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**中國 9 號 健康 產業 有限 公司**  
**China Jiu hao Health Industry Corporation Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 419)**

**ANNOUNCEMENT**

- (1) SUBSCRIPTION OF SHARES;  
(2) APPLICATION FOR WHITEWASH WAIVER; AND  
(3) RESIGNATION OF DIRECTORS**

**THE SUBSCRIPTION**

Reference is made to the Rule 3.7 Announcement and the Update Announcements, pursuant to which the Company initially announced the proposed subscription for convertible securities or preferred shares in the Company convertible into approximately 88% of the Enlarged Issued Share Capital with certain potential investors at a subscription price of no less than HK\$0.08 per subscription share. The Company has renegotiated with these investors in respect of certain terms and conditions of the proposed subscription and is now pleased to announce as follows.

On 10 December 2015 (after trading hours), each of Huayi Brothers, Tencent and the Other Investors entered into a separate Subscription Agreement with the Company and Mr. Yuen respectively, pursuant to which the Investors have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 6,837,619,860 Subscription Shares at an issue price of HK\$0.08 per Subscription Share to the Investors in an aggregate gross amount of approximately HK\$547 million, representing approximately 102.75% of the number of issued Shares as at the date of this announcement and approximately 50.65% of the Enlarged Issued Share Capital.

The aggregate of the Subscription Price for the Subscription Shares shall be payable to the Company by each of the Investors (proportional to its respective number of Subscription Shares subscribed) upon Closing.

Out of the 6,837,619,860 Subscription Shares, 2,452,447,978 Subscription Shares representing a shareholding percentage of approximately 18.17% of the Enlarged Issued Share Capital, will be subscribed for by Huayi Brothers and 2,116,251,467 Subscription Shares representing a shareholding percentage of approximately 15.68% of the Enlarged Issued Share Capital, will be subscribed for by Tencent. The remaining 2,268,920,415 Subscription Shares representing an aggregate shareholding percentage of approximately 16.81% of the Enlarged Issued Share Capital, will be subscribed for by the Other Investors.

The issue of the Subscription Shares will be subject to a specific mandate to be approved by the Independent Shareholders at the EGM by ordinary resolutions.

Huayi Brothers and Tencent are considered as parties acting in concert in connection with this Subscription. Neither Huayi Brothers or Tencent nor any party acting in concert with any of them has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company during the six months prior to the date of the Rule 3.7 Announcement, and none of them is interested in any issued Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the date of this announcement.

Based on the discussion among Huayi Brothers, Tencent and the Company, it is intended that the Company will deploy the net proceeds from the Subscriptions to invest, develop and operate offline and online cultural and new media businesses.

#### **WHITEWASH WAIVER**

Immediately after Closing, the Concert Group, being Huayi Brothers, Tencent and parties acting in concert with any of them, will in aggregate be interested in 68.65% of the issued share capital of the Company as at the date of this announcement and approximately 33.85% of the Enlarged Issued Share Capital.

Under Rule 26.1 of the Takeovers Code, the Concert Group would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Concert Group upon Closing unless the Whitewash Waiver is obtained from the Executive. In this regard, the Concert Group will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Huayi Brothers Subscription Shares and Tencent Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of a poll. Closing of the Huayi Brothers Subscription and the Tencent Subscription are conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by Independent Shareholders.

The Independent Board Committee will be formed to advise the Independent Shareholders in relation to the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions and the Whitewash Waiver. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard and an announcement will be made upon its appointment.

## **RESIGNATION OF DIRECTORS**

Pursuant to the Subscription Agreements, each of the current Directors (except for Mr. YUEN Hoi Po and the independent non-executive directors), being Mr. ZHANG Changsheng (Vice Chairman), Mr. Edward TIAN Suning and Mr. Hugo SHONG shall resign as a Director with effect from Closing. It is envisaged that three new Directors nominated by Huayi Brothers, three new Directors nominated by Tencent and such number of independent non-executive Directors that will represent at least one-third of the total number of Directors shall constitute the Board with effect from Closing if so elected in accordance with the Company's Articles of Association.

## **GENERAL**

A circular containing, among other things, details of the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions and the Whitewash Waiver, together with the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions and the Whitewash Waiver and the notice of the EGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Listing Rules and the Takeovers Code.

The voting in relation to the Huayi Brothers Subscription, the Tencent Subscription, each of the Other Investors' Subscriptions, the issue of the Subscription Shares and the Whitewash Waiver at the EGM will be conducted by way of a poll. As regards the Subscription Agreements and the issue of the Subscription Shares, Mr. Yuen and other Shareholders who have a material interest in the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions, the Concert Group, the Other Investors and their respective associates and those who are involved in or interested in the Subscription Agreements (if any) shall abstain from voting on the relevant ordinary resolutions to be proposed at the EGM to approve the matters. As regards the Whitewash Waiver, Mr. Yuen, the Concert Group, the Other Investors, and their respective associates and other Shareholders who are interested or involved in the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions and/or the Whitewash Waiver (if any) shall abstain from voting on the relevant ordinary resolution to be proposed at the EGM to approve the Whitewash Waiver.

**Warning: the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions are subject to the fulfilment or waiver (as the case may be) of a number of conditions set out under the section headed "Conditions of the Subscriptions" under "THE SUBSCRIPTION AGREEMENTS" in this announcement, including, among other things, approval by the Independent Shareholders. As such, the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## INTRODUCTION

Reference is made to the Rule 3.7 Announcement and the Update Announcements, pursuant to which the Company initially announced the proposed subscription for convertible securities or preferred shares in the Company convertible into approximately 88% of the Enlarged Issued Share Capital with certain potential investors at a subscription price of no less than HK\$0.08 per subscription share. The Company had renegotiated with these investors in respect of certain terms and conditions of the proposed subscription and is now pleased to announce as follows.

On 10 December 2015 (after trading hours), each of Huayi Brothers, Tencent and the Other Investors entered into a separate Subscription Agreement with the Company and Mr. Yuen respectively, pursuant to which the Investors have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 6,837,619,860 Subscription Shares at an issue price of HK\$0.08 per Subscription Share to the Investors in an aggregate gross amount of approximately HK\$547 million, representing approximately 102.75% of the number of issued Shares as at the date of this announcement and approximately 50.65% of the Enlarged Issued

Share Capital.

## THE SUBSCRIPTION AGREEMENTS

Date : 10 December 2015

Issuer : the Company

Investors : Each of Huayi Brothers, Tencent, Confidex, Key Ability, Lofty Rainbow and Merit New entered into a separate Subscription Agreement with the Company and Mr. Yuen.

Each of Huayi Brothers, Tencent, Confidex, Key Ability, Lofty Rainbow and Merit New and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. Please refer to the section headed “Information of the Investors” for more information of the Investors.

### The Subscriptions

The following table sets out a summary of the Subscription Shares to be subscribed for by each of the Investors pursuant to the Subscription Agreements:

| <b>Name</b>    | <b>Number of Subscription Shares</b> | <b>Shareholding percentage (at Closing assuming there is no change to the share capital of the Company other than the issue of the Subscription Shares)</b> | <b>Shareholding percentage (at Closing assuming there is no change to the share capital of the Company other than the issue of the Subscription Shares and full exercise of the outstanding options under the Share Option Schemes)</b> |
|----------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Huayi Brothers | 2,452,447,978                        | 18.18%                                                                                                                                                      | 18.17%                                                                                                                                                                                                                                  |
| Tencent        | 2,116,251,467                        | 15.68%                                                                                                                                                      | 15.68%                                                                                                                                                                                                                                  |
| Confidex       | 691,882,675                          | 5.13%                                                                                                                                                       | 5.12%                                                                                                                                                                                                                                   |
| Key Ability    | 600,118,893                          | 4.45%                                                                                                                                                       | 4.45%                                                                                                                                                                                                                                   |
| Lofty Rainbow  | 610,675,788                          | 4.53%                                                                                                                                                       | 4.52%                                                                                                                                                                                                                                   |
| Merit New      | 366,243,059                          | 2.71%                                                                                                                                                       | 2.71%                                                                                                                                                                                                                                   |
| Total          | <u>6,837,619,860</u>                 | <u>50.68%</u>                                                                                                                                               | <u>50.65%</u>                                                                                                                                                                                                                           |

## **The Subscription Price**

The Subscription Price of HK\$0.08 per Subscription Share represents:

- (i) a discount of approximately 90.91% to the closing price of HK\$0.88 per Share as quoted on the Stock Exchange on 29 May 2015, being the Last Trading Day;
- (ii) a discount of approximately 91.56% to the average of the closing price per Share of approximately HK\$0.95 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iii) a discount of approximately 91.64% to the average of the closing price per Share of approximately HK\$0.96 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The Distribution comprised distribution of cash of HK\$500 million and a total of 1,500 million shares of Eternity Investment. Based on the closing share price of Eternity Investment on the Last Trading Date of HK\$0.99 per share, the pro forma value of Distribution per share is approximately HK\$0.30 per share. The Distribution has been completed in accordance with the Company's announcement on 6 October 2015.

The Subscription Price of HK\$0.08 per Subscription Share represents:

- (i) a discount of approximately 86.21% to the theoretical ex-entitlement closing price (after excluding the pro forma value of Distribution per share as calculated above) of HK\$0.58 on the Last Trading Day;
- (ii) a discount of approximately 87.69% to the average of the theoretical ex-entitlement closing price (after excluding the pro forma value of Distribution per share as calculated above) of HK\$0.65 for the last five trading days up and including the Last Trading Day; and
- (iii) a discount of approximately 87.88% to the average of the theoretical ex-entitlement closing price (after excluding the pro forma value of Distribution per share as calculated above) of HK\$0.66 for the last ten trading days up and including the Last Trading Day.

The aggregate of the Subscription Price for the Subscription Shares shall be payable to the Company by each of the Investors (proportional to its respective number of Subscription Shares subscribed) upon Closing.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Investors after taking into account the prevailing market price of the Shares, the trading volume of the Shares, the historical financial performance and net asset value of the Group, the Capital Reorganisation, the VSD, the Distribution and the trading position, prospects of the Group's existing business and, the future business opportunities, relationships and capabilities potentially made available through the relationships between the Company and the Investors.

## Conditions of the Subscriptions

The obligations of the Investors to subscribe and pay for, and the obligations of the Company to issue, the Subscription Shares to the Investors are subject to the fulfilment or waiver (as the case may be) of the following conditions precedent:

- (1) **Approvals:** all necessary approvals for the Subscriptions required under the articles of association of the Company, applicable laws (including the Takeovers Code) and the Listing Rules and otherwise having been obtained, including:
  - (i) the passing by the requisite majority of Shareholders or Independent Shareholders (as appropriate) in the EGM of all resolutions required under relevant laws and regulations, including pursuant to the Listing Rules and the Takeovers Code, in respect of, among other things, the specific mandates for the allotment and issue of the Subscription Shares and the Whitewash Waiver; and
  - (ii) the granting of the approval for the listing of, and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange;
- (2) **Due Diligence:** the Investors having completed each of their due diligence of the Group to their satisfaction;
- (3) **Share Options:** all options under the Share Option Schemes having been exercised or cancelled before the Closing;
- (4) **Completion of the tax filings:** all filings in connection with the VSD as required by Applicable Laws (including Circular 7) with the relevant tax authorities in the PRC having been completed;
- (5) **Completion of Disposal:** the completion of the Disposal by the Group. The Disposal represents the disposal by the Group of all of its interest in respect of four companies (the “**Disposed Entities**”) which have no substantial operations or are immaterial to the Group. The purpose of the Disposal is to streamline the group structure and carve-out certain entities which are dormant, inactive or with no material operations relevant to the principal business of the Group. The Disposal is in progress and has not been completed as at the date of this announcement. The Group intends to dispose of the four Disposed Entities by way of disposal to joint venture partners or independent third parties which are not existing Shareholders;

(6) **Compliance:**

- (i) the representations and warranties of the Company in the Subscription Agreements continuing to be true, accurate and correct in all material respects as of the Closing Date; and
  - (ii) the Company having performed all of its obligations under the Subscription Agreements expressed to be performed on or before such date;
- (7) **Material Adverse Effect:** no Material Adverse Effect on members of the Group having occurred since the date of the Subscription Agreements;
- (8) **No injunction:** no injunction, interim or otherwise, having been granted in respect of the Company which would prohibit the Company to enter into and perform its obligations under the Subscription Agreements;
- (9) **Whitewash Waiver:** the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn;
- (10) **Investors' Warranties:** the representations and warranties of the Investors in the Subscription Agreements continuing to be true, accurate and correct in all material respects as of the Closing Date; and
- (11) **Shareholders' Approval:** the ultimate holding company of Huayi Brothers, namely Huayi Brothers Media Corporation (華誼兄弟傳媒股份有限公司) having obtained the approval from the shareholders at its shareholders' meeting approving the Huayi Brothers Subscription Agreement and the transactions contemplated thereunder.

Huayi Brothers, Tencent and Confidex may jointly at any time by notice in writing to the other parties waive any of the conditions set out in paragraphs 2, 3, 5, 6 and 7 above. The Company may at any time by notice in writing to the other parties waive the conditions set out in paragraph 10 above. The conditions set out in paragraphs 1, 4, 8, 9 and 11 are not waivable by the Company or the Investors. Furthermore, each of the Huayi Brothers Subscription, the Tencent Subscription and the Other Investors' Subscriptions are subject to concurrent Closing of each other (except any of such Concurrent Subscriptions, the closing of which has been waived jointly by each of Huayi Brothers, Tencent and Confidex). Hence, among other things, if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the EGM, the Subscriptions will not proceed.



## Closing of Subscriptions

Closing will take place on the Closing Date. If the Closing Conditions have not been satisfied or waived on or before 22 January 2016 (the “**Longstop Date**”), the Investors may either (i) terminate the Subscription Agreements with immediate effect, by written notice to the other parties after the date falling five Business Days after the Longstop Date; or (ii) at any time up to five Business Days prior to the Longstop Date, the parties can mutually agree to extend the Longstop Date to such later date as the parties may determine (such date being not more than 90 days after the Longstop Date) (the “**Extended Longstop Date**”). If the Closing Conditions have not been satisfied or waived by such Extended Longstop Date, then the Subscription Agreements (other than certain provisions designated as surviving provisions) shall automatically terminate. In the event of termination of the Subscription Agreements, the parties shall be released and discharged from their respective obligations under the Subscription Agreements (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach).

## Mr. Yuen’s Lock-up Undertakings

Mr. Yuen, through Rich Public Limited and Smart Concept Enterprise Limited, companies incorporated under the laws of the British Virgin Islands, being companies wholly-owned by Mr. Yuen directly or indirectly, is beneficially interested in a total of 1,976,492,607 Shares, representing approximately 29.70% of the issued share capital of the Company as of the date of the Subscription Agreements.

Pursuant to the Huayi Brothers Subscription Agreement and the Tencent Subscription Agreement, Mr. Yuen undertakes to and covenants with the Huayi Brothers and Tencent that, unless with the prior written consent of Huayi Brothers and Tencent, he shall not, and he shall procure his Affiliates not to, during the period commencing on the date of the Huayi Brothers Subscription Agreement and the Tencent Subscription Agreement until the expiry of 18 months from the Closing Date, directly or indirectly, including by or through his Affiliates:

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, whether directly or indirectly, the 1,976,492,607 Shares beneficially owned by Mr. Yuen (collectively referred to as the “**Locked-up Shares**”); or
- (b) enter into a swap or other arrangement that would have (i) the same economic consequences as paragraph (a) above or (ii) the effect of transferring to another party any of the economic benefits of ownership of the Locked-up Shares, for the purpose of hedging his or any of his Affiliate’s economic or beneficial ownership in, or holdings of, the Locked-up Shares.

## **Huayi Brothers' and Tencent's Lock-up Undertakings**

Pursuant to the deeds of undertaking entered into by Mr. Yuen with each of Huayi Brothers and Tencent, both dated 10 December 2015, each of Huayi Brothers and Tencent undertakes to and covenants with Mr. Yuen that, without the prior written consent of Mr. Yuen, each of Huayi Brothers and Tencent shall not, and each of Huayi Brothers and Tencent shall procure their Affiliates not to, during the period of 18 months commencing on the Closing Date, directly or indirectly, including by or through its Affiliates:

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, whether directly or indirectly, 2,452,447,978 Shares in the case of Huayi Brothers and 2,116,251,467 Shares in the case of Tencent (or such number of Shares caused by any adjustment to the number of Shares held by each of Huayi Brothers and Tencent, respectively, including but not limited to share subdivision or share consolidation) (collectively referred to as the “**Huayi Brothers and Tencent Locked-up Shares**”); or
- (b) enter into a swap or other arrangement that would have (i) the same economic consequences as paragraph (a) above or (ii) the effect of transferring to another party any of the economic benefits of ownership of the Huayi Brothers and Tencent Locked-up Shares, for the purpose of hedging its or any of its Affiliate's economic or beneficial ownership in, or holdings of, the Huayi Brothers and Tencent Locked-up Shares.

## **The Investors' Rights Agreement**

On 10 December 2015, the Concert Group entered into an agreement among its two parties which sets forth certain rights and obligations of each of the parties in respect of their respective interests in the Company (the “**Investors' Rights Agreement**”) as follows:

- each party shall have a right of first refusal to acquire the other party's Shares in the event that either party proposes to sell its Shares other than via an on-market sale;
- each party shall have a right to tag along on the same terms and conditions if the other party proposes to transfer any Shares held by it through a placing agent or an off-market transfer;
- each party has agreed not to dispose of its Shares without the consent of the other party for a period of 18 months from the Closing Date (as defined in the Subscription Agreement), save for any transfer to an affiliate;
- each of the parties shall be entitled to nominate three (3) persons as directors on the Board, respectively, and shall vote their respective shares in such a manner as to cause such persons to be elected to the Board;

The Investors' Rights Agreement may be terminated (a) automatically if the Closing fails to occur pursuant to the terms and conditions of the Subscription Agreements, or (b) at any time if agreed between the parties in writing.

### Effect on shareholding structure of the Company

As at the date of this announcement, the relevant securities of the Company comprise (i) 6,654,401,799 issued and fully-paid up Shares and (ii) outstanding share options granted under each of the Share Option Schemes pursuant to which a total of 7,127,377 Shares can be allotted and issued upon exercise of such options granted under the Share Option Schemes. Save as disclosed above, the Company has no other outstanding securities convertible or exchangeable into Shares. The following table illustrates the shareholding structure of the Company as at the date of this announcement and immediately following Closing:

| Existing Shareholders     | Name of Subscribers        | Existing number of issued Shares | Existing% Shareholding (2 decimal places) | Number of Subscription Shares | As a% of existing issued number of Shares | Enlarged issued number of Shares | As a% of enlarged issued number of Shares | Enlarged issued number of Shares | As a% of enlarged issued number of Shares |
|---------------------------|----------------------------|----------------------------------|-------------------------------------------|-------------------------------|-------------------------------------------|----------------------------------|-------------------------------------------|----------------------------------|-------------------------------------------|
| Mr. Yuen <sup>1</sup>     | -                          | 1,976,492,607                    | 29.70%                                    | -                             | -                                         | 1,976,492,607                    | 14.65%                                    | 1,976,492,607                    | 14.64%                                    |
| -                         | Huayi Brothers             | -                                | -                                         | 2,452,447,978                 | 36.85%                                    | 2,452,447,978                    | 18.18%                                    | 2,452,447,978                    | 18.17%                                    |
| -                         | Tencent                    | -                                | -                                         | 2,116,251,467                 | 31.80%                                    | 2,116,251,467                    | 15.68%                                    | 2,116,251,467                    | 15.68%                                    |
| -                         | Sub total of Concert Group | -                                | -                                         | 4,568,699,445                 | 68.65%                                    | 4,568,699,445                    | 33.86%                                    | 4,568,699,445                    | 33.85%                                    |
| <b>Public</b>             |                            |                                  |                                           |                               |                                           |                                  |                                           |                                  |                                           |
| -                         | Confidex                   | -                                | -                                         | 691,882,675                   | 10.40%                                    | 691,882,675                      | 5.13%                                     | 691,882,675                      | 5.12%                                     |
| -                         | Key Ability                | -                                | -                                         | 600,118,893                   | 9.02%                                     | 600,118,893                      | 4.45%                                     | 600,118,893                      | 4.45%                                     |
| -                         | Lofty Rainbow              | -                                | -                                         | 610,675,788                   | 9.18%                                     | 610,675,788                      | 4.53%                                     | 610,675,788                      | 4.52%                                     |
| -                         | Merit New                  | -                                | -                                         | 366,243,059                   | 5.50%                                     | 366,243,059                      | 2.71%                                     | 366,243,059                      | 2.71%                                     |
| Other public Shareholders | -                          | 4,677,909,192                    | 70.30%                                    | -                             | -                                         | 4,677,909,192                    | 34.67%                                    | 4,685,036,569                    | 34.71%                                    |
| Sub-total                 |                            | <u>4,677,909,192</u>             | <u>70.30%</u>                             | <u>2,268,920,415</u>          | <u>34.10%</u>                             | <u>6,946,829,606</u>             | <u>51.49%</u>                             | <u>6,953,956,983</u>             | <u>51.51%</u>                             |
| Total                     |                            | <u>6,654,401,799</u>             | <u>100.00%</u>                            | <u>6,837,619,860</u>          | <u>102.75%</u>                            | <u>13,492,021,659</u>            | <u>100.00%</u>                            | <u>13,499,149,036</u>            | <u>100.00%</u>                            |

- 1 Mr. Yuen is deemed to be interested in 1,976,492,607 Shares (29.70%) legally owned by his wholly-owned corporations namely Rich Public Limited (139,492,607 Shares, 2.10%) and Smart Concept Enterprise Limited (1,837,000,000 Shares, 27.60%).

## **Resignation of the Directors**

Pursuant to the Subscription Agreements, each of the current Directors (except for Mr. YUEN Hoi Po and the independent non-executive directors), being, Mr. ZHANG Changsheng (Vice Chairman), Mr. Edward TIAN Suning and Mr. Hugo SHONG shall resign as a Director with effect from Closing. It is envisaged that three new Directors nominated by Huayi Brothers, three new Directors nominated by Tencent and such number of independent non-executive Directors that will represent at least one-third of the total number of Directors shall constitute the Board with effect from Closing if so elected in accordance with the Company's Articles of Association.

## **Information on the Group**

The Group is principally engaged in (i) media business; and (ii) provision of online and offline healthcare and wellness services.

## **Information on the Investors**

Huayi Brothers International Limited is a company incorporated under the laws of Hong Kong with limited liability. It is a wholly-owned subsidiary of Huayi Brothers Media Corporation (華誼兄弟傳媒股份有限公司), which is a company listed on Shenzhen Stock Exchange (stock code: 300027) and an integrated entertainment group in the PRC principally engaged in the sectors of films, TV shows, talents management, games, music, cinema, entertainment market, live entertainment and new media.

Mount Qinling Investment Limited is a company incorporated under the laws of the British Virgin Islands, whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Its primary business is investment holding. It is a wholly-owned subsidiary of Tencent Holdings Limited, which is a leading provider of Internet services in China whose shares are listed on the Main Board of the Stock Exchange (stock code: 700). Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a subsidiary of Tencent Holdings Limited, owns 111,876,452 shares of Huayi Brothers Media Corporation, representing approximately 8.06% of Huayi Brothers Media Corporation's total issued share capital as at 30 September 2015.

Confidex Key Limited, an investment vehicle, is a 100% controlled subsidiary of Yunfeng Fund II, L.P. Yunfeng Fund II, L.P. is a Cayman Islands exempted limited partnership that primarily focuses on investments in the telecommunications, technology and media, consumer and retail and healthcare industries. Yunfeng Investment II, L.P. is the general partner of Yunfeng Fund II, L.P. Yunfeng Investment II, L.P. in turn is a limited partnership and its general partner is Yunfeng Investment GP II, Ltd., which is owned as to 60% by Mr. Yu Feng and as to 40% by Mr. Ma Yun.

Key Ability Limited is a company incorporated in the British Virgin Islands with limited liability. Its primary business is investment holding. It is wholly-owned by Ms. Huang Ying. Ms. Huang Ying is a professional investor in the telecommunication, media and technology sector and has invested in multiple start-up companies.

Lofty Rainbow Limited is a company incorporated in the British Virgin Islands with limited liability. Its primary business is investment holding. It is wholly-owned by Ms. Zhang Huiling. Ms. Zhang Huiling is a professional investor in the telecommunication, media and technology sector and has invested in multiple start-up companies.

Merit New Limited is a company incorporated in the British Virgin Islands with limited liability. Its primary business is investment holding. It is wholly-owned by Ms. Xu Luping. Ms. Xu Luping is an entrepreneur in food service business and owns an agricultural company.

Mr. Yu Feng and Mr. Ma Yun owns 15,968,525 shares and 49,912,200 shares of Huayi Brothers Media Corporation, representing approximately 1.15% and approximately 3.59% of Huayi Brothers Media Corporation's total issued share capital as at 30 September 2015, respectively. Mr. Yu Feng was a director of Huayi Brothers Media Corporation until 1 July 2015 when his resignation from the directorship became effective. THL A8 Limited, a wholly-owned subsidiary of Tencent Holdings Limited, the parent company of Tencent, is a limited partner of Yunfeng Fund II, L.P. contributing approximately 2.73% of the total capital commitments of Yunfeng Fund II, L.P. As a limited partner, THL A8 Limited does not have any voting power over Yunfeng Fund II, L.P. Save for the foregoing, there are no personal or business relationships between the Concert Group and each of the Other Investors and their respective beneficial owners. None of the members of the Concert Group is a party acting in concert with any of the Other Investors. None of the Other Investors has entered into or intend to enter into any agreement or arrangement (either explicit or implicit) or understanding (whether formal or informal) with any of the Other Investors or any member of the Concert Group in connection with the Subscriptions and/or the voting rights of the Company and the Whitewash Waiver.

As at the date of this announcement, save for the Huayi Brothers Subscription, the Tencent Subscription and the Investors' Rights Agreement, (i) the Concert Group does not hold, control or have direction over any outstanding options, warrants, or any securities that are convertible into Shares or any outstanding derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; (ii) the Concert Group has not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; (iii) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Concert Group, which might be material to the Huayi Brothers Subscription, the Tencent Subscription and the Whitewash Waiver, with any other persons; (iv) there is no agreement or arrangement to which any member of the Concert Group is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Huayi Brothers Subscription, the Tencent Subscription and the Whitewash Waiver; and (v) none of the members of the Concert Group has received any irrevocable commitment to vote for or against the Huayi Brothers Subscription, the Tencent Subscription or the Whitewash Waiver.

Except for the entering into of the Subscription Agreements, none of the members of the Concert Group, the Other Investors or parties acting in concert with any of them has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the six months prior to the date of the Rule 3.7 Announcement.

### **Future intention of the Concert Group regarding the Group**

As mentioned in the section headed “Resignation of the Directors” above, it is envisaged that three new Directors nominated by Huayi Brothers, three new Directors nominated by Tencent and such number of independent non-executive Directors that will represent at least one-third of the total number of Directors shall constitute the Board with effect from Closing if so elected in accordance with the Company’s Articles of Association. The Concert Group is considering suitable candidates and information regarding the proposed Directors as nominated by Concert Group will be announced in due course.

Based on the discussion among Huayi Brothers, Tencent and the Company, it is intended that the Company will deploy the net proceeds from the Subscriptions to invest, develop and operate offline and online cultural business and new media business in China and overseas. The Concert Group intends to cooperate with the Company to distribute and operate culture media assets by leveraging their resources and know-how in culture and media related areas. The Concert Group intends to use commercially reasonable efforts to fully develop the value of the Company’s existing media business and provide customers with the top quality culture and media products and/or services.

### **Reasons for and benefits of the Subscriptions**

The Directors have considered the financial position of the Company, current market conditions and outlook for the Group’s businesses, and the potential strengthening of the Company’s financial position and future business opportunities that may result from the Subscriptions. While the Company has no current need for capital for the Group’s online and offline healthcare and wellness services, the Directors consider that the new capital to be injected into the Company upon Closing will enable the Company to further expand its media businesses which will be in the best interests of the Company and its Shareholders as a whole.

Huayi Brothers is a wholly-owned subsidiary of Huayi Brothers Media Corporation (華誼兄弟傳媒股份有限公司), which is a company listed on Shenzhen Stock Exchange (stock code: 300027) and China's well-known integrated entertainment group, established in 1994 by brothers Wang Zhongjun and Wang Zhonglei. Huayi Brother's main business includes film, TV shows, talent management, etc. Huayi Brothers is China's leading producer and distributor of original film & TV content. In the past 20 years, as one of the first Chinese private movie studios that started the commercial film production and distribution, Huayi Brothers has created numerous high profile films, and has won many awards in domestic and international film festivals. The blockbusters include: Cellphone, A World Without Thieves, Rob-B-Hood, Assembly, You Are The One series, The Forbidden Kingdom, The Message, Aftershock, Detective Dee series, Love, Painted Skin 2, 1942, CZ12, Journey to the West: Conquering the Demons, Personal Tailored, etc., making the company a Chinese box office champion many times over.

Mount Qinling Investment Limited is a wholly-owned subsidiary of Tencent Holdings Limited, which is a leading provider of Internet services in China whose shares are listed on the Main Board of the Stock Exchange (stock code: 700). Tencent Holdings Limited uses technology to enrich the lives of Internet users. Every day, hundreds of millions of people communicate, share experiences, consume information, seek entertainment through its integrated platforms. Tencent's diversified services include QQ, Weixin and WeChat for communications; Qzone for social networking; QQ Game Platform for online games; and QQ.com and Tencent News for information and Tencent Video for video content. Tencent Holdings Limited seeks to evolve with the Internet by investing in innovation, providing a hospitable environment for its partners, and staying close to its users. As of 30 September 2015, number of monthly active users (MAU) of QQ was 860million and the combined MAU of Weixin and WeChat was 650 million.

Given the above, the Board considers that by introducing Huayi Brothers and Tencent as the Company's major shareholders, the Subscriptions will bring strategic benefits and resources of China's strongest media and Internet players in China to develop business opportunities in culture and new media businesses.

The Directors have also considered the fact that the net asset value of the Group as at 30 June 2015 will be significantly reduced from approximately HK\$0.35 per share to approximately HK\$0.12 per share after taking into account the effect of VSD and Distribution. The VSD and Distribution have been completed in accordance with the Company's announcement on 6 October 2015.

For the reasons stated above, the Directors (excluding the members of the Independent Board Committee who will express their opinion after considering the advice of the independent financial adviser as to the fairness and reasonableness of the terms of the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions and the Whitewash Waiver) consider that the terms of the Huayi Brothers Subscription, the Tencent Subscription and the Other Investors' Subscriptions are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **Use of proceeds and future business plan**

If the Closing occurs in accordance with the Subscription Agreements, the gross proceeds from the Subscriptions would amount to approximately HK\$547 million. The net proceeds from the Subscriptions is estimated to be approximately HK\$527 million, which is intended to be utilized by the Company to pursue opportunities in cultural and new media industries in China and overseas for the Company's further development.

Based on the discussion among Huayi Brothers, Tencent and the Company, it is intended that the Company will invest, develop and operate offline and online cultural business and new media business in China and overseas. Furthermore, the Company has not entered into any agreement, arrangement, understanding, undertaking or negotiation (concluded or otherwise) to dispose of or downsize the existing offline healthcare and wellness services and online healthcare services businesses of the Group.

Following Closing, the Company intends to leverage on the resources and industry experiences of Huayi Brothers (being one of the leading media players in China) and Tencent (being one of the leading internet players in China), such that the Group could strategically position itself as a prominent player in offline and online cultural and new media industries, focusing mainly on viewers in the Greater China region, as well as open to international opportunities. The Company, together with, Huayi Brothers and Tencent, consider that the following elements are critical in achieving this long-term strategic objective:

### ***(a) Strong and consistent presence in offline cultural and media-related contents production***

As media contents are scarce in China and other parts of the world, the Group will need to make multiple investments in cultural and media-related contents on a rolling basis so as to continuously produce content and achieve investment returns over future years. The investment return period from production of contents to distribution/box office and receipt of investment return typically averages approximately two years. In addition, the Group will need to build up its own intellectual property rights inventory, which is critical for its expansion into online entertainment and new media sector.

### ***(b) Internationalized productions and distribution***

Huayi Brothers is a wholly-owned subsidiary of Huayi Brothers Media Corporation, a well-known integrated entertainment group in China, which is principally engaged in businesses including, film, TV programs and talent management. It is intended that the Group's media contents production will leverage on the support from Huayi Brothers and will tap into international investment opportunities, for example, in Hollywood production and Korean productions. With Huayi Brothers and Tencent's strategic support, the Group also has prominent advantages in online and offline marketing and distribution of such internationalized production in China.



(c) *Integrated entertainment platform for online promotion, marketing, distribution and sale*

Possession of its own online entertainment platform which serves the function of online promotion, marketing, distribution and content releases and sale for the Group's own cultural and media-related content productions and other third party productions establishing a link of online-to-offline and providing synergies between the Group's online and offline media business. This integrated online entertainment platform is essential in the long-term to the Group's mission of a prominent player in offline and online cultural and new media industries as currently approximately two-thirds of the box offices receipts in China are distributed and sold through online platform.

The whole of the net proceeds of the Subscriptions of approximately HK\$527 million, will be used within 4 months following the Closing. The Group has already entered into the following legally binding agreements pursuant to which the Group is committed to invest in various film production projects:

- China Jiu hao has entered into a film production cooperation agreement and a supplemental film cooperation agreement (collectively referred to as the “**Ten Film Production Cooperation Agreement**”) with a film producer in the United States, being an independent third party and not connected with the Company, (the “**Film Producer**”), pursuant to which China Jiu hao has agreed to invest in 10 film projects produced and distributed by the Film Producer. China Jiu hao has committed to invest an aggregate amount of RMB305 million (equivalent to approximately HK\$369 million) for the 10 film projects (the “**Ten Films Total Investment Amount**”). The Ten Film Production Cooperation Agreement shall become effective upon completion of the Subscriptions, and China Jiu hao agreed to pay to the Film Producer (a) RMB122 million (40% of the Ten Films Total Investment Amount) within 15 business days from the effective date of the Ten Film Production Cooperation Agreement, (b) RMB122 million (40% of the Ten Films Total Investment Amount) within 60 days from the effective date of the Ten Film Production Cooperation Agreement, and (c) RMB61 million (20% of the Ten Films Total Investment Amount) within 120 days from the effective date of the Ten Film Production Cooperation Agreement; and
- China Jiu hao has entered into a film cooperation agreement (the “**Animation Film Cooperation Agreement**”) with an animation film production house, being an independent third party and not connected with the Company (the “**Animation Film Producer**”), pursuant to which China Jiu hao has agreed to invest in three animation films produced by the Animation Film Producer. The Animation Film Cooperation Agreement shall become effective upon completion of the Subscriptions, and China Jiu hao agreed to pay to the Animation Film Producer USD24 million (equivalent to approximately HK\$187 million), consisting of USD22 million as the investment amount for the first animation film and USD2 million as a prepayment for the second and the third animation films, within 15 business days from the effective date of the Animation Film Cooperation Agreement. Subject to the entering into of separate cooperation agreements with the Animation Film Producer for the second and third animation films, China Jiu hao may further invest USD4.5 million for each of the second and the third animation films.

As at the date of this announcement and save as disclosed above, no definitive proposals, terms or timetable have been determined for any such possible future cooperation, investments or any associated transactions, no specific acquisition targets had been identified and no agreements for any such possible future cooperation, investments, acquisition or any associated transactions have been entered into. Further, as at the date of this announcement, the Company has no intention or further plans to raise additional financing by way of debt or equity in the next 12 months from Closing for the purpose of satisfying its obligations under the Ten Film Production Cooperation Agreement and Animation Film Cooperation Agreement.

## **Expenses**

The Company and the Investors shall each be liable for the costs and expenses of their own legal and other professional advisers (including auditors) incurred in connection with the Subscriptions. The Company shall reimburse the Investors for such costs and expenses of the Investors in connection with the Subscriptions provided that Closing takes place, and the Company shall pay all fees, costs and expenses incurred in connection with the allotment, issue and listing of the Subscription Shares on the Stock Exchange and the execution or delivery of the Subscription Agreements, including any value added, turnover or similar tax payable in respect thereof.

## **FUND RAISING EXERCISE FOR THE PAST 12 MONTHS**

Save for the Subscriptions, the Company did not undertake any equity fund raising exercise in the past 12 months immediately prior to the date of this announcement.

## **APPLICATION FOR THE WHITEWASH WAIVER**

Immediately after Closing, the Concert Group, being Huayi Brothers, Tencent and parties acting in concert with any of them, will in aggregate be interested in 68.65% of the issued share capital of the Company as at the date of this announcement and approximately 33.85% of the Enlarged Issued Share Capital.

Under Rule 26.1 of the Takeovers Code, the Concert Group would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Concert Group as a result of the issue of the Subscription Shares unless the Whitewash Waiver is obtained from the Executive. In this regard, the Concert Group will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Huayi Brothers Subscription Shares and Tencent Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of a poll. Closing of the Huayi Brothers Subscription and Tencent Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by Independent Shareholders.

## **GENERAL**

The Independent Board Committee will be formed to advise the Independent Shareholders in relation to the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions and the Whitewash Waiver. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard and an announcement will be made upon its appointment.

A circular containing, among other things, details of the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions and the Whitewash Waiver, together with the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions and the Whitewash Waiver and the notice of the EGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Listing Rules and the Takeovers Code.

The voting in relation to the Huayi Brothers Subscription, the Tencent Subscription, each of the Other Investors' Subscriptions, the issue of the Subscription Shares and the Whitewash Waiver at the EGM will be conducted by way of a poll. As regards the Subscription Agreements and the issue of the Subscription Shares, Mr. Yuen and other Shareholders who have a material interest in Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions, the Concert Group, the Other Investors and their respective associates and those who are involved in or interested in the Subscription Agreements (if any) shall abstain from voting on the relevant ordinary resolutions to be proposed at the EGM to approve the matters. As regards the Whitewash Waiver, Mr. Yuen, the Concert Group, the Other Investors, and their respective associates and other Shareholders who are interested or involved in Huayi Brothers Subscription, the Tencent Subscription, the Other Investors' Subscriptions and/or the Whitewash Waiver (if any) shall abstain from voting on the relevant ordinary resolution to be proposed at the EGM to approve the Whitewash Waiver.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

|                                        |                                                                                                                                                  |
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| “acting in concert”                    | has the same meaning as ascribed to it under the Takeovers Code                                                                                  |
| “Affiliate”                            | means any other person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified person |
| “Animation Film Cooperation Agreement” | has the meaning given to it in the section headed “Use of proceeds and future business plan “of this announcement                                |

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| “Animation Film Producer” | has the meaning given to it in the section headed “Use of proceeds and future business plan “of this announcement                                                                                                                                                                                                                                |
| “Applicable Laws”         | means, with respect to any person, any laws, rules, regulations, directives, treaties, decrees or orders of any governmental or regulatory authority that are applicable to and binding on such person and without limitation to the foregoing, shall, in respect of the Issuer, include the Listing Rules and the Takeovers Code                |
| “Articles of Association” | means the Company’s articles of association from time to time                                                                                                                                                                                                                                                                                    |
| “associate(s)”            | has the same meaning as ascribed to it under the Takeovers Code, unless the contexts otherwise specify                                                                                                                                                                                                                                           |
| “Board”                   | means the board of Directors                                                                                                                                                                                                                                                                                                                     |
| “Business Day”            | means a day (other than a Saturday or Sunday or public holiday and any other day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong) on which commercial banks are open for business in the city in which the specified office of the registrar is located and in Hong Kong and the PRC |
| “Capital Reorganisation”  | means the capital reorganisation of the Company as more particularly set out in the circular of the Company dated 21 May, 2015 which includes, among other things, the capital reduction where the par value of each issued existing ordinary share of the Company has been reduced from HK\$0.20 to HK\$0.02 effective on 25 August 2015        |
| “China Jiu hao”           | China Jiu hao Limited, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company                                                                                                                                                                                                                                   |
| “Circular 7”              | means the Announcement of the State Administration of Taxation on Several Issues concerning the Enterprise Income Tax on the Indirect Transfers of Properties by Non-Resident Enterprises Announcement of the State Administration of Taxation 2015 No.7 issued by State of Administration of Taxation of the PRC                                |
| “Closing”                 | means the completion of the Subscriptions                                                                                                                                                                                                                                                                                                        |
| “Closing Conditions”      | means the conditions precedent set out under the section headed “Conditions of the Subscriptions” of this announcement                                                                                                                                                                                                                           |

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| “Closing Date”        | means the date of Closing, which shall be the fourteenth day after the Unconditional Date, or on such other date as the parties may agree                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Company” or “Issuer” | means China Jiu hao Health Industry Corporation Limited, a company incorporated in the Cayman Islands, the issued shares of which are listed on Main Board of the Stock Exchange                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Concert Group”       | means Huayi Brothers, Tencent and parties acting in concert with any of them                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Confidex”            | means Confidex Key Limited, a company incorporated under the laws of the British Virgin Islands, is an investment vehicle and 100% controlled subsidiary of Yunfeng Fund II, L.P.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “connected person(s)” | has the meaning as ascribed to it in the Listing Rules                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Control”             | means in relation to an undertaking: <ul style="list-style-type: none"> <li>(a) the power to direct the exercise of a majority of the voting rights capable of being exercised at a general meeting of that undertaking;</li> <li>(b) the right to appoint or remove a majority of the board of directors (or corresponding officers) of that undertaking; or</li> <li>(c) the right to exercise a dominant influence over that undertaking by virtue of provisions contained in its constitutional documents or under a control contract or otherwise, in each case either directly or indirectly and “Controlled” and “Controlling” shall be construed accordingly</li> </ul> |
| “Director(s)”         | the director(s) of the Company from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Disposal”            | means the disposal by the Group all of its interest and/or obligations in certain companies which have no substantial operations or are immaterial to the Group                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Disposed Entities”   | has the meaning given to it in the section headed “Conditions of the Subscriptions” of this announcement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| “Distribution”                  | means the distribution to every shareholder of the Company whose name appear on the Company’s share register at the record date on 5 October 2015, proportional to their interests in the total issued share capital of the Company: (i) HK\$500 million in cash; (ii) 1,500,000,000 shares in Eternity Investment Limited (listed on the Main Board of the Stock Exchange with stock code: 764) received by the Company as consideration for the VSD, details of which are more particularly set out in the joint announcement of the Company and Eternity Investment Limited dated 15 May 2015 and the Company’s circular dated 23 June 2015. The Distribution has been completed in accordance with the Company’s announcement on 6 October 2015 |
| “EGM”                           | means the extraordinary general meeting of the Company to be convened to approve, among other things, the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors’ Subscriptions and the Whitewash Waiver                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Enlarged Issued Share Capital” | means the issued share capital of the Company as enlarged by (i) the allotment and issue of the Subscription Shares; (ii) the outstanding options under the Share Option Schemes are fully exercised; and (iii) that there is no other change in the issued share capital of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Eternity Investment”           | means Eternity Investment Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 764)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Executive”                     | means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Group”                         | means the Company and its Subsidiaries from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “HK\$”                          | means Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “Hong Kong”                     | means Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Huayi Brothers”                | means Huayi Brothers International Limited, a company incorporated under the laws of Hong Kong, whose registered office is at Room 2, 5/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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| “Huayi Brothers and Tencent Locked-up Shares” | has the meaning given to it in the section headed “Huayi Brothers’ and Tencent’s Lock-up Undertakings” of this announcement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Huayi Brothers Media Corporation”            | means Huayi Brothers Media Corporation, a company listed on Shenzhen Stock Exchange (stock code: 300027) and an integrated entertainment group                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Huayi Brothers Subscription”                 | means the subscription of the Huayi Brothers Subscription Shares under the Huayi Brothers Subscription Agreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Huayi Brothers Subscription Agreement”       | means the conditional subscription agreement entered into by the Company with Mr. Yuen and Huayi Brothers in respect of the Huayi Brothers Subscription dated 10 December 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Huayi Brothers Subscription Shares”          | means 2,452,447,978 Subscription Shares to be subscribed by Huayi Brothers under the Huayi Brothers Subscription Agreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Independent Board Committee”                 | means an independent committee of the Board established by the Board, comprising Dr. WONG Yau Kar David, BBS, JP, Mr. YUEN Kin, Mr. CHU Yuguo, Mr. Edward TIAN Suning and Mr. Hugo SHONG namely to advise the Independent Shareholders in respect of the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors’ Subscriptions and the Whitewash Waiver                                                                                                                                                                                                                                                                                                                                                                 |
| “Independent Shareholders”                    | means (i) as regards the Subscription Agreements and the issue of the Subscription Shares, Shareholders other than those who have a material interest in the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors’ Subscriptions, the Concert Group, the Other Investors and their respective associates and those who are involved in or interested in the Subscription Agreements; or (ii) as regards the Whitewash Waiver, Shareholders other than Concert Group, the Other Investors, Mr. Yuen and their respective associates and other Shareholders who are interested or involved in the Huayi Brothers Subscription, the Tencent Subscription, the Other Investors’ Subscriptions and/or the Whitewash Waiver |
| “Investors”                                   | means Huayi Brothers, Tencent and the Other Investors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Investors’ Rights Agreement”                 | has the meaning given to it in the section headed “The Investors’ Rights Agreement” of this announcement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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| “Key Ability”             | means Key Ability Limited, a company incorporated in the British Virgin Islands with limited liability. Its primary business is investment holding. It is wholly-owned by Ms. Huang Ying.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Last Trading Day”        | means 29 May 2015, being the last Trading Day of the Shares immediately prior to the date of the Rule 3.7 Announcement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| “Listing Rules”           | means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Locked-up Shares”        | has the meaning given to it in the section headed “Mr. Yuen and the Investors’ Lock-up Undertakings” of this announcement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Lofty Rainbow”           | means Lofty Rainbow Limited, a company incorporated in the British Virgin Islands with limited liability. Its primary business is investment holding. It is wholly-owned by Ms. Zhang Huiling.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Longstop Date”           | means 22 January 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Material Adverse Effect” | <p>means any event, circumstance or effect or any combination of them which is, or which could reasonably be expected to be, materially adverse to (i) the business, operations, business results or financial condition of the Group taken as a whole; or to (ii) the ability of the Company to perform its obligations under the Subscription Agreements or to complete the Subscriptions, excluding in any such case, any event, circumstance or effect resulting from the following or any combination of the following:</p> <ul style="list-style-type: none"> <li>(a) performance of obligations under, or compliance with, the terms and conditions of the Subscription Agreements and any transaction or agreements contemplated to be performed by the Company under each of them; or</li> <li>(b) pandemics, earthquakes, hurricanes, tornadoes or other natural disasters, or fire, war, riot, terrorism or similar force majeure events, provided that any such events do not disproportionately and substantially affect the Group in any material respect</li> </ul> |
| “Merit New”               | means Merit New Limited, a company incorporated in the British Virgin Islands with limited liability. Its primary business is investment holding. It is wholly-owned by Ms. Xu Luping.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |



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|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Mr. Yuen”                                 | means Mr. Yuen Hoi Po, the existing Chairman and Executive Director of the Company                                                                                                                                                   |
| “Other Investors”                          | means Confidex, Merit New, Key Ability and Lofty Rainbow                                                                                                                                                                             |
| “Other Investors’ Subscription Agreements” | means the four conditional subscription agreements entered by the Company and Mr. Yuen with each of Confidex, Merit New, Key Ability and Lofty Rainbow in respect of the Other Investors’ Subscriptions, each dated 10 December 2015 |
| “Other Investors’ Subscriptions”           | means the subscription of the Other Investors’ Subscription Shares under the Other Investors’ Subscription Agreements                                                                                                                |
| “Other Investors’ Subscription Shares”     | means 2,268,920,415 Subscription Shares to be subscribed by the Other Investors under the Other Investors’ Subscription Agreements                                                                                                   |
| “PRC” or “China”                           | means The People’s Republic of China                                                                                                                                                                                                 |
| “RMB”                                      | means Renminbi, the lawful currency of the PRC                                                                                                                                                                                       |
| “Rule 3.7 Announcement”                    | means the announcement of the Company dated 23 June 2015 pursuant to rule 3.7 of the Takeovers Code and rule 13.09 of the Listing Rules                                                                                              |
| “SFC”                                      | means the Securities and Futures Commission                                                                                                                                                                                          |
| “SFO”                                      | means the Hong Kong Securities and Futures Ordinance                                                                                                                                                                                 |
| “Share(s)”                                 | means the ordinary share(s) with a par value of HK\$0.02 each in the issued share capital of the Company                                                                                                                             |
| “Shareholder(s)”                           | means holder(s) of the Share(s)                                                                                                                                                                                                      |
| “Stock Exchange”                           | means The Stock Exchange of Hong Kong Limited                                                                                                                                                                                        |
| “Subscriptions”                            | means the subscription of the Subscription Shares under the Subscription Agreements                                                                                                                                                  |
| “Subscription Agreements”                  | means the Huayi Brothers Subscription Agreement, the Tencent Subscription Agreement and Other Investors’ Subscription Agreements                                                                                                     |

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Subscription Price”                        | means HK\$0.08 per Subscription Share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Share Option Schemes”                      | means the share option schemes of the Company adopted by the Company on 30 July 2002 and 4 June 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Subscription Shares”                       | means the ordinary Shares with a par value of HK\$0.02 each in the share capital of the Company to be subscribed by the Investors pursuant to the Subscription Agreements;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Subsidiaries”                              | includes, in relation to any person: (i) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect the directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries) not more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other subsidiaries) the management of the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law regulations or the Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants from time to time or such other applicably generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person |
| “Takeovers Code”                            | means the Code on Takeovers and Mergers issued by the SFC as amended from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Tencent”                                   | means Mount Qinling Investment Limited, a company incorporated under the laws of the British Virgin Islands, a wholly-owned subsidiary of Tencent Holdings Limited, which is a leading provider of Internet services in China whose shares are listed on the Main Board of the Stock Exchange (stock code: 700)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Ten Film Production Cooperation Agreement” | has the meaning given to it in the section headed “Use of proceeds and future business plan” in this announcement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Ten Films Total Investment Amount” | has the meaning given to it in the section headed “Use of proceeds and future business plan “in this announcement                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Tencent Subscription”              | means the subscription of the Tencent Subscription Shares under the Tencent Subscription Agreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Tencent Subscription Agreement”    | means the conditional subscription agreement entered into by the Company with Mr. Yuen and Tencent in respect of the Tencent Subscription dated 10 December 2015                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Tencent Subscription Shares”       | means 2,116,251,467 Subscription Shares to be subscribed by Tencent under the Tencent Subscription Agreement                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| “Trading Day”                       | means a day on which the Shares are traded on the Stock Exchange                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Unconditional Date”                | means the date on which all the Closing Conditions have been satisfied (or waived in accordance with the Subscription Agreements)                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Update Announcements”              | means the announcement of the Company dated 7 August 2015, 14 September 2015 and 26 October 2015 and 7 December 2015 in connection with the proposed subscriptions by the Investors                                                                                                                                                                                                                                                                                                                                                                                      |
| “USD”                               | means United States dollars, the lawful currency of the United States                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “VSD”                               | means the disposal by Unique Talent Group Limited (a wholly-owned subsidiary of the Company) of its entire shareholding interest in Smart Title Limited (a company incorporated in the British Virgin Islands) and the assignment by Unique Talent Group Limited of a shareholder’s loan due from Smart Title Limited, in each case to Eternity Investment, completed on 6 October 2015, details of which are more particularly set out in the joint announcement of the Company and Eternity Investment dated 15 May 2015 and the Company’s circular dated 23 June 2015 |

“Whitewash Waiver”

means a waiver from the Executive pursuant to Note 1 on the Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Huayi Brothers and Tencent to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Concert Group which would, if the Huayi Brothers Subscription and the Tencent Subscription proceeds, otherwise arise as a result of the issue of the Subscription Shares of Huayi Brothers and Tencent upon Closing

By order of the board of directors  
**China Jiu hao Health Industry Corporation Limited**  
**YUEN Hoi Po**  
*Chairman*

Hong Kong, 10 December 2015

*As at the date of this announcement, the board of directors comprises:*

*Executive directors: Mr. YUEN Hoi Po (Chairman), Mr. ZHANG Changsheng (Vice Chairman)*

*Non-executive directors: Mr. Edward TIAN Suning, Mr. Hugo SHONG*

*Independent non-executive directors: Dr. WONG Yau Kar David, BBS, JP, Mr. YUEN Kin, Mr. CHU Yuguo*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Investors and Huayi Brothers Media Corporation) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the directors of Huayi Brothers Media Corporation and Tencent, the sole director of each of Huayi Brothers, Confidex, Key Ability, Lofty Rainbow and Merit New) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the sole director of Huayi Brothers is Mr. Wang Zhonglei.*

*The sole director of Huayi Brothers accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Company, Tencent, Confidex, Key Ability, Lofty Rainbow and Merit New) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Directors, the sole director of each of Confidex, Key Ability, Lofty Rainbow and Merit New) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the board of directors of Huayi Brothers Media Corporation comprises:*

*Directors: Mr. Wang Zhongjun (Chairman), Mr. Wang Zhonglei (Vice Chairman), Ms. Liu Xiaomei, Ms. Wang Xiaorong, Ms. Hu Ming, Ms. Ding Qi*

*Independent directors: Mr. Wang Liqun, Mr. Ding Jian, Mr. Chen Yihong*

*The directors of Huayi Brothers Media Corporation jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Company, Tencent, Confidex, Key Ability, Lofty Rainbow and Merit New) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Directors, the directors of Tencent and the sole director of each of Confidex, Key Ability, Lofty Rainbow and Merit New) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the directors of Tencent are Mr. Ma Huateng and Mr. Charles St. Leger Searle and the directors of Tencent Holdings Limited (“Tencent Holdings”) comprise:*

*Executive Directors:*

*Ma Huateng and Lau Chi Ping Martin;*

*Non-Executive Directors:*

*Jacobus Petrus (Koos) Bekker and Charles St Leger Searle; and*

*Independent Non-Executive Directors:*

*Li Dong Sheng, Iain Ferguson Bruce and Ian Charles Stone.*

*The directors of Tencent and the directors of Tencent Holdings jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Company, Huayi Brothers, Huayi Brothers Media Corporation, Confidex, Key Ability, Lofty Rainbow and Merit New) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Directors, the directors of Huayi Brothers Media Corporation, and the sole director of each of Huayi, Confidex, Key Ability, Lofty Rainbow and Merit New) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the sole director of Confidex is Mr. Huang Xin.*

*The sole director of Confidex accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Company, Huayi Brothers, Huayi Brothers Media Corporation, Tencent, Key Ability, Lofty Rainbow and Merit New) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Directors, the directors of Huayi Brothers Media Corporation and Tencent, the sole director of each of Huayi Brothers, Key Ability, Lofty Rainbow and Merit New) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the sole director of Key Ability is Ms. Huang Ying.*

*The sole director of Key Ability accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Company, Huayi Brothers, Huayi Brothers Media Corporation, Tencent, Confidex, Lofty Rainbow and Merit New) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this announcement (other than those expressed by the Directors, the directors of Huayi Brothers Media Corporation and Tencent., the sole director of each of Huayi Brothers, Confidex, Lofty Rainbow and Merit New) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the sole director of Lofty Rainbow is Ms. Zhang Huiling.*

*The sole director of Lofty Rainbow accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Company, Huayi Brothers, Huayi Brothers Media Corporation, Tencent, Confidex, Key Ability and Merit New) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this announcement (other than those expressed by the Directors, the directors of Huayi Brothers Media Corporation and Tencent, the sole director of each of Huayi Brothers, Confidex, Key Ability and Merit New) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the sole director of Merit New is Ms. Xu Luping.*

*The sole director of Merit New accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Company, Huayi Brothers, Huayi Brothers Media Corporation, Tencent, Confidex, Key Ability and Lofty Rainbow) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this announcement (other than those expressed by the Directors, the directors of Huayi Brothers Media Corporation and Tencent, the sole director of each of Huayi Brothers, Confidex, Key Ability and Lofty Rainbow) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*