

22 November 2024

To the Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER
BY VBG CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE 67,808,588 SHARES IN
ELIFE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN
CONCERT WITH HER)**

INTRODUCTION

Reference is made to the Announcement.

On 30 September 2024, the Offeror notified the Offeree Company that she has firm intention to make the Partial Offer (in compliance with the Takeovers Code) to acquire 67,808,588 Offer Shares (representing approximately 5.00% of the Offeree Company's issued share capital as at the date of this Offer Document) not already owned or agreed to be acquired by the Offeror and parties acting in concert with her at the Offer Price of HK\$0.11 per Offer Share.

The making of the Partial Offer is subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. Reference is also made to the announcement of the Offeror dated 5 November 2024 in relation to the update on the Partial Offer. As disclosed in such announcement, on 5 November 2024, the Offeror announced that the Pre-Condition has been satisfied on 4 November 2024.

As at the Latest Practicable Date, the Offeror and parties acting in concert with her were not interested directly or indirectly in any voting rights or rights over any Shares, convertible securities, warrants or options of the Offeree Company or any derivatives in respect of such securities.

As at the Latest Practicable Date, the Offeree Company has 1,356,171,754 Shares in issue. Based on the monthly return for the month ended 31 October 2024 published by the Offeree Company on 1 November 2024, there were 22,351,795 Options outstanding as at 31 October 2024, each entitling the holder thereof to subscribe for one Share at an exercise price of HK\$0.564 per Share. Save as disclosed above, the Offeree Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares, nor has it entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

This letter forms part of this Offer Document and sets out, among other things, principal terms of the Partial Offer, together with the information on the Offeror and the intention of the Offeror regarding the Offeree Group. Further details of the terms and procedures of acceptance of the Partial Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

THE PARTIAL OFFER

Principal terms of the Partial Offer

The Partial Offer is made by VBG Capital, for and on behalf of the Offeror, in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.11 in cash

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

The Offer Price of HK\$0.11 per Share was determined after taking into account the most recent, and the historical trend of closing prices of the Shares, the trading liquidity of the Shares, the financial performance and prospect of the Offeree Company, and the current market condition.

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

Pursuant to the Takeovers Code, the Offeree Document will be issued by the Offeree Company with the inclusion of the views of the Board and the independent board committee of the Offeree Company on the Partial Offer, and the written advice of the independent financial adviser of the Offeree Company in relation to whether the Partial Offer is fair and reasonable or not, and the reasons therefor. The Shareholders are advised to read the Offer Document and the Offeree Document before taking any action in respect of the Partial Offer.

Pre-Condition to the Partial Offer

As disclosed in the Announcement, the making of the Partial Offer was subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code.

As disclosed in the announcement of the Offeror dated 5 November 2024 in relation to the update on the Partial Offer, the Offeror announced that the Pre-Condition had been satisfied on 4 November 2024.

Condition to the Partial Offer

The Partial Offer is subject to the Condition that valid acceptances being received (and not, where permitted, withdrawn) in respect of a minimum of 67,808,588 Offer Shares at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, which shall be at least 28 days following the Despatch Date of the Offer Document issued by the Offeror in respect of the Partial Offer, or such later date as may be announced by the Offeror in accordance with the requirements of the Takeovers Code.

In the event that valid acceptances are received:

- (i) for less than the required number of 67,808,588 Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the requirements of the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; and
- (ii) for not less than the required number of 67,808,588 Offer Shares on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

Pursuant to Rule 15.1 of the Takeovers Code, where the offeree board circular is posted after the date of the Offer Document, the Partial Offer must initially be open for acceptance for at least 28 days following the Despatch Date.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances prior to the First Closing Date, provided that Rule 15.3 of the Takeovers Code is complied with, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Accordingly, if the acceptance condition of the Partial Offer is fulfilled during the period between the Despatch Date and the date which is 14 days before the First Closing Date, the Offeror must declare the Partial Offer unconditional as to acceptances on the day the acceptance condition is met, provided that the Partial Offer would remain open for acceptance for not less than 14 days thereafter, and the Offeror cannot extend the First Closing Date and the Final Closing Date would be on (but no earlier than) the First Closing Date. If the acceptance condition of the Partial Offer is fulfilled within the 14-days period before the First Closing Date, the Partial Offer would remain open for acceptance for 14 days after the Partial Offer is declared unconditional as to acceptance (i.e. the Final Closing Date).

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Partial Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Partial Offer unconditional in all respects is 7:00 p.m. on the 60th day after the Despatch Date (or such later date to which the Executive may consent).

WARNING: Shareholders and potential investors in the Offeree Company should note that the Partial Offer is subject to the satisfaction of the Condition. Accordingly, the Partial Offer may or may not become unconditional and will lapse if it does not become unconditional. Shareholders and potential investors of the Offeree Company are advised to exercise caution when dealing in the securities of the Offeree Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

Comparison of value for the Offer Price

The Offer Price of HK\$0.11 per Offer Share represents:

- (i) a discount of approximately 1.79% to the closing price of HK\$0.112 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 7.56% to the closing price of HK\$0.119 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 11.29% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK\$0.124 per Share;
- (iv) a discount of approximately 9.09% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK\$0.121 per Share;
- (v) a discount of approximately 21.99% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK\$0.141 per Share; and
- (vi) a discount of approximately 1.79% to the adjusted consolidated net asset value attributable to the Shareholders of approximately HK\$0.112 per Share, calculated based on the audited consolidated net asset value attributable to the shareholders of approximately HK\$124.1 million as at 31 March 2024 plus net proceeds of HK\$27,700,000 from the Share Subscription and 1,356,171,754 Shares in issue as at the date of this announcement.

Highest and lowest Share prices

During the six-month period immediately preceding and including the Latest Practicable Date:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.350 per Share on 2 July 2024 and 3 July 2024; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.073 per Share on 17 September 2024.

Total value of the Partial Offer

Based on the Offer Price of HK\$0.11 per Offer Share, and assuming valid acceptances of the Partial Offer for the required minimum number of 67,808,588 Offer Shares are tendered by the Qualifying Shareholders, the total cash consideration payable by the Offeror to purchase the Offer Shares from the Qualifying Shareholders under the Partial Offer will be approximately HK\$7,458,945.

Financial resources available for the Partial Offer

The Offeror will finance the consideration payable under the Partial Offer by her personal savings.

VBG Capital has been appointed as the financial adviser to the Offeror in respect of the Partial Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable by the Offeror under the Partial Offer.

Acceptance of the Partial Offer

Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Shares held by them. Subject to the Partial Offer becoming unconditional in all respects, if valid acceptances are received for more than the required number of Offer Shares on the date which is (i) the 14th day after the date on which the Partial Offer is declared unconditional as to acceptances; or (ii) the First Closing Date, whichever is the later, provided that the Partial Offer will be open for acceptance for at least 28 days following the Despatch Date, the total number of Offer Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula (the “**Formula**”):

$$\frac{A}{B} \times C$$

- A = the number of Offer Shares under the Partial Offer (i.e. 67,808,588 Offer Shares)
- B = the total number of Offer Shares validly tendered for acceptance by all Qualifying Shareholders under the Partial Offer
- C = the number of Offer Shares tendered for acceptance by the relevant individual Qualifying Shareholder under the Partial Offer

Partial nature of the Partial Offer and effect of fractions

It is possible that, if a Qualifying Shareholder tenders all his/her Shares for acceptance under the Partial Offer, not all of such Shares will be taken up.

Fractions of Offer Shares will not be taken up under the Partial Offer and, accordingly, the number of Offer Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the Formula will be rounded up or down to the nearest whole number at the discretion of the Offeror, and in any event, the total number of Offer Shares to be taken up by the Offeror will not exceed the number of Offer Shares.

Odd lots

Shareholders should note that acceptance of the Partial Offer may result in holding odd lots of Shares. Accordingly, Ms. Susanne Yip of Funderstone Securities Holdings Limited, whose address is at Room 1802, Capital Centre, No. 151 Gloucester Road, Wanchai, Hong Kong (telephone number: (852) 2533 7302, office hours: 9:00 a.m. to 6:00 p.m.) has been appointed by the Offeror to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks following the closing of the Partial Offer to enable such Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Shareholders should note that the matching of odd lots is not guaranteed.

Effect of accepting the Partial Offer

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Qualifying Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. As at the Latest Practicable Date, the Offeree Company has not declared any dividends or other distributions which remain unpaid.

If, after the Latest Practicable Date and up to the Final Closing Date, any dividend or other distribution is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distribution in respect of each Offer Share, in which case any reference made to this Offer Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

Based on the published information of the Offeree Company available to the public, as at the Latest Practicable Date there has been no dividend or distribution declared by the Offeree Company for the financial year ended 31 March 2024 and up to the Latest Practicable Date.

Acceptance of the Partial Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Settlement of consideration

Settlement of the consideration payable by the Offeror in respect of valid acceptances of the Partial Offer will be made as soon as possible but in any event no later than seven (7) business days after the Final Closing Date.

No fractions of a cent will be payable and the amount of cash consideration payable to any Qualifying Shareholder who accepts the Partial Offer will be rounded up to the nearest cent.

Hong Kong Stamp duty

Qualifying Shareholders who accept the Partial Offer will be required to pay the seller's Hong Kong ad valorem stamp duty arising in connection with their acceptance of the Partial Offer at the rate of 0.1% of (i) the consideration payable by the Offeror in respect of the relevant acceptance of the Partial Offer; or (ii) the market value of the Offer Shares, whichever is higher. Such stamp duty will be deducted from the cash amount payable by the Offeror to such Qualifying Shareholders on acceptance of the Partial Offer.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the Qualifying Shareholders who accept the Partial Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Partial Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Return of documents

If the Partial Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, or is withdrawn or lapses, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any indemnity or indemnities required in respect thereof) received by the Receiving Agent will be returned to persons who have accepted the Partial Offer by ordinary post at his/her own risk as soon as possible but in any event no later than seven (7) business days after the Partial Offer is withdrawn or lapsed.

If part of the Shares tendered by the Qualifying Shareholders are not taken up by the Offeror under the Partial Offer, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for the Shares not taken up by the Offeror will be returned to persons who have accepted the Partial Offer by ordinary post at his/her own risk as soon as possible but in any event no later than seven (7) business days following the Final Closing Date.

Taxation advice

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Partial Offer. None of the Offeror and parties acting in concert with her, VBG Capital, and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Partial Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Partial Offer.

Overseas Shareholders

The Partial Offer is made to all Qualifying Shareholders, including the Overseas Shareholders and a copy of this Offer Document will be sent to each Shareholder with registered addresses in Hong Kong or jurisdictions outside Hong Kong. The making of the Partial Offer to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be prohibited or affected by the applicable laws and regulations of the relevant jurisdictions of their residence.

As at the Latest Practicable Date, there are nine Overseas Shareholders located in the PRC. In the event that the receipt of the Offer Document by the Overseas Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Offeror regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror), the Offer Document may not be despatched to such Overseas Shareholders. For that purpose, the Offeror will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Offer Document to such Overseas Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Offer Document is made available to such Overseas Shareholders. If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of such Overseas Shareholders in relation to the Partial Offer.

Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should satisfy themselves as to the observance of any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, consult their own professional advisers. It is the responsibilities of any such persons who wish to accept the Partial Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith (including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements or the payment of any transfer or other taxes due from such persons in respect of such jurisdictions).

Any acceptance of the Partial Offer by any Qualifying Shareholders will be deemed to constitute a representation and warranty from such Qualifying Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

SHAREHOLDING STRUCTURE OF THE OFFEREE COMPANY AND EFFECT OF THE PARTIAL OFFER

Reference is made to the announcement of the Offeree Company dated 25 Sept 2024 in relation to the completion of subscription for new Shares under the general mandate based on the information disclosed by the Offeree Company, set out below is the shareholding structure of the Offeree Company as at the Latest Practicable Date and immediately upon completion of the Partial Offer (assuming there will be no other changes to the shareholding structure of the Offeree Company between the Latest Practicable Date and up to the Final Closing Date):

Name of shareholders of the Offeree Company	As at the Latest Practicable Date		Immediately upon completion of the Partial Offer assuming all Qualifying Shareholders tender 100% of their Shares for acceptance under the Partial Offer	
	Number of Shares	% (Note 8)	Number of Shares	% (Note 8)
Directors of the Offeree Company and its subsidiaries (Note 6)				
Mr. Chiu Sui Keung	14,014,200	1.03	13,313,490	0.98
Mr. Zhang Shaoyan	12,966,000	0.96	12,317,700	0.91
Ms. Qin Jiali	51,672,000	3.81	49,088,400	3.62
Mr. Zhao Zhenzhong	63,192,000	4.66	60,032,400	4.43
Mr. Guo Wei	41,392,000	3.05	39,322,400	2.90
Mr. Lam Williamson	436,200	0.03	414,390	0.03
Other directors of the subsidiaries of the Offeree Company	45,000,000	3.32	42,750,000	3.15
Ex-Directors				
Mr. Zhang Xiaobin (Note 2)	19,130,298	1.41	18,173,783	1.34
Mr. Gao Feng (Note 2)	50,351,506	3.71	47,833,931	3.53
Dr. Lam Lee G. (Note 3)	200,000	0.01	190,000	0.01
Mr. Cheng Wing Keung, Raymond (Note 4)	408,200	0.03	387,790	0.03
Mr. Wong Hoi Kuen (Note 4)	436,200	0.03	414,390	0.03
Substantial Shareholder				
China Innovation Investment Limited (Note 5)	226,000,000	16.66	214,700,000	15.83
Sub-total:	525,198,604	38.73	498,938,674	36.79
The Offeror and parties acting in concert with her (Note 7)	–	–	67,808,588	5.00
Public Shareholders	830,973,150	61.27	789,424,492	58.21
Total	1,356,171,754	100.00	1,356,171,754	100.00

Notes:

- (1) The above shareholding structure of the Offeree Company was derived based on (i) the Offeree Company's announcement dated 13 September 2024 in respect of the proposed appointment of independent non-executive directors of the Offeree Company; (ii) the Offeree Company's announcement dated 25 September 2024 in respect of the completion of the Share Subscription, (iii) the Offeree Company's announcement dated 30 September 2024 in respect of the appointment of executive directors and non-executive director of the Offeree Company; and (iv) the record made of disclosures of interests in the Shares pursuant to Part XV of the SFO available on the website of the Stock Exchange.
- (2) Both Mr. Zhang Xiaobin and Mr. Gao Feng retired as executive directors of the Offeree Company with effect from 29 September 2023. They are no longer required to make disclosure of any change in shareholding of the Offeree Company as a director after 29 September 2023. Their respective shareholdings set out in the above table are derived from the announcement of the Offeree Company dated 25 September 2024.
- (3) Dr. Lam Lee G. resigned as an independent non-executive director of the Offeree Company with effect from 7 February 2024. He is no longer required to make disclosure of any change in shareholding of the Offeree Company as a director after 7 February 2024. His shareholding set out in the above table are derived from the announcement of the Offeree Company dated 25 September 2024.
- (4) Both Mr. Cheng Wing Keung, Raymond and Mr. Wong Hoi Kuen retired as an independent non-executive director of the Offeree Company with effect from 30 September 2024. They are no longer required to make disclosure of any change in shareholding of the Offeree Company as a director after 30 September 2024. Their respective shareholding set out in the above table are derived from the announcement of the Offeree Company dated 25 September 2024.
- (5) China Innovation Investment Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1217), became a substantial shareholder of the Offeree Company upon completion of the Share Subscription on 25 September 2024. For details, please refer to the announcement of the Offeree Company dated 25 September 2024.
- (6) Apart from the Shares held by the Directors, as at 30 September 2024, there were 22,351,795 options outstanding of which, (i) 5,651,282 Options were held by Mr. Chiu Sui Keung; (ii) 5,651,282 Options were held by Mr. Zhang Shaoyan; (iii) 565,128 Options were held by Mr. Cheng Wing Keung, Raymond; (iv) 565,128 Options were held by Mr. Lam Williamson, (v) 565,128 Options were held by Mr. Wong Hoi Kuen, and (vi) 9,353,847 Options were believed to be held by the Offeree Company's employees and others. The adjusted exercisable price of the aforementioned Options is HK\$0.564 per Share according to the annual report of the Offeree Company for the year ended 31 March 2024.
- (7) The Offeror will be a public Shareholder immediately upon completion of the Partial Offer. The Offeror does not have any relationship with the Directors, former Directors or the substantial shareholder of the Offeree Company, nor with the directors of the Offeree Company's subsidiaries, and they are not parties acting in concert with the Offeror.
- (8) Percentage figures are rounded to two decimal places, and certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION ON THE OFFEREE GROUP

The Offeree Company is an investment holding company incorporated in the Cayman Islands. The Offeree Group is principally engaged in the supply chain business for branded goods and consumer products in the Greater China region. The Offeree Group's core activities encompass a comprehensive range of brand digitisation services, such as brand management, brand promotion and brand supply chain, thereby establishing an integrated industry chain. In addition, the Offeree Company is also engaged in the supply chain, sales and marketing, and brand building of daily cleaning, anti-epidemic and licensed branded consumer goods.

The following table sets out a summary of certain audited financial information of the Offeree Group for the two years ended 31 March 2023 and 31 March 2024 as extracted from the annual report of the Offeree Company for the year ended 31 March 2024:

	Year ended 31 March	
	2023	2024
	HK\$'000	HK\$'000
	(audited)	(audited)
Revenue	238,840	184,086
Gross profit	1,867	31,860
Loss before tax	(22,849)	(23,761)
Loss for the year from continuing operations	(22,882)	(28,954)
Loss for the year	(25,236)	(30,908)
	As at 31 March	
	2023	2024
Net assets	25,612	52,235
Net assets attributable to the Shareholders	98,825	124,095

INFORMATION ON THE OFFEROR

The Offeror, aged 45, is a businesswoman based in Hong Kong and the PRC. The Offeror holds and has held senior positions in the pharmaceutical companies as set out below.

The Offeror has been a vice president of 真健康(廣東橫琴)醫療科技有限公司 (True Health (Guangdong Hengqin) Medical Technology Co., Ltd *) since March 2022, which is a medical surgical robot technology company that blends robotics and artificial intelligence, and acts as legal representatives of several of its subsidiaries. Since August 2012, she has also been the general manager of 廣州獅馬龍藥業有限公司 (Guangzhou Shi Ma Long Drug Co., Ltd*), a company which sells traditional Chinese medicinal oil and cream consumer products.

Between 30 May 2013 and 30 April 2017, the Offeror was an executive director of China Biotech Services Holdings Limited (previously known as Rui Kang Pharmaceutical Group Investments Limited and Longlife Group Holdings Limited), a company listed on GEM of the Stock Exchange (stock code: 8037), and acted as its chief executive officer between 16 August 2013 and 30 April 2017. Save as disclosed above, the Offeror does not hold any current directorships or other positions in any other listed companies.

The Offeror graduated from the China Pharmaceutical University (中國藥科大學) with a bachelor's degree of Science in Pharmacy.

REASONS FOR THE PARTIAL OFFER

The Partial Offer is conducted as part of the Offeror's investment diversification efforts. She is familiar with the Offeree Group's supply chain business for branded goods and consumer products in the Greater China region, having been personally involved in, among others, consumer pharmaceutical and medicine businesses for over 20 years.

Notwithstanding the Offeree Group's loss-making financial performance in recent years, the Offeror is confident of the Offeree Group's business outlook and corporate development having considered (i) its improved financial position given its fund raising exercises in 2024; (ii) the improved gross profit margin in the recent financial year; and (iii) its initiative to expand its sales channels at various levels and to develop various value-added services such as brand building, management and promotion for brand owners (or their advertising agents) since 2023 as mentioned in its public announcements.

In the past six months including the suspension of trading from 2 October 2024 to 24 October 2024 (both dates inclusive), the monthly average daily closing price of the Shares as quoted on the Stock Exchange ranged from HK\$0.13 per Share to HK\$0.27 per Share and the average daily trading volume per month ranged from 589,420 Shares to 7,273,684 Shares, whilst the monthly average daily Volume Weighted Average Price ("VWAP"), calculated based on the daily highest price, lowest price and closing price and the trading volume of the Shares, ranged from HK\$0.13 per Share to HK\$0.27 per Share. Generally, trading in the Shares has been thin. The average daily trading volume to total number of issued Shares held by the public as at the Last Trading Day for each month is below 0.25% with the exception in June 2024, September 2024 and October 2024 of around or below 0.9% during the past six months. Given the fluctuation of trading volume, market price and VWAP of the Shares in the past six months, it would be difficult for the Offeror to build up such a sizeable stake of 5% in the Offeree Company at a constant price from the open market.

In addition, the Share price as at the Last Trading Day was quoted at only HK\$0.119 per Share, and the average closing price of the Shares was approximately HK\$0.13 per Share in September 2024 and October 2024. With reference to the average closing price of the Shares in the past six months (i.e. approximately HK\$0.21 per Share from May 2024 to October 2024), the Offeror believed the Share price was of good value. As such, the Offeror considers the Partial Offer to be an opportunity for her to acquire the Shares and obtain high potential returns in the future. The Offeror has considered the cost and time required to build up a 5.00% stake in the open market, given the illiquidity of the Shares over the past six months, it is not favourable for her to purchase such a stake in the open market.

Taking into account her own financial resources needed for the Partial Offer, the Offeror considers that the Partial Offer represents a feasible mechanism for her to acquire a 5.00% stake in the Offeree Company. As a result, the Offeror will become the second largest shareholder of the Offeree Company upon completion of the Partial Offer.

PUBLIC FLOAT OF THE OFFEREE COMPANY

The Stock Exchange has stated that if, at the closing of the Partial Offer, less than the minimum prescribed percentage applicable to the Offeree Company, being 25% of the issued 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,

then it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Offeree Company to remain listed on the Stock Exchange.

As at the date of this announcement, the Offeree Company has a public float of approximately 61.27% of the Shares in issue. Assuming (i) full acceptance of the Partial Offer by the Qualifying Shareholders; and (ii) that there are no changes to the issued share capital of the Offeree Company between the date of this announcement and up to the Final Closing Date, the Offeree Company will have a public float in excess of 25% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules.

ACCEPTANCE AND SETTLEMENT OF THE PARTIAL OFFER

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Partial Offer as set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror will not have the power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Partial Offer after the close of the Partial Offer.

EFFECTS OF THE PROPOSED RIGHTS ISSUE ON THE PARTIAL OFFER

References are made to the Offeree Company's announcements (i) dated 30 September 2024 in relation to inside information on the conditional right issue at a discount; (ii) dated 24 October 2024 in relation to the possible conditional partial cash offer and the resumption of trading; and (iii) dated 25 October 2024 in relation to update on the possible conditional partial cash offer and the conditional rights issue at a discount (the "Offeree Company's Announcements").

Based on the information available to the Offeror from the Offeree Company's Announcements, the Offeror has noted that (i) the Offeree Company had a proposal to issue Shares on the basis of one (1) rights share for every five (5) existing Shares of the Offeree Company at the subscription price of HK\$0.10 per rights Share ("**Proposed Rights Issue**") and (ii) the SFC has made a ruling and confirmed that Rule 4 of the Takeovers Code does not apply to the Proposed Rights Issue.

On the basis that the Condition is satisfied, and provided that (i) the Proposed Rights Issue is implemented based on the same offer structure and at the same subscription price, and (ii) the Offeror is recognised as an eligible shareholder as at the record date and is eligible to participate in the Proposed Rights Issue after completion of the Partial Offer, the Offeror will subscribe to any rights Shares provisionally allotted to her in the Proposed Rights Issue. In the event that the Proposed Rights Issue completes before the Partial Offer and the Offeror is not eligible to participate in the Proposed Rights Issue, the Offeror shall continue with the Partial Offer in the same offer size and under the same principle terms as set out in this Offer Document, and accordingly the ultimate shareholding of the Offeror upon completion of the Partial Offer may not reach 5.00%.

GENERAL

All documents and remittances will be sent to the Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with her, VBG Capital and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Partial Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Partial Offer set out in the appendices to this Offer Document and the accompanying Form of Acceptance, which form part of this Offer Document.

Yours faithfully,
For and on behalf of
VBG Capital Limited



Ringo Hui
Director

* For identification purpose only