and approximately HK\$309.85 million for the year ended 31 March 2016. For the year ended 31 March 2016, a significantly amount of the loss recorded by the Xinhua News Media Group was contributed from the impairment of a trade receivable from a customer of the media segment and the impairment of the Free Right. These items are one-off in nature and are relatively exceptional in terms of their amounts as compared with the previous years. The Free Rights has been fully provided for as at 30 September 2016. For the six months ended 31 September 2016, the Xinhua News Media Group only recorded a marginal loss of HK\$1.46 million.

- The industry of each of the media segment, the cleaning segment and the medical waste treatment segment has a reasonable outlook, which is beneficial to the further development of the Enlarged Group after completion of the Offers.
- The Offers involve only the exchange of securities and do not involve cash. The exchange ratio of each Xinhua News Media Share for 9 Wah Yan Healthcare Shares is determined based on the recent market value of both shares on the Stock Exchange.
- The market price of Xinhua News Shares has increased substantially after the Initial Announcement and continued after the Announcement. The market price of Xinhua News Shares may fall back to a lower level. We understand from Wah Yan Healthcare that it proposes to hold its interests in Xinhua News Media which it may acquire under the Offers as a long term investment instead of short-term trading. Accordingly, short term fluctuations on the share price and the trading volume of the Xinhua News Media Shares shall not materially affect the long term potential value of such proposed investment to Wah Yan Healthcare.

We understand from Wah Yan Healthcare that save for the Rui Kang Pharmaceutical Disposal and the consideration of different restructuring plans on the Health Management Business, Wah Yan Healthcare does not have any intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on any disposal/termination/scaling down of the Wah Yan Healthcare Group's existing businesses, injection of any new business to Wah Yan Healthcare (except for certain potential investment opportunities which are still at preliminary stage and of which no definitive agreements have been entered into) and any change in the board composition and shareholding structure of Wah Yan Healthcare.

We confirm that our opinion and recommendations as set out in our May Letter as set out in the May VSA Circular remain unchanged after taking into account the above.

LETTER FROM THE WAH YAN HEALTHCARE IFA

We consider that the Issue is not in the ordinary and usual course of business of Wah Yan Healthcare but the Issue is in line with the development strategy and incident to the Wah Yan Healthcare Group's ordinary and usual course of business. Accordingly, we advise the Independent Board Committee to recommend the independent Wah Yan Healthcare Shareholders to vote in favour of the ordinary resolution to be proposed at the Adjourned Wah Yan Healthcare EGM to approve the Issue.

Yours faithfully,
For and on behalf of
REORIENT Financial Markets Limited
Allen Tze
Managing Director

Mr Allen Tze is a licensed person registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and has over 18 years of experience in corporate finance industry.

**APPENDIX I LETTERS FROM THE REPORTING ACCOUNTANT AND THE FINANCIAL
ADVISER ON THE UNAUDITED REQUIRED FINANCIAL INFORMATION**

The following is the text of a report prepared for the purpose of incorporation in this circular, received from the reporting accountant, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

ESTIMATED GAIN ON DISPOSAL OF THE GROUP

Set out below is the Estimated Gain on disposal relating to the disposal of the 406,023,891 shares of Rui Kang Pharmaceutical owned by the Company as disclosed in its announcement dated 15 June 2017.

A. Bases

The Directors have prepared the Estimate Gain based on the followings:

- i) the total consideration of the Disposal of Rui Kang Pharmaceutical;
- ii) the audited net asset value as at 31 December 2016 of the Disposal of Rui Kang Pharmaceutical as derived from the audited consolidated financial statements as at 31 December 2016; and
- iii) the cumulative exchange differences in respect of the net asset value of the Disposal of Rui Kang Pharmaceutical as at 31 December 2016.

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B. The Estimated Gain

The Estimated Gain have been prepared on a basis consistent in all material aspects with the accounting policies adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2016, details of which are set out as below:

	<i>HK\$'000</i>
Consideration	207,072
Less: the audited net asset value of Rui Kang Pharmaceutical consolidated to the Group as at 31 December 2016	(269,915)
Add: Non-controlling interest in Rui Kang Pharmaceutical	<u>130,909</u>
	68,066
Less: Release of exchange difference upon disposal	<u>(5,149)</u>
Gain on disposal	<u><u>62,917</u></u>

The Estimated Gain are published during the offer period commencing from 8 December 2016 in connection with the securities exchange offers by Huatai Financial Holdings (Hong Kong) Limited and Nuada Limited on behalf of Wisdom Eighteen Limited to acquire all the issued shares of Xinhua News Media Holdings Limited and under Rule 10 of the Code on Takeovers and Mergers. Accordingly, it is regarded that as profit forecast and the Company's reporting accountants and the Company's financial adviser are required to report on the Estimate Gain under Rule 10 of the Code on Takeovers and Mergers. The Estimated Gain is for illustrative purpose only and the actual outcome may be different upon completion of the Disposal of Rui Kang Pharmaceutical.



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

4 July 2017

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF CHINA WAH YAN HEALTHCARE LIMITED

We have completed our assurance engagement to report on the principal accounting policies adopted and the calculations used in the preparation of the estimated gain (the “**Estimated Gain**”) on the disposal of 406,023,891 shares of Rui Kang Pharmaceutical Group Investments Limited (“**Rui Kang Pharmaceutical**”) by China Wah Yan Healthcare Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) as disclosed in the announcement of the Company dated 15 June 2017. The Estimated Gain is published during the offer period commencing from 8 December 2016 in connection with the securities exchange offers by Huatai Financial Holdings (Hong Kong) Limited and Nuada Limited on behalf of Wisdom Eighteen Limited to acquire all the issued shares of Xinhua News Media Holdings Limited. We understand it is required to be reported on under Rule 10 of the Code on Takeovers and Mergers.

Directors’ Responsibility

The directors of the Company (the “**Directors**”) are solely responsible for preparing the Estimated Gain on a basis consistent with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2016, where applicable. This responsibility includes designing, implementing and maintaining internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Estimated Gain that is free from material misstatement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institutes of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

It is our responsibility to report, as required by Rule 10 of the Code on Takeovers and Mergers, on whether, so far as the accounting policies and calculations are concerned, the Estimated Gain have been properly compiled on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2016, where applicable, based on our reasonable assurance engagement, and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” (“**HKSAE 3000 (Revised)**”) issued by HKICPA.

Our work consisted primarily of procedures such as a) obtaining an understanding of the principal accounting policies adopted in the preparation of the Estimated Gain through inquires primarily of persons responsible for financial and accounting matters; b) obtaining an understanding of the internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Estimated Gain; c) comparing the principal accounting adopted in preparing the Estimated Gain with those set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2016, where applicable; d) checking solely the arithmetical calculations relating to the financial numbers presented in the Estimated Gain, and such other procedures that we considered necessary in the circumstances in accordance with HKSAE 3000 (Revised). Our work would not enable us to, and we do not, provide any assurance on the design or operational effectiveness of internal control relating to preparation of the Estimated Gain.

Our reasonable assurance engagement does not constitute an audit or review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA. Accordingly, we do not express an audit or review opinion on the Estimated Gain.

**APPENDIX I LETTERS FROM THE REPORTING ACCOUNTANT AND THE FINANCIAL
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Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Estimated Gain have been properly compiled in accordance with the bases adopted by the Directors as set out on page I-1 to I-2 of the Circular and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2016, where applicable.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Wong Sze Wai, Basilia
Practising Certificate Number: P05806
Hong Kong

**APPENDIX I LETTERS FROM THE REPORTING ACCOUNTANT AND THE FINANCIAL
ADVISER ON THE UNAUDITED REQUIRED FINANCIAL INFORMATION**

The following is the text of a report received from Nunda, the financial adviser of Wah Yan Healthcare, addressed to the board of directors of Wah Yan Healthcare for the purpose of incorporation in this circular.

Nuada Limited

Nuada Limited
Unit 1805-08, 18/F
OfficePlus @Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
洛爾達有限公司
香港上環永樂街93-103號
協成行上環中心18樓1805-08室

4 July 2017

Board of Directors
China Wah Yan Healthcare Limited
36th Floor, Times Tower
391-407 Jaffe Road
Wanchai
Hong Kong

Dear Sirs,

China Wah Yan Healthcare Limited (“Wah Yan Healthcare”)
Re: Estimated Gain on Disposal

We refer to the announcement (the “**Rui Kang Pharmaceutical Disposal Announcement**”) jointly published by Wah Yan Healthcare, Genius Lead Limited and Rui Kang Pharmaceutical Group Investments Limited (“**Rui Kang Pharmaceutical**”) dated 15 June 2017 relating to the potential disposal (the “**Rui Kang Pharmaceutical Disposal**”) of the 406,023,891 shares of Rui Kang Pharmaceutical owned by Wah Yan Healthcare.

Pursuant to Rule 10 of The Code on Takeovers and Mergers of Hong Kong (the “**Takeovers Code**”), as the financial information relating to the gain of approximately HK\$62.9 million (the “**Required Financial Information**”) from the Rui Kang Pharmaceutical Disposal as set out in the paragraph headed “Completion” in the Rui Kang Pharmaceutical Disposal Announcement, which is required to be disclosed pursuant to The Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), constitute profit forecasts under Rule 10 of the Takeovers Code. The Required Financial Information must be reported on in accordance with Rule 10 of the Takeovers Code by Wah Yan Healthcare’s financial adviser and its auditors or accountants and such reports must be lodged with the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (the “**SFC**”), or any of his delegates, in accordance with Rule 10.4 of the Takeovers Code. This letter is issued in compliance with the requirement under Rule 10.4 of the Takeovers Code.

**APPENDIX I LETTERS FROM THE REPORTING ACCOUNTANT AND THE FINANCIAL
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We have reviewed the Required Financial Information which the directors of Wah Yan Healthcare (the “**Wah Yan Healthcare Directors**”) are solely responsible for and have discussed with the senior management of Wah Yan Healthcare the accounting policies and calculations upon which the Required Financial Information have been made. We have also considered the letter addressed to the board of directors of Wah Yan Healthcare from HLB Hodgson Impey Cheng Limited dated 4 July 2017 and noted that HLB Hodgson Impey Cheng Limited is of the opinion that, so far as the accounting policies and calculations are concerned, the Required Financial Information have been properly compiled in accordance with the bases adopted by the Wah Yan Healthcare Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Wah Yan Healthcare Group as set out in the audited annual consolidated financial statements of the Wah Yan Healthcare Group for the year ended 31 December 2016, where applicable.

Set out below are the bases adopted by the Wah Yan Healthcare Directors in preparing the Required Financial Information:

- (i) the total consideration of the Rui Kang Pharmaceutical Disposal;
- (ii) the audited net asset value as at 31 December 2016 of the Rui Kang Pharmaceutical Disposal as derived from the audited consolidated financial statements as at 31 December 2016; and
- (iii) the cumulative exchange differences in respect of the net asset value of the Rui Kang Pharmaceutical Disposal as at 31 December 2016.

We have discussed the abovementioned bases with the Wah Yan Healthcare Directors and noted that it is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Wah Yan Healthcare Group as set out in the audited annual consolidated financial statements of the Wah Yan Healthcare Group for the year ended 31 December 2016, where applicable.

The review carried out by us as described above is primarily based on the information and materials supplied to us by or on behalf of Wah Yan Healthcare, and the opinions expressed by, and the representations of, the employees and/or the senior management of Wah Yan Healthcare. We have relied upon the accuracy and completeness of all of such information and materials that were made available to us or were discussed with or reviewed by us and have assumed such accuracy and completeness for the purpose of providing this opinion. We have also relied on the assurances of the management of Wah Yan Healthcare that they are not aware of any facts or circumstances that would make any information necessary for us to provide this opinion inaccurate or misleading and that the management have not omitted to provide us with any information which may be relevant to the delivery of this opinion. We consider that we have acted with due skill, care and diligence, observed proper standards of market conduct. We have also regarded to the time management of this engagement for avoiding undue delay and ensured that our responsibilities were performed on a timely basis in accordance with the relevant rules

**APPENDIX I LETTERS FROM THE REPORTING ACCOUNTANT AND THE FINANCIAL
ADVISER ON THE UNAUDITED REQUIRED FINANCIAL INFORMATION**

and regulations. This letter has also been prepared using plain language with reference to relevant guides on the preparation of announcements and documents issued by the SFC and the Stock Exchange.

On the basis of the foregoing, we are of the opinion that the Required Financial Information, for which the Wah Yan Healthcare Directors are solely responsible, have been made with due care and consideration.

We hereby give our consent to and confirm that we have not withdrawn our written consent to the issue of the Required Financial Information with the inclusion of this letter and/or our name and logo in the form and context in which they respectively appear in the supplemental offer document and supplemental circular relating to its securities exchange offer.

Yours faithfully
For and on behalf of
Nuada Limited

Kim Chan
Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regards to Wah Yan Healthcare.

This circular, for which the directors of Wah Yan Healthcare collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to Wah Yan Healthcare. The directors of Wah Yan Healthcare, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The directors of Wah Yan Healthcare jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained herein misleading.

The information relating to Xinhua News Media or Xinhua News Media Group in this circular 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 years ended 31 March 2014, 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 directors of Wah Yan Healthcare in respect of such information is for the correctness and fairness of its reproduction or presentation.

2. SHARE CAPITAL

The number of issued Wah Yan Healthcare Shares as at the Latest Practicable Date and immediately after completion of the Offers is as follows:

Issued

6,520,736,569	Wah Yan Healthcare Shares (<i>as at the Latest Practicable Date</i>)
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To be issued under the Offers

- (a) assuming that (i) all Xinhua News Media Shareholders and Xinhua News Media Optionholders validly elect to accept the Share Offer and the Option Offer respectively; and (ii) no Xinhua News Media Options will be exercised prior to the Revised Closing Date:

6,520,736,569	Wah Yan Healthcare Shares (<i>as at the Latest Practicable Date</i>)
12,964,354,110	Wah Yan Healthcare Shares (<i>to be issued under the Share Offer</i>)
30,710,600	Wah Yan Healthcare Shares (<i>to be issued under the Option Offer</i>)
19,515,801,279	Wah Yan Healthcare Shares (<i>immediately after completion of the Offers</i>)

- (b) assuming that (i) all Xinhua News Media Options will be exercised prior to the Revised Closing Date and (ii) all Xinhua News Media Shareholders (after the exercise of the Xinhua News Media Options) validly elect to accept the Share Offer:

6,520,736,569	Wah Yan Healthcare Shares (<i>as at the Latest Practicable Date</i>)
13,033,452,960	Wah Yan Healthcare Shares (<i>to be issued under the Share Offer</i>)
19,554,189,529	Wah Yan Healthcare Shares (<i>immediately after completion of the Offers</i>)

All the Wah Yan Healthcare Shares rank *pari passu* in all respects with each other, including all rights as to dividends, voting and interests in capital.

The new Wah Yan Healthcare Shares to be issued as consideration for the Offers will rank *pari passu* in all respects with the issued Wah Yan Healthcare Shares as at the date of allotment of such new Wah Yan Healthcare Shares under the Offers, including, among other things, the right to receive in full all dividends and other distributions after the date of issue of such new Wah Yan Healthcare Shares under the Offers.

3. DISCLOSURE OF INTERESTS

Interests of the directors of Wah Yan Healthcare

As at the Latest Practicable Date, the interests and short positions of the directors and the chief executive of the Wah Yan Healthcare in the shares, underlying shares and debentures of the Wah Yan Healthcare or any of its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Wah Yan Healthcare and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or was deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to Wah Yan Healthcare and the Stock Exchange were as follows:

Wah Yan Healthcare

Name	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approx. % of shareholding of the Company
Mr. Chan Ka Chung (“ Mr. Chan ”)	Corporate interest	101,250,000 (<i>Note</i>)	—	101,250,000	1.55%

Note: This represents the interest of Mr. Chan in Wah Yan Healthcare, held through a company wholly-owned by him.

Associated corporations

Name	Associated corporation	Percentage of issued capital
Dr. Chan Leung Kwok	Seaside Treasure Limited	49%

Save as disclosed above, as at the Latest Practicable Date, no other directors of Wah Yan Healthcare had or were deemed to have any interests or short positions in the shares, underlying shares or debentures of Wah Yan Healthcare and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to Wah Yan Healthcare and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to Wah Yan Healthcare and the Stock Exchange pursuant to the Model Code.

Interests of substantial shareholders of Wah Yan Healthcare

As at the Latest Practicable Date, the directors of Wah Yan Healthcare were not aware of any other interest or short position in the shares or the underlying Shares which would fall to be disclosed to the Wah Yan Healthcare and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. EXPERTS' CONSENTS AND QUALIFICATIONS

The following is the qualification of each of the experts who has given opinion or advice which is contained in this circular:

Name	Qualifications
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
REORIENT Financial Markets Limited	the independent financial adviser
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

As at the Latest Practicable Date, each of the above experts did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Wah Yan Healthcare Group were made up), acquired or disposed of by or leased to any member of the Wah Yan Healthcare Group, or were proposed to be acquired or disposed of by or leased to any member of the Wah Yan Healthcare Group up to the Latest Practicable Date; and
- (b) any shareholding in any member of the Wah Yan Healthcare Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Wah Yan Healthcare Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name included herein in the form and context in which they respectively appear.

5. MATERIAL CONTRACTS

As at the Latest Practicable Date, in addition to those material contracts set out in the section headed “Appendix VIII — General Information — G. MATERIAL CONTRACTS” in the May VSA Circular, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Wah Yan Healthcare Group (including Rui Kang Pharmaceutical) within two years preceding the date of the May VSA Circular and ending on the Latest Practicable Date:

- (i) the Termination Deed dated 9 June 2017 and entered into by a wholly-owned subsidiary of Wah Yan Healthcare relating to the termination of the sale and purchase agreement dated 12 May 2017 regarding the Health Management Business Disposal; and
- (ii) the Rui Kang Pharmaceutical Disposal Agreement.

6. DOCUMENT AVAILABLE FOR INSPECTION

In addition to those set out in the section headed “Appendix VIII — General Information — L. DOCUMENTS AVAILABLE FOR INSPECTION” in the May VSA Circular, copies of the documents that are available for inspection during normal business hours, Monday to Friday (other than public holidays) at the principal place of business of Wah Yan Healthcare at 36th Floor, Times Tower, 391–407 Jaffe Road, Wanchai, Hong Kong from the date of this circular until the date of the Adjourned Wah Yan Healthcare EGM will also include the following documents:

- (i) the additional material contracts as set out in the paragraph “Material Contracts” in this Appendix;
- (ii) the letters from Nuada and HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix I to this circular;
- (iii) the consent letters referred to in the paragraph headed “Experts’ Consents and Qualifications” in this Appendix;
- (iv) the circular of Rui Kang Pharmaceutical dated 19 May 2017 in relation to the disposal of 30% equity interest of a company engaged in the sale of prescription drugs and medical equipment and wholesale of drugs and medicated oil products in the PRC; and
- (v) the May VSA Circular.

7. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text, in the event of inconsistency.



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)

NOTICE OF ADJOURNED EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an adjourned extraordinary general meeting (the “EGM”) of China Wah Yan Healthcare Limited (the “Company”) will be held at Room 4608, 46th Floor, The Centre, 99 Queen’s Road Central, Hong Kong on Wednesday, 19 July 2017, at 3:30 p.m. for the purposes of considering and, if thought fit, passing the following ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

1. **“THAT:**

- (i) the acquisition pursuant to the voluntary conditional securities exchange offer (the “Offers”) by Huatai Financial Holdings (Hong Kong) Limited and Nuada Limited, for and on behalf of Wisdom Eighteen Limited (a wholly-owned subsidiary of the Company) (the “Offeror”) to acquire all the issued shares in the capital of Xinhua News Media Holdings Limited (“Xinhua News Media”) and to cancel all of the outstanding share options granted by Xinhua News Media pursuant to the share option scheme of Xinhua News Media adopted on 25 September 2015 (the “Options”), and the allotment and issue of new ordinary shares (the “Consideration Shares”) of the Company as consideration under the Offers under the proposed terms and conditions of the Offers, details of which are set out in the circulars (the “Circulars”) to the shareholders of the Company dated 22 May 2017 and 4 July 2017 be and are hereby ratified, confirmed and approved and the directors (the “Director(s)”) of the Company be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Offers and the transactions contemplated thereunder;
- (ii) conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consideration Shares, the allotment and issue of the Consideration Shares to the shareholders of Xinhua News Media and holders of the Options who accept the Offers be and is hereby approved and

NOTICE OF THE ADJOURNED WAH YAN HEALTHCARE EGM

any Director be and is hereby authorised to allot and issue the Consideration Shares in accordance with the terms of the Offers and to take all steps necessary, desirable or expedient in his or her opinion to implement or give effect to the allotment and issue of the Consideration Shares; and

- (iii) the Directors be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents (if any) and to take all such steps which in the opinion of the Directors as may be necessary, appropriate, desirable or expedient to implement and/or give effect to the transactions (the “**Transactions**”) set out in the above resolutions no. 1(i) and 1(ii) and to agree to any variation, amendments, supplement or waiver of matters relating thereto as are, in the opinion of the Directors of the Company, in the interests of the Company, to the extent that such variation, amendment, supplement or waiver do not constitute material changes to the material terms of the Transactions.”

2. “**THAT** subject to the passing of ordinary resolution no. 1:

- (i) the allotment and issue of the Consideration Shares in accordance with the proposed terms and conditions of the Offers to Weluck Development Limited (a wholly-owned subsidiary of a company which is a substantial shareholder of a non wholly-owned subsidiary of the Company) be and is hereby approved; and
- (ii) the Directors be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents (if any) and to take all such steps which in the opinion of the Directors as may be necessary, appropriate, desirable or expedient to implement and/or give effect to the connected transaction (the “**Connected Transaction**”) set out in the above resolution no. 2(i) and to agree to any variation, amendments, supplement or waiver of matters relating thereto as are, in the opinion of the Directors of the Company, in the interests of the Company, to the extent that such variation, amendment, supplement or waiver do not constitute material changes to the material terms of the Connected Transaction.”

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

Hong Kong, 4 July 2017

NOTICE OF THE ADJOURNED WAH YAN HEALTHCARE EGM

Notes:

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint one proxy or, if he/she/it is a holder of more than one share, more proxies to attend and vote instead of him/her/it. A proxy needs not be a member of the Company.
- (2) Where there are joint holders of any share of the Company, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (3) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the registered office of the Company at 36th Floor, Times Tower, 391–407, Jaffe Road, Wanchai, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting.
- (4) Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjournment thereof if he/she/it so desires. If a member attends the meeting after having deposited the form of proxy, his/her/its form of proxy will be deemed to have been revoked.
- (5) For determining the entitlement of the Shareholders of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 14 July 2017 to Wednesday, 19 July 2017 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 13 July 2017.