



Qianhai Health Holdings Limited
前海健康控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 911)

Executive Directors:

Mr. George Lu
Mr. Wong Kwok Ming

Independent non-executive Directors:

Mr. Yuen Chee Lap Carl
Mr. Wu Wai Leung Danny
Mr. Li Wei

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 301-3, 3/F
Wing Tuck Commercial Centre
177-183 Wing Lok Street
Sheung Wan, Hong Kong

11 April 2019

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED
FOR AND ON BEHALF OF EXPLORER ROSY LIMITED TO
ACQUIRE ALL OF THE ISSUED SHARES OF
QIANHAI HEALTH HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED
TO BE ACQUIRED BY EXPLORER ROSY LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other matters, the SPA and the Offer. Terms used in this letter have the same meaning as defined in this Composite Document unless the context otherwise requires.

As mentioned in the Joint Announcement, pursuant to the SPA entered into between the Vendor and the Offeror on 24 January 2019, the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to acquire an aggregate of 805,688,000 Shares, being the Sale Shares, representing 47.6% of the issued share capital of the Company as at the date of the Joint Announcement and as at the Latest Practicable Date, at a total consideration of HK\$201,422,000, equivalent to HK\$0.25 per Sale Share. Completion took place on 1 February 2019.

Immediately after the Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in, and controlled the voting rights in respect of an aggregate of 805,688,000 Shares, representing approximately 47.6% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, subject to the Completion, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

Further terms of the Offers and the procedures of acceptance are set out in the “Letter from Haitong International Securities” and Appendix I to this Composite Document of which this letter forms part. The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Offer, the letter of advice from the IBC to the Independent Shareholders and the Shareholders and the letter of advice from the Independent Financial Adviser to the IBC in relation to the Offer.

IBC AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the IBC, comprising all the independent non-executive Directors, namely Mr. Yuen Chee Lap Carl, Mr. Wu Wai Leung Danny and Mr. Li Wei has been established to make a recommendation as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer. As at the Latest Practicable Date, each of the independent non-executive Directors have no other direct or indirect interest in the Offer.

Nuada has been appointed as the Independent Financial Adviser to advise the IBC on the Offer as to whether or not the Offer are fair and reasonable so far as the Independent Shareholders and the Shareholders are concerned and as too the acceptance of the Offers. The appointment of the Independent Financial Adviser has been approved by the IBC in accordance with the Rule 2.1 of the Takeovers Code.

THE OFFER

As disclosed in the section headed "Letter from Haitong International Securities" in this Composite Document, Haitong International Securities, on behalf of the Offeror, hereby makes the Offer for all the Offer Shares on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.25 in cash

The Offer Price of HK\$0.25 per Offer Share is the same as the purchase price per Sale Share under the SPA.

The Offer is conditional upon valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares already owned by the Offeror and parties acting in concert with it and acquired before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

The Offer may or may not become unconditional. Shareholders and investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of this Composite Document.

As at the Latest Practicable Date, there were 1,692,760,000 Shares in issue, of which 805,688,000 Shares (representing approximately 47.6% of the issued share capital of the Company) are held by the Offeror and parties acting in concert with it upon Completion. There are no outstanding warrants, options, derivatives or other securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Shares as at the Latest Practicable Date.

The procedures for acceptance and further terms of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Further details of the Offer

Further details of the Offer including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the "Letter from Haitong International Securities" as set out in this Composite Document, Appendix I to this Composite Document and the Form of Acceptance.

INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in sales of health products which including American ginseng, healthcare wine and Chinese herbal medicines to wholesalers and retailers in Hong Kong. Your attention is drawn to the financial information of the Group set out in Appendix II to this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately prior to Completion and (ii) immediately upon Completion and as at the Latest Practicable Date:

	(i) Immediately before the Completion		(ii) Immediately upon the Completion and as at the Latest Practicable Date	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Shareholders				
The Offeror and parties acting in concert with it	0	0.00	805,688,000	47.60
The Vendor	805,688,000	47.60	0	0.00
Subtotal	805,688,000	47.60	805,688,000	47.60
Public Shareholders	887,072,000	52.40	887,072,000	52.40
Total:	<u>1,692,760,000</u>	<u>100.00</u>	<u>1,692,760,000</u>	<u>100.00</u>

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraph headed "Intention of the Offeror in relation to the Company" in the "Letter from Haitong International Securities" in this Composite Document for detailed information on the Offeror's intention on the business and management of the Group. As set out in the paragraph headed "Intention of the Offeror in relation to the Company", the Offeror has no intention to discontinue the employment of the employees (save for the proposed changes in the composition of the Board). The Board is aware of the intention of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY AND PUBLIC FLOAT

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

According to the "Letter from Haitong International Securities" in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board of the Company have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following closing of the Offer.

RECOMMENDATION

Your attention is drawn to the information (i) the "Letter from the IBC" as set out on pages 24 to 25 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders and Shareholders in respect of the offer; and (ii) the "Letter from Nuada" set out on pages 26 to 43 of this Composite Document which contains its advice to the IBC in relation to the Offers and the principal factors considered by it before arriving at its recommendations.

In considering what action to take in connection with the Offers, you should also consult your professional advisers as to the tax implications that may arise from accepting the Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to carefully read the section headed "General Procedures for Acceptance of the Offer" set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance for further details in respect of the terms and procedures for the acceptance and settlement of the Offers.

Yours faithfully,
For and on behalf of the Board
Qianhai Health Holdings Limited

A handwritten signature in black ink, appearing to be 'George Lu', written in a cursive style.

George Lu
Chairman & Chief Executive Officer