

4 September 2024

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
EMPEROR CORPORATE FINANCE LIMITED
ON BEHALF OF THE OFFEROR TO ACQUIRE ALL ISSUED SHARES
OF WUXI LIFE INTERNATIONAL HOLDINGS GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING
IN CONCERT WITH HIM)**

INTRODUCTION

Reference is made to the Joint Announcement, whereby the Offeror announced that Emperor Corporate Finance, for and on behalf of the Offeror, would make a mandatory unconditional cash offer to acquire all of the Offer Shares.

Immediately before the completion of the Rights Issue, the Offeror and parties acting in concert with him owned 37,000,000 Shares, representing approximately 29.07% of the total issued share capital of the Company prior to the issue of 254,528,000 Rights Shares under the Rights Issue.

The Offeror made an application to subscribe for a total of 244,900,000 Rights Shares at the Subscription Price under the Rights Issue, comprising (i) 74,000,000 Rights Shares by provisional allotments; (ii) 60,900,000 Rights Shares as transferee of nil-paid Rights Shares; and (iii) 110,000,000 Rights Shares by excess application. Pursuant to the results of the Rights Issue, on 15 August 2024, a total of 232,458,150 Rights Shares (after the Final Allocation) were issued to the Offeror, comprising (i) 74,000,000 Rights Shares from provisional allotments; (ii) 60,900,000 Rights Shares as transferee of nil-paid Rights Shares; and (iii) 97,558,150 Rights Shares (after the Final Allocation) from excess application.

Immediately following the completion of the Rights Issue (after the Final Allocation) and as at the Latest Practicable Date (after the Final Allocation), the Offeror and parties acting in concert with him are interested in an aggregate of 269,458,150 Shares (comprising 37,000,000 Shares held by the Offeror and 232,458,150 Rights Shares (after the Final Allocation) issued to the Offeror upon completion of the Rights Issue), representing approximately 70.58% of the total issued shares capital of the Company as enlarged by the issue of 254,528,000 Rights Shares. Accordingly, the Offeror is required to make a mandatory unconditional cash offer pursuant to Rule 26.1 of the Takeovers Code for all the issued Offer Shares.

This letter forms part of this Composite Document which provides you with, among other things, (i) details of the Offer; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer; and (iv) information relating to the Group and the Offeror, together with the Form of Acceptance. Unless the context otherwise requires, terms used in these letters shall have the same meanings as those defined in this Composite Document.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Ms. Li Hui Ling, Mr. Fu Yan Ming and Ms. Lam Yuen Man Maria (being all of the non-executive Director and independent non-executive Directors), has been established to advise the Independent Shareholders in relation to the terms and conditions of the Offer, in particular as to whether the Offer is fair and reasonable and as to acceptance of the Offer. It is considered appropriate for them to be members of the Independent Board Committee in relation to the Offer.

Lego Corporate Finance has been appointed with the approval of the Independent Board Committee as the independent financial adviser to make recommendations to the Independent Board Committee, and the Independent Shareholders in respect of the Offer, and in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Independent Shareholders, the “Letter from the Independent Financial Adviser” and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offer.

THE OFFER

Principal terms of the Offer

The terms of the Offer as set out in the “Letter from Emperor Corporate Finance” are extracted below. You are recommended to refer to the “Letter from Emperor Corporate Finance” and the Form of Acceptance for further details.

Emperor Corporate Finance, on behalf of the Offeror, is making the Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

For every Offer Share HK\$0.12 in cash

The Offer Price of HK\$0.12 per Offer Share is equivalent to the Subscription Price of HK\$0.12 per Rights Share paid by the Offeror under the Rights Issue.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from Emperor Corporate Finance” and Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) developing and marketing of patented server based technology and the provision of communications software platform and software related services; (ii) developing and operating of advertising e-commerce platform “紫紅盒子”, a combination of social media and sales channel which aim to develop an interactive application to foster franchising and brand development, which provides a tailored product recommendations and incentives in the form of advertising rewards or discounts; (iii) sales of a wide spectrum of product categories, mainly including skin care products, agricultural products, gold jewelry, daily necessities, etc., in the platform “紫紅盒子”; and (iv) game publishing, development of mobile game and related intellectual property and platform, mobile applications and data solutions and provision of IT related solutions.

Set out below is a summary of the audited financial information of the Group for each of the two financial years ended 31 December 2022 and 2023 as extracted from the annual report of the Company for the year ended 31 December 2023 and the unaudited financial information of the Group for the six months ended 30 June 2023 and 2024 as extracted from the interim report of the Company for the six months ended 30 June 2024:

	For the year ended		For the six months ended	
	31 December		30 June	
	2023	2022	2024	2023
	(audited)	(audited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Continuing operations:</i>				
Revenue	24,493	21,436	36,749	13,331
Profit/(Loss) before taxation	(12,484)	(22,152)	3,035	(1,903)
<i>Discontinued operations:</i>				
Profit/(Loss) for the year	3,049	76	–	(548)
Profit/(loss) for the year	(9,335)	(21,971)	2,954	(2,451)
Profit/(Loss) for the year attributable to the owners of the Company	(8,542)	(21,869)	2,957	(2,441)
	As at 31 December		As at 30 June	
	2023	2022	2024	2023
	(audited)	(audited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net (liabilities)/assets	(4,561)	4,774	(1,607)	(4,561)

Your attention is drawn to the further details of the information of the Group as set out in Appendices II and IV to this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately before completion of the Rights Issue; and (ii) immediately after completion of the Rights Issue and as at the Latest Practicable Date:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue and as at the Latest Practicable Date	
	<i>No. of Shares</i>	<i>% (Note 2)</i>	<i>No. of Shares</i>	<i>% (Note 2)</i>
Mr. Liu Guanzhou (<i>Note 1</i>)	<u>37,000,000</u>	<u>29.07</u>	<u>269,458,150</u>	<u>70.58</u>
Offeror and parties acting in concert with him	37,000,000	29.07	269,458,150	70.58
Mr. Zhang Dong (<i>Note 3</i>)	14,356,595	11.28	14,356,595	3.76
Other public Shareholders	<u>75,907,405</u>	<u>59.65</u>	<u>97,977,255</u>	<u>25.66</u>
Total	<u><u>127,264,000</u></u>	<u><u>100.00</u></u>	<u><u>381,792,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. Liu Guanzhou is the chairman of the Board and an executive director of the Company.
2. Certain percentages included in the above table have been subject to rounding adjustments.
3. Based on publicly available information, as at the Latest Practicable Date, Mr. Zhang Dong directly held approximately 3.76% of the issued share capital of the Company. Mr. Zhang Dong is an Independent Third Party and the 14,356,595 Shares held by him are regarded as Shares held by public Shareholders.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Emperor Corporate Finance” as set out in this Composite Document.

INTENTION OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

Your attention is drawn to the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Emperor Corporate Finance” as set out in this Composite Document. The Board is pleased to note that the Offeror intends to continue the existing business of the Group. The Offeror has no intention to discontinue any employment of the employees of the Group or to dispose of or re-allocate the Group’s assets which are not in the ordinary and usual course of business of the Group.

The Board is aware of the Offeror’s intention in relation to the Group and is willing to render co-operation with the Offeror and will continue to act in the best interests of the Group and the Shareholders as a whole.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) that there are insufficient Shares in public hands to maintain an orderly market,

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

The Offeror intends the Company to remain listed on the Stock Exchange. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror considers that the appropriate actions to be taken after the close of the Offer shall include placing down of sufficient number of accepted Offer Shares by the Offeror where appropriate. The Offeror and the Company will issue a further announcement as and when necessary in this regard.

RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages IBC-1 to IBC-2 of this Composite Document and the “Letter from the Independent Financial Adviser” set out on pages IFA-1 to IFA-22 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

By order of the Board
Wuxi Life International Holdings Group Limited



Choi Pun Lap
Director