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If you have sold or transferred all your Shares in Lansen Pharmaceutical Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



LANSEN PHARMACEUTICAL HOLDINGS LIMITED

朗生醫藥控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 503)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND
MAJOR TRANSACTION IN RELATION TO
THE 2019 CROSS GUARANTEE AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the board is set out in pages 4 to 15 of this circular.

A notice of the EGM to be held at Admiralty Conference Centre (ACC), 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Monday, 8 July 2019 at 3:00 p.m. is set out on pages 38 to 39 of this circular. Whether or not you are able to attend the EGM, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

Hong Kong, 20 June 2019

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	16
Letter from Gram Capital	18
Appendix I — Financial Information of the Group	29
Appendix II — General Information	32
Notice of Extraordinary General Meeting	38

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“2016 Cross Guarantee Agreement” or “Existing Cross Guarantee Agreement”	the existing agreement entered into between Jilin Haizi, Ningbo Liwah and Lansen BVI on 24 June 2016, pursuant to which the parties thereto have agreed to provide certain guarantees to the banks in relation to banking facilities of each other as and when necessary;
“2019 Cross Guarantee Agreement”	the agreement entered into between Jilin Haizi, Ningbo Liwah and Lansen BVI on 3 May 2019, pursuant to which the parties thereto have agreed to provide certain guarantees to the banks in relation to banking facilities of each other as and when necessary;
“associate(s)”	has the same meaning as defined in the Listing Rules;
“Board”	the board of Directors;
“CIH”	Cathay International Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the London Stock Exchange;
“Company”	Lansen Pharmaceutical Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed and trade on the Main Board of the Stock Exchange;
“connected person”	has the meaning given to it under the Listing Rules;
“continuing connected transaction”	has the meaning given to it under the Listing Rules;
“Directors”	the directors of the Company, and a “Director” means any one of them;
“Effective Period”	the effective period of the 2019 Cross Guarantee Agreement, commencing on 1 July 2019 and expiring on 30 June 2022;
“EGM”	an extraordinary general meeting of the Company to be held to approve the 2019 Cross Guarantee Agreement (including Proposed Guarantee Cap) and the transaction contemplated thereunder;

DEFINITIONS

“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2019 Cross Guarantee Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries from time to time;
“Guarantees”	the Jilin Haizi Guarantees and the Lansen BVI Guarantees;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the board committee of the Board comprising all independent non-executive Directors established by the Board to advise the Independent Shareholders on the 2019 Cross Guarantee Agreement and the transaction contemplated thereunder and how to vote in respect of the 2019 Cross Guarantee Agreement at the EGM;
“Independent Shareholders”	Shareholders other than CIH;
“Jilin Haizi”	Jilin Haizi Bio-Engineering Technology Company Limited* (吉林海資生物工程技術有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of CIH;
“Jilin Haizi Guarantees”	the guarantees to be provided by Jilin Haizi for the obligations under the banking facilities obtained or to be obtained by Ningbo Liwah during the Effective Period pursuant to the 2019 Cross Guarantee Agreement;
“Lansen BVI”	Lansen Pharmaceutical Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly and directly-owned subsidiary of the Company;
“Lansen BVI Group”	Lansen BVI and its subsidiaries from time to time;
“Lansen BVI Guarantees”	the guarantees to be provided by Lansen BVI’s subsidiary, as appropriate, for the obligations under the banking facilities to be obtained by Jilin Haizi during the Effective Period pursuant to the 2019 Cross Guarantee Agreement;

DEFINITIONS

“Latest Practicable Date”	14 June 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Ningbo Liwah”	Ningbo Liwah Pharmaceutical Company Limited* (寧波立華製藥有限公司), a company incorporated under the laws of the PRC and an indirectly wholly-owned subsidiary of the Company;
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules;
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Guarantee Cap”	the maximum aggregate value of the guarantees that Lanser BVI has agreed to procure its subsidiary, as appropriate, to provide to Jilin Haizi under the reciprocal arrangement of the 2019 Cross Guarantee Agreement during the Effective Period;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company;
“Shareholder(s)”	the registered holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	in relation to a company wherever incorporated (a holding company) means a “subsidiary” within the meaning set out in Section 15 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), and any other company which is a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company;
“Transactions”	the transactions contemplated under the 2019 Cross Guarantee Agreement;
“%”	per cent.

* For identification purpose only



LANSEN PHARMACEUTICAL HOLDINGS LIMITED

朗生醫藥控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 503)

Executive Managing Director:

Mr. Chen Li (*Chief Executive Officer*)

Non-executive Directors:

Mr. Wu Zhen Tao (*Chairman*)

Mr. Lee Jin Yi (*Deputy Chairman*)

Ms. Liu Xue Zi

Mr. Stephen Burnau Hunt

Independent Non-executive Directors:

Mr. Chan Kee Huen, Michael

Mr. Fritz Heinrich Horlacher

Mr. Yeung Tak Bun, Allen

Registered Office:

Clifton House

75 Fort Street

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

*Headquarter and principal place of
business in the PRC:*

228 Xinfeng Road

Gaoqiao Industrial Park

Haishu District, Ningbo City

Zhejiang Province

PRC

Postal Code: 315174

20 June 2019

To the shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND
MAJOR TRANSACTION IN RELATION TO
THE 2019 CROSS GUARANTEE AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the announcement of the Company dated 24 June 2016 and the circular of the Company dated 28 June 2016 in relation to, among others, the 2016 Cross Guarantee Agreement and the transaction contemplated thereunder and the announcement of the Company dated 3 May 2019 in relation to the 2019 Cross Guarantee Agreement.

LETTER FROM THE BOARD

Pursuant to the requirements under the Listing Rules, the Company will seek the Independent Shareholders' approval in relation to the 2019 Cross Guarantee Agreement, the Transactions and the Proposed Guarantee Cap at the EGM.

The purposes of this circular are to provide you with:

- i. details of the terms of the 2019 Cross Guarantee Agreement, the Transactions and the Proposed Guarantee Cap;
- ii. a letter from the Independent Board Committee to the Independent Shareholders in respect of the Transactions and the Proposed Guarantee Cap;
- iii. a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Transactions and the Proposed Guarantee Cap; and
- iv. a notice of the EGM.

THE 2019 CROSS GUARANTEE AGREEMENT

(a) Background

References are made to the announcement of the Company dated 24 June 2016 and the circular of the Company dated 28 June 2016 in relation to, among others, the 2016 Cross Guarantee Agreement and the transaction contemplated thereunder. As disclosed in the said announcement and circular, Ningbo Liwah, Jilin Haizi and Lansen BVI entered into the 2016 Cross Guarantee Agreement on 24 June 2016, pursuant to which the parties may, provide or procure its subsidiaries to provide certain guarantees to banks in relation to the banking facilities of each other during the term commencing on 1 July 2016 and expiring on 30 June 2019.

As the 2016 Cross Guarantee Agreement will expire on 30 June 2019, Ningbo Liwah, Jilin Haizi and Lansen BVI entered into the 2019 Cross Guarantee Agreement on 3 May 2019 to renew the terms of such continuing connected transaction.

(b) Principal terms

Date

3 May 2019

Parties

- (1) Jilin Haizi, an indirect wholly-owned subsidiary of CIH;
- (2) Ningbo Liwah, an indirect wholly-owned subsidiary of the Company; and
- (3) Lansen BVI, a direct wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

Effective Period

The Effective Period will commence on 1 July 2019 and will expire on 30 June 2022.

Effectiveness of the 2019 Cross Guarantee Agreement

The 2019 Cross Guarantee Agreement, including the Proposed Guarantee Cap, is conditional upon the following:

- i. the Company having complied with the procedures required under the Listing Rules in respect of the transaction contemplated under the 2019 Cross Guarantee Agreement; and
- ii. the 2019 Cross Guarantee Agreement and the transaction contemplated thereunder having been approved by the Independent Shareholders in compliance with the Listing Rules.

Nature of the transaction

Pursuant to the 2019 Cross Guarantee Agreement, Jilin Haizi has agreed, during the Effective Period, to provide guarantees for the obligations under the banking facilities obtained or to be obtained by Ningbo Liwah.

Pursuant to the 2019 Cross Guarantee Agreement, on a reciprocal basis, Lansan BVI has agreed, during the Effective Period, to procure its subsidiary, as appropriate, to provide guarantees for the obligations under the banking facilities to be obtained by Jilin Haizi.

LETTER FROM THE BOARD

(c) Non-exempted Continuing Connected Transactions

Historical transaction amounts under the 2016 Cross Guarantee Agreement

The respective historical transaction amounts of each of the Jilin Haizi guarantees and the Lansan BVI guarantees agreement and the commission fee paid under the 2016 Cross Guarantee are set out as follow:

Relevant period	Historical amount of the Jilin Haizi guarantees (RMB)	The commission fee paid by Ningbo Liwah (RMB)	Historical amount of the Lansan BVI guarantees (RMB)	The commission fee paid by Jilin Haizi (RMB)
From 1 July 2016 to 31 December 2016	Nil	Nil	100,000,000	168,000
From 1 January 2017 to 31 December 2017	130,000,000	329,000	122,460,000	577,000
From 1 January 2018 to 31 December 2018	130,000,000	650,000	130,000,000	650,000
From 1 January 2019 to 31 March 2019	130,000,000	160,000	130,000,000	160,000

As at the Latest Practicable Date, none of the annual cap for the Jilin Haizi guarantees and the Lansan BVI guarantees under the 2016 Cross Guarantee Agreement has been exceeded.

Proposed Guarantee Cap under the 2019 Cross Guarantee Agreement

The total amount to be guaranteed by Jilin Haizi with respect to Ningbo Liwah's banking facilities during the Effective Period shall not exceed RMB130,000,000; and, on a reciprocal basis, the total amount of the guarantee cap during the Effective Period shall not exceed RMB130,000,000 (the "Proposed Guarantee Cap").

LETTER FROM THE BOARD

The respective Proposed Guarantee Cap for each of the Jilin Haizi Guarantees and the Lansen BVI Guarantees and the commission fee payable under the 2019 Cross Guarantee Agreement are set out as follows:

Relevant period	Annual cap of the Jilin Haizi Guarantees (Note 1) (RMB)	The maximum commission fee payable by Ningbo Liwah (RMB)	Annual cap of the Lansen BVI Guarantees (Note 2) (RMB)	The maximum commission fee payable by Jilin Haizi (RMB)
From 1 July 2019 to 31 December 2019	130,000,000	328,000	130,000,000	328,000
From 1 January 2020 to 31 December 2020	130,000,000	650,000	130,000,000	650,000
From 1 January 2021 to 31 December 2021	130,000,000	650,000	130,000,000	650,000
From 1 January 2022 to 30 June 2022	130,000,000	322,000	130,000,000	322,000

Note 1: For the avoidance of doubt, the total amount of the Jilin Haizi Guarantees in effect at any time during the Effective Period should not exceed RMB130,000,000.

Note 2: For the avoidance of doubt, the total amount of the Lansen BVI Guarantees in effect at any time during the Effective Period should not exceed RMB130,000,000.

LETTER FROM THE BOARD

The Proposed Guarantee Caps was arrived at after taking into account the following:

- (a) historical transaction amounts for the transaction contemplated under the 2016 Cross Guarantee Agreement;
- (b) the Board expects that the Company will require not more than RMB130,000,000 banking facilities to be guaranteed by Jilin Haizi during the Effective Period; and
- (c) the Company was advised by the management of Jilin Haizi that Jilin Haizi is expected to require not more than RMB130,000,000 banking facilities for their current level of business activities during the Effective Period, and that Jilin Haizi may secure the banking facilities of such entire amount in any financial year during the Effective Period.

Commission fee

At each financial year end on 31 December during the Effective Period, each party shall calculate the commission fee receivable, in accordance with the formula below, in respect of a loan which is guaranteed by one party during that financial year.

If the total commission fee receivable of one party equals to the total commission fee receivable of the other party for that financial year, no commission fee is payable by either party.

If the total commission fee receivable of one party (the “**Net Receiving Party**”) is larger than the total commission fee receivable of the other party (the “**Net Paying Party**”) for that financial year, the Net Paying Party shall pay in cash the net commission fee to the Net Receiving Party within three months from 31 December of that financial year.

Commission fee for each guarantee = guarantee amount x (the number of days the guarantee is in effect during the year/365) x 0.5%.

For the avoidance of doubt, in the event that a party requests the other party to provide guarantee for more than one loan during a financial year, the total commission fee payable by such party to the other party shall be the aggregate amount of all the commission fees incurred for each of the guarantees.

The annual guarantee commission rate of 0.5% is determined and agreed with reference to the prevailing market rate of the commission charged by guarantee service providers, which is around 2% per annum, after taking into account the reciprocal arrangement in place under the 2019 Cross Guarantee Agreement.

LETTER FROM THE BOARD

The maximum commission fee payable by Ningbo Liwah to Jilin Haizi in a financial year ended 31 December is RMB650,000, assuming that:

- (a) Jilin Haizi has provided the maximum amount of guarantee (i.e. RMB130,000,000) for the obligations under the banking facilities of Ningbo Liwah in such financial year and the guarantee is effective during such whole financial year; and
- (b) the Lansen BVI Group has provided no guarantee to Jilin Haizi in such financial year.

Purpose of the loans which are subject of the Guarantees

The bank loans to be borrowed by the parties and covered by the Guarantees should be used solely for the purpose of meeting the funding requirement of each of the parties in their ordinary course of business.

REASONS FOR, AND BENEFITS OF THE 2019 CROSS GUARANTEE AGREEMENT

As shown in the paragraphs headed “Historical transaction amounts under the 2016 Cross Guarantee Agreement”, the 2016 Cross Guarantee Agreement has been largely utilised, enabling the parties to obtain loans from banks in the PRC; and allowing the parties to respond to banks’ requests for provision of corporate guarantee(s). As corporate guarantee from PRC corporations continues to be commonly required by banks as a security or additional security for financial transactions in the PRC to secure the obligations of the borrower, the execution of the 2019 Cross Guarantee Agreement would (i) enable the parties to continue to obtain loans from banks in the PRC in order to support its ordinary and usual course of business; and (ii) allow the parties to continue to respond promptly to any request of provision of a corporate guarantee by the banks. In view of the benefits brought to the Group under the entering into of the 2016 Cross Guarantee Agreement and the extended business relationships established between the Group and Jilin Haizi, the execution of the 2019 Cross Guarantee Agreement and the transaction contemplated thereunder are expected to continue to bring synergies to the parties.

The objective of having the commission fee in place is not for the parties to earn commission fee by providing corporate guarantee, but instead provides a mechanism to cater for the situation when there is a difference in the exposure undertaken by the parties due to the difference in the amount of loans guaranteed by the parties (i.e. the guarantee amounts) under the Jilin Haizi Guarantees and the Lansen BVI Guarantees respectively. The difference in the guarantee amounts can be due to a difference in (1) the sizes and/or (2) the timing of the banking facilities obtained by Jilin Haizi and Ningbo Liwah, which require the Guarantees.

In the event that the guarantee amount of the Lansen BVI Guarantees is less than the guarantee amount of the Jilin Haizi Guarantees, Ningbo Liwah shall pay commission fee to Jilin Haizi under the Cross Guarantee Agreement due to the net amount of guarantee

LETTER FROM THE BOARD

received. The annual commission fee rate of 0.5% is lower than that charged by guarantee service providers in the PRC market and therefore, the commission fee payable to Jilin Haizi is no less favourable to the Company than those available in the market.

In the event that the guarantee amount of the Lansen BVI Guarantees is larger than the guarantee amount of the Jilin Haizi Guarantees, Lansen BVI shall receive commission fee from Jilin Haizi under the Cross Guarantee Agreement due to the net amount of guarantee provided. Under the reciprocal arrangement, the same annual commission fee rate of 0.5% applies and is therefore lower than that charged by guarantee service providers in the PRC market. Despite the commission receivable from Jilin Haizi is lower than those available in the market, it is in the interest of the Company as the commission fee rate is fair and applies equally to the parties to the 2019 Cross Guarantee Agreement.

The annual commission fee of 0.5% is determined and agreed with reference to the prevailing market rate of the commission charged by guarantee service providers, which is around 2% per annum, after taking into account the following factors:

- (a) it is a reciprocal arrangement but not a one-sided guarantee provision;
- (b) the objective of the parties is not to earn commission fee but instead provides a mechanism to cater for the situation when there is a difference in the guarantee amounts provided by each party;
- (c) the commission fee rate for the parties are all the same and is lower than the market rate; and
- (d) the calculation of the commission fee on each guarantee takes into account the number of days of the guarantee provision;

The Directors (including the independent non-executive Directors) are of the view that the 2019 Cross Guarantee Agreement and the transaction contemplated thereunder, including the commission fee arrangement, are fair and reasonable, and have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms or better and are in the interests of the Company and its Shareholders as a whole.

Financial effects of the 2019 Cross Guarantee Agreement

The provision of guarantees pursuant to the 2019 Cross Guarantee Agreement will not have any immediate effects on the earnings and assets and liabilities of the Company. However, if there is a default in the repayment of the banking facilities by Jilin Haizi, the Company will be responsible for repayment of the banking facilities which it guaranteed up to the maximum amount of RMB130,000,000.

LETTER FROM THE BOARD

RISK MANAGEMENT MEASURES UNDER THE 2019 CROSS GUARANTEE AGREEMENT

The Company will endeavour to monitor the financial status of Jilin Haizi from time to time so as to ensure it has adequate financial capability of providing the relevant corporate guarantees for Ningbo Liwah's bank borrowings. Similarly, the Company will also review the financial statement of Haizi at the relevant time prior to the provision of corporate guarantee for Jilin Haizi's bank borrowings in order to consider whether or not to provide the corporate guarantee as requested, or to suggest changes to the borrowing amount.

As at the Latest Practicable Date, based on information provided by Jilin Haizi, the Company has reviewed the unaudited financial statements of Jilin Haizi for the period ended 28 February 2019 and the unaudited financial statements of Jilin Haizi for the year ended 31 December 2018 and are of the view that Jilin Haizi has adequate financial capability of providing the relevant corporate guarantees for Ningbo Liwah's bank borrowings.

So far as the Company is aware having taken reasonable steps to ascertain the same, Jilin Haizi has not defaulted in any of its previous financial obligations.

As a safeguard measure, the Company will conduct review on the prevailing market rate for providing/receiving a guarantee to/from a third party guarantee service provider (including market reference from financial institutions) from time to time and at least on an annual basis to determine if there is any unusual material change to the prevailing market rates. This is to ensure that the rate of guarantee commission under the 2019 Cross Guarantee Agreement remains fair and reasonable.

In the event that the Company finds that the prevailing market rate of the commission is significantly lower than the guarantee commission rate of 0.5% under the 2019 Cross Guarantee Contract, the Company will evaluate whether the Company should renegotiate with Jilin Haizi to revise down the guarantee commission rate for new guarantee to be provided under the 2019 Cross Guarantee Agreement.

INFORMATION ON THE GROUP, NINGBO LIWAH AND JILIN HAIZI

The Group is engaged in the manufacturing, distribution and development of specialty prescription drugs for the treatment of autoimmune disorder in rheumatology and dermatology. The Group is in a leading market position in disease-modifying antirheumatic drugs for the treatment of rheumatoid arthritis in the PRC. The Group has established an extensive distribution network, covering more than 1,000 hospitals in four municipalities, 25 provinces and cities in the PRC.

Lansen BVI is a company incorporated in the British Virgin Islands with limited liability, a wholly and directly-owned subsidiary of the Company and is engaged in investment holding.

LETTER FROM THE BOARD

Ningbo Liwah, being an indirect and wholly-owned subsidiary of the Company, is a company incorporated in the PRC and is engaged in the business of production, sale and product development of prescription and OTC pharmaceutical products.

Jilin Haizi, being an indirect and wholly-owned subsidiary of CIH, is a company incorporated in the PRC and is engaged in the manufacture, marketing and sales of inositol and dicalcium phosphate (“DCP”), for use in health and nutrition supplements. Jilin Haizi is currently in the stage of increasing production and sales of inositol and modifying its production process to produce higher margin food grade DCP for sales. It has no business relationship with Ningbo Liwah.

IMPLICATIONS OF THE 2019 CROSS GUARANTEE AGREEMENT UNDER THE LISTING RULES

As one or more of the applicable Percentage Ratios in respect of the 2019 Cross Guarantee Agreement exceeds 25% but less than 100%, the transaction contemplated under the 2019 Cross Guarantee Agreement constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and the Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, CIH and its associates were interested in 209,820,000 Shares, representing approximately 51.59% of the equity interest in the Company and is therefore a substantial Shareholder of the Company and a connected person of the Company. Jilin Haizi, being the associate of CIH, is connected person of the Company. Accordingly, the transactions contemplated under the 2019 Cross Guarantee Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the applicable Percentage Ratios, the transactions contemplated under the 2019 Cross Guarantee Agreement constitute non-exempt continuing connected transactions of the Company. Accordingly, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the 2019 Cross Guarantee Agreement, the Transactions contemplated thereunder and the Proposed Guarantee Cap. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

EXTRAORDINARY GENERAL MEETING & VOTING BY POLL

An notice convening the EGM to be held at Admiralty Conference Centre (ACC), 1804A,18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Monday, 8 July 2019 at 3:00 p.m., at which an ordinary resolution will be proposed for the approval by the Independent Shareholders of the Cross Guarantee Agreement, the Transactions and the Proposed Guarantee Cap, is set out on pages 38 to 39 of this circular.

LETTER FROM THE BOARD

As CIH and its associates are interested in the 2019 Cross Guarantee Agreement, CIH and its associates will abstain from voting at the EGM in respect of the resolutions to approve the Transactions. Saved as disclosed above and to the best knowledge of the Directors after having made all reasonable enquires, no other Shareholder would be required to abstain from voting to approve the Transactions.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the EGM will exercise his power under article 72 of the articles of association of the Company to put the resolution to be proposed at the EGM to be voted by way of poll. The Company will appoint scrutineers to handle vote taking procedures at the EGM. The result of the poll will be published on the website of the Stock Exchange and the Company as soon as possible in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time scheduled for the holding of the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

The register of members of the Company will not be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the EGM. However, in order to qualify for attending and voting at the EGM, all transfers, accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30p.m on 2 July 2019.

RECOMMENDATIONS

Your attention is drawn to:

- (a) The letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;
- (b) Financial Information of the Group, the text of which is set out on pages 29 to 31 of this circular; and
- (c) The letter from Gram Capital, the Independent Financial Adviser to advise the Independent Shareholders and the Independent Board Committee with respect to the terms of the Transactions, the text of which is set out on pages 18 to 28 of this circular.

LETTER FROM THE BOARD

The Independent Shareholders are advised to read the aforesaid materials before deciding as to how to vote at the EGM.

Having taken into account the advice of Gram Capital, the Independent Board Committee considers that the Lansen BVI Guarantees under the 2019 Cross Guarantee Agreement are not in the ordinary and usual course of business but the terms thereto (including the Proposed Guarantee Cap) are on normal commercial terms and fair and reasonable and that the entering into of the 2019 Cross Guarantee Agreement is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transactions.

Mr. Lee Jin Yi and Mr. Stephen Burnau Hunt are the common directors of the Company and CIH, but they do not hold any equity interest in Jilin Haizi. Therefore, they do not consider themselves to have material interests in the transaction contemplated under the 2019 Cross Guarantee Agreement and have not abstained from voting on the resolutions of the Board to approve the transaction thereunder.

Mr. Wu Zhen Tao is the common director of the Company and CIH and is also indirectly holding 61.74% of CIH shares. Given Jilin Haizi is an indirect wholly-owned subsidiary of CIH, he has abstained from voting on the resolutions of the Board to approve the transaction contemplated under the 2019 Cross Guarantee Agreement.

Except as mentioned above, no other Director has a material interest in the 2019 Cross Guarantee Agreement and has abstained from voting on the relevant board resolution approving the Transactions thereunder.

Taking into account the letter from the Independent Board Committee and all other factors stated above as a whole, the Directors (including the non-executive Directors) are of the view that the terms of the 2019 Cross Guarantee Agreement (including the Proposed Guarantee Cap) are fair and reasonable, and that the entering into the 2019 Cross Guarantee Agreement is in the interests of the Company and the Shareholders as a whole. As such, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the 2019 Cross Guarantee Agreement, the Transactions and the Proposed Guarantee Cap.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
By Order of the Board
Lansen Pharmaceutical Holdings Limited
Wu Zhen Tao
Chairman



LANSEN PHARMACEUTICAL HOLDINGS LIMITED

朗生醫藥控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 503)

20 June 2019

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF
CONTINUING CONNECTED TRANSACTIONS AND
MAJOR TRANSACTION IN RELATION TO
THE 2019 CROSS GUARANTEE AGREEMENT**

We refer to the circular of the Company dated 20 June 2019 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings herein unless the context requires otherwise.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to advise the Independent Shareholders as to whether the Transactions and the Proposed Guarantee Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the Proposed Guarantee Cap. The text of the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 28 of the Circular. We also wish to draw your attention to the letter from the Board, as set out on pages 4 to 15 of the Circular.

Having considered the factors and reasons considered by, and the opinions of, Gram Capital as stated in the aforementioned letter of advice, we are of the opinion that the Lansens BVI Guarantees under the 2019 Cross Guarantee Agreement are not in the ordinary and usual course of business but the terms thereto (including the Proposed Guarantee Cap) are on normal commercial terms and fair and reasonable and that the entering into of the 2019 Cross Guarantee Agreement is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the 2019 Cross Guarantee Agreement, the Transactions and the Proposed Guarantee Cap.

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

Chan Kee Huen, Michael
*Independent Non-executive
Director*

Fritz Heinrich Horlacher
*Independent Non-executive
Director*

Yeung Tak Bun, Allen
*Independent Non-executive
Director*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2019 Cross Guarantee Agreement for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

20 June 2019

*To: The independent board committee and the independent shareholders
of Lansen Pharmaceutical Holdings Limited*

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION IN RELATION TO THE 2019 CROSS GUARANTEE AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 20 June 2019 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 24 June 2016, Ningbo Liwah, Jilin Haizi and Lansen BVI entered into the 2016 Cross Guarantee Agreement, pursuant to which the parties may, provide or procure its subsidiaries to provide certain guarantees to banks in relation to the banking facilities of each other during the term commencing on 1 July 2016 and expiring on 30 June 2019.

As the 2016 Cross Guarantee Agreement will expire on 30 June 2019, Ningbo Liwah, Jilin Haizi and Lansen BVI entered into the 2019 Cross Guarantee Agreement on 3 May 2019 to renew the terms of such continuing connected transaction for a term commencing from 1 July 2019 and expiring on 30 June 2022, where the parties may, provide or procure its subsidiaries to provide certain guarantees to banks in relation to the banking facilities of each other.

With reference to the Board Letter, the transaction contemplated under the 2019 Cross Guarantee Agreement constitutes major transaction for the Company. In addition, CIH is a substantial Shareholder and a connected person of the Company. Jilin Haizi, being the

LETTER FROM GRAM CAPITAL

associate of CIH, is also connected person of the Company. Accordingly, the transactions contemplated under the 2019 Cross Guarantee Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chan Kee Huen, Michael, Mr. Fritz Heinrich Horlacher and Mr. Yeung Tak Bun, Allen, has been established to advise the Independent Shareholders on (i) whether the terms of the 2019 Cross Guarantee Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the 2019 Cross Guarantee Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the 2019 Cross Guarantee Agreement and the transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital has also been engaged by the Company since April 2019 as independent financial adviser to provide opinion on another transaction. Notwithstanding the aforesaid engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the management of the Company (the "**Management**"). We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Management, which have been provided to us. Our opinion is based on the Management's representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

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

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Jilin Haizi, Ningbo Liwah, Lansen BVI or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into of the 2019 Cross Guarantee Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2019 Cross Guarantee Agreement, we have taken into consideration the following principal factors and reasons:

THE 2019 CROSS GUARANTEE AGREEMENT

Background of and reasons for the 2019 Cross Guarantee Agreement

Business overview of the Group

With reference to the Board Letter, the Group is engaged in the manufacturing, distribution and development of specialty prescription drugs for the treatment of autoimmune disorder in rheumatology and dermatology. The Group is in a leading market position in disease-modifying antirheumatic drugs for the treatment of rheumatoid arthritis in the PRC. The Group has established an extensive distribution network, covering more than 1,000 hospitals in four municipalities, 25 provinces and cities in the PRC.

LETTER FROM GRAM CAPITAL

Set out below are the financial information of the Group for the two years ended 31 December 2018 as extracted from the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”):

	For the year ended 31 December 2018 <i>US\$'000</i>	For the year ended 31 December 2017 <i>US\$'000</i>	Change from 2017 to 2018 %
Revenue	56,872	89,484	(36.44)
Gross profit	30,271	51,889	(41.66)
(Loss)/Profit from operations	(587)	9,456	N/A
Profit for the year	160	15,629	(98.98)

As illustrated by the above table, the Group recorded a decrease of approximately 36.44% in revenue for the year ended 31 December 2018 (“**FY2018**”) as compared to that for the year ended 31 December 2017 (“**FY2017**”). In addition, the Group’s gross profit and profit for the year also reduced significantly by approximately 41.66% and 98.98% respectively in FY2018 as compared to FY2017. With reference to the 2018 Annual Report and as confirmed by the Management, the significant decrease in the Group’s net profit in FY2018 was mainly due to the fact that (i) the recorded pre-tax net profit experienced a significant decrease compared with FY2017 due to the delayed disposal of shares of 浙江司太立製藥股份有限公司 (Zhejiang Starry Pharmaceutical Co., Ltd.*) (stock code: SH603520, “**Starry**”) in FY2018 (With reference to the circular of the Company dated 23 April 2019, (a) the Group disposed a number of Starry’s shares on-market on 15 March 2017 for an aggregate gross sale proceeds of approximately RMB179.98 million; (b) on 6 June 2018, the Group further disposed a number of Starry’s shares on-market for an aggregate gross sale proceeds of approximately RMB65.33 million; and (c) the Board also proposed to dispose all or part of the remaining shares of Starry in a gradual manner in order to realise the gain on the investment in Starry (the estimated sale proceeds will be approximately RMB161 million); (ii) the Group received compensation from flood insurance in FY2017, but no compensation was received in FY2018; (iii) the revenue from agency product sales experienced a major decrease as compared with that of FY2017; and (iv) the Company’s decision to reduce the inventory in the distribution channel temporarily reduced the current sales revenue and gross profit of pharmaceutical products.

With reference to the 2018 Annual Report, the Group will actively grasp the opportunities brought by the strategy of Healthy China and the revitalisation of Chinese medicine, develop and promote the distinctive products of pharmaceutical, healthcare and medical cosmetics, and promote the continuous and steady growth of its business through merger and acquisition, integration, international cooperation and continuous innovation, and realise the win-win value for Shareholders, customers and employees.

LETTER FROM GRAM CAPITAL

Information on Ningbo Liwah, Lansen BVI and Jilin Haizi

Ningbo Liwah, being an indirect and wholly-owned subsidiary of the Company, is a company incorporated in the PRC and is engaged in the business of production, sale and product development of prescription and over-the-counter (OTC) pharmaceutical products.

Lansen BVI is a company incorporated in the British Virgin Islands with limited liability, a wholly and directly-owned subsidiary of the Company and is engaged in investment holding.

Jilin Haizi, being an indirect and wholly-owned subsidiary of CIH, is a company incorporated in the PRC and is engaged in the manufacture, marketing and sales of inositol and DCP, for use in health and nutrition supplements. Jilin Haizi is currently in the stage of increasing production and sales of inositol and modifying its production process to produce higher margin food grade DCP for sales. It has no business relationship with Ningbo Liwah.

Reasons for and benefits of the 2019 Cross Guarantee Agreement

With reference to the Board Letter, the 2016 Cross Guarantee Agreement has been largely utilised, enabling the parties to obtain loans from banks in the PRC; and allowing the parties to respond to banks' requests for provision of corporate guarantee(s). As corporate guarantee from PRC corporations continues to be commonly required by banks as a security or additional security for financial transactions in the PRC to secure the obligations of the borrower, the execution of the 2019 Cross Guarantee Agreement would (i) enable the parties to continue to obtain loans from banks in the PRC in order to support its ordinary and usual course of business; and (ii) allow the parties to continue to respond promptly to any request of provision of a corporate guarantee by the banks. In view of the benefits brought to the Group under the entering into of the 2016 Cross Guarantee Agreement and the extended business relationships established between the Group and Jilin Haizi, the execution of the 2019 Cross Guarantee Agreement and the transaction contemplated thereunder are expected to continue to bring synergies to the parties.

The objective of having the commission fee in place is not for the parties to earn commission fee by providing corporate guarantee, but instead provides a mechanism to cater for the situation when there is a difference in the exposure undertaken by the parties due to the difference in the amount of loans guaranteed by the parties (i.e. the guarantee amounts) under the Jilin Haizi Guarantees and the Lansen BVI Guarantees respectively. The difference in the guarantee amounts can be due to a difference in (1) the sizes and/or (2) the timing of the banking facilities obtained by Jilin Haizi and Ningbo Liwah, which require the Guarantees.

In view of the foregoing reasons for and benefits of the 2019 Cross Guarantee Agreement, we concur with the Directors that, although the Guarantees under the 2019 Cross Guarantee Agreement are not conducted in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole.

LETTER FROM GRAM CAPITAL

Principal terms of the 2019 Cross Guarantee Agreement

Date

3 May 2019

Parties

- (a) Jilin Haizi, an indirect wholly-owned subsidiary of CIH;
- (b) Ningbo Liwah, an indirect wholly-owned subsidiary of the Company; and
- (c) Lansen BVI, a direct wholly-owned subsidiary of the Company.

Effective period

The Effective Period will commence on 1 July 2019 and will expire on 30 June 2022.

Description of the transaction

Pursuant to the 2019 Cross Guarantee Agreement, Jilin Haizi has agreed, during the Effective Period, to provide guarantees for the obligations under the banking facilities obtained or to be obtained by Ningbo Liwah.

Pursuant to the 2019 Cross Guarantee Agreement, on a reciprocal basis, Lansen BVI has agreed, during the Effective Period, to procure its subsidiary, as appropriate, to provide guarantees for the obligations under the banking facilities to be obtained by Jilin Haizi.

Commission

At each financial year-end on 31 December during the Effective Period, each party shall calculate the commission fee receivable, in accordance with the formula below, in respect of a loan which is guaranteed by one party during that financial year.

If the total commission fee receivable of one party equals to the total commission fee receivable of the other party for that financial year, no commission fee is payable by either party.

If the total commission fee receivable of the Net Receiving Party is larger than the total commission fee receivable of the Net Paying Party for that financial year, the Net Paying Party shall pay in cash the net commission fee to the Net Receiving Party within three months from 31 December of that financial year.

Commission fee for each guarantee = guarantee amount x (the number of days the guarantee is in effect during the year/365) x 0.5%.

LETTER FROM GRAM CAPITAL

For the avoidance of doubt, in the event that a party requests the other party to provide guarantee for more than one loan during a financial year, the total commission fee payable by such party to the other party shall be the aggregate amount of all the commission fees incurred for each of the guarantees.

The annual guarantee commission rate of 0.5% (the “**Commission Rate**”) is determined and agreed with reference to the prevailing market rate of the commission charged by guarantee service providers, which is around 2% per annum, after taking into account the following factors:

- (i) it is a reciprocal arrangement but not a one-sided guarantee provision;
- (ii) the objective of the parties is not to earn commission fee but instead provides a mechanism to cater for the situation when there is a difference in the guarantee amounts provided by each party;
- (iii) the commission fee rate for the parties are all the same and is lower than the market rate; and
- (iv) the calculation of the commission fee on each guarantee takes into account the number of days of the guarantee provision.

Upon our enquiry, the Management advised us that guarantee commission quotation obtained from guarantee service provider is around 2% per annum. For our due diligence purpose, we obtained the correspondence in respect of guarantee commission quotation and noticed that the prevailing rate of the commission charged by guarantee service provider is around 2% per annum. Having also taken into account the aforesaid factors for the determination of the Commission Rate, we consider the Commission Rate to be justifiable.

Proposed Guarantee Caps

The respective (i) historical transaction amounts; and (ii) historical annual cap of each of the Jilin Haizi guarantees and the Lansan BVI guarantees and the commission fee paid under the 2016 Cross Guarantee Agreement are set out as follows:

Relevant period	Historical amount of the Jilin Haizi Guarantees <i>RMB</i>	The commission fee paid by Ningbo Liwah <i>RMB</i>	Historical amount of the Lansan BVI Guarantees <i>RMB</i>	The commission fee paid by Jilin Haizi <i>RMB</i>
From 1 July 2016 to 31 December 2016	Nil <i>(Cap: 130,000,000)</i>	Nil <i>(Cap: 325,000)</i>	100,000,000 <i>(Cap: 130,000,000)</i>	168,000 <i>(Cap: 325,000)</i>
From 1 January 2017 to 31 December 2017	130,000,000 <i>(Cap: 130,000,000)</i>	329,000 <i>(Cap: 650,000)</i>	122,460,000 <i>(Cap: 130,000,000)</i>	577,000 <i>(Cap: 650,000)</i>
From 1 January 2018 to 31 December 2018	130,000,000 <i>(Cap: 130,000,000)</i>	650,000 <i>(Cap: 650,000)</i>	130,000,000 <i>(Cap: 130,000,000)</i>	650,000 <i>(Cap: 650,000)</i>
From 1 January 2019 to 31 March 2019	130,000,000 <i>(Cap: 130,000,000)</i>	160,000 <i>(Cap: 325,000)</i>	130,000,000 <i>(Cap: 130,000,000)</i>	160,000 <i>(Cap: 325,000)</i>

LETTER FROM GRAM CAPITAL

According to the Board Letter, as at the Latest Practicable Date, none of the annual cap for the Jilin Haizi Guarantees and the Lansen BVI Guarantees under the 2016 Cross Guarantee Agreement has been exceeded.

The respective annual cap for each of the Jilin Haizi Guarantees and the Lansen BVI Guarantees and the commission fee payable under the 2019 Cross Guarantee Agreement (i.e. the Proposed Guarantee Caps) are set out as follows:

Relevant period	Annual cap of the Jilin Haizi Guarantees (RMB)	The maximum commission fee payable by Ningbo Liwah (RMB)	Annual cap of the Lansen BVI Guarantees (RMB)	The maximum commission fee payable by Jilin Haizi (RMB)
From 1 July 2019 to 31 December 2019	130,000,000	328,000	130,000,000	328,000
From 1 January 2020 to 31 December 2020	130,000,000	650,000	130,000,000	650,000
From 1 January 2021 to 31 December 2021	130,000,000	650,000	130,000,000	650,000
From 1 January 2022 to 30 June 2022	130,000,000	322,000	130,000,000	322,000

With reference to the Board Letter, the respective annual cap for each of the Jilin Haizi Guarantees and the Lansen BVI Guarantees was arrived at after taking into account the following:

- (a) historical transaction amounts for the transaction contemplated under the 2016 Cross Guarantee Agreement;
- (b) the Board expects that the Company will require not more than RMB130,000,000 banking facilities to be guaranteed by Jilin Haizi during the Effective Period; and
- (c) the Company was advised by the management of Jilin Haizi that Jilin Haizi is expected to require not more than RMB130,000,000 banking facilities for their current level of business activities during the Effective Period, and that Jilin Haizi may secure the banking facilities of such entire amount in any financial year during the Effective Period.

We noted that (i) the utilisation of the historical annual caps of the Jilin Haizi Guarantees (including both guaranteed amount and commission fee payable) and the Lansen BVI Guarantees (including both guaranteed amount and commission paid) for the year ended 31 December 2018 reached 100%; and (ii) the utilisation of the historical annual caps of the guaranteed amount under the Jilin Haizi Guarantees and the Lansen BVI Guarantees for the three months ended 31 March 2019 reached 100%.

LETTER FROM GRAM CAPITAL

With reference to the 2018 Annual Report, the further implementation of the “two-invoices system” policy in 2018 had significant impact on the agency product sales of the Group. As advised by the Management, as Ningbo Liwah focuses on production and sales of the Group’s self-owned products instead of agency products, the “two-invoice system” do not affect Ningbo Liwah’s business volume. Furthermore, the “two-invoices system” is a policy applicable to the pharmaceutical industry. Since Jilin Haizi is engaged in the manufacture, marketing and sales of inositol and DCP, for use in health and nutrition supplements, the “two invoice system” would not have adversely effect on Jilin Haizi’s business. As such, Jilin Haizi and Ningbo Liwah will require similar level of banking facilities in their ordinary course of business as the historical annual caps.

Taken into account the aforesaid basis of determination of the Proposed Guarantee Caps and the historical utilisation rates of the annual caps as above-mentioned, we concur with the Directors that the Proposed Guarantee Caps are fair and reasonable.

Shareholders should note that as the Proposed Guarantee Caps are relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 30 June 2022, and they do not represent forecasts of banking facilities to be drawn by any party to the 2019 Cross Guarantee Agreement or commission to be paid/received by Ningbo Liwah under the 2019 Cross Guarantee Agreement. Consequently, we express no opinion as to how closely the actual banking facilities to be drawn by any party to the 2019 Cross Guarantee Agreement and or the commission to be paid/received by Ningbo Liwah under the 2019 Cross Guarantee Agreement will correspond with the Proposed Guarantee Caps.

Purpose of the loans which are subject of the Guarantees

The bank loans to be borrowed by the parties and covered by the Guarantees should be used solely for the purpose of meeting the funding requirement of each of the parties in their ordinary course of business.

Having considered the above, we concur with the Directors that the terms of the 2019 Cross Guarantee Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Risk management measures under the 2019 Cross Guarantee Agreement

According to the Board Letter, the Company will endeavour to monitor the financial status of Jilin Haizi from time to time so as to ensure it has adequate financial capability of providing the relevant corporate guarantees for Ningbo Liwah’s bank borrowings. Similarly, the Company will also review the financial statement of Jilin Haizi at the relevant time prior to the provision of corporate guarantee for Jilin Haizi’s bank borrowings in order to consider whether or not to provide the corporate guarantee as requested, or to suggest changes to the borrowing amount.

LETTER FROM GRAM CAPITAL

As a safeguard measure, the Company will conduct review on the prevailing market rate for providing/receiving a guarantee to/from a third party guarantee service provider (including market reference from financial institutions) from time to time and at least on an annual basis to determine if there is any unusual material change to the prevailing market rates. This is to ensure that the rate of guarantee commission under the 2019 Cross Guarantee Agreement remains fair and reasonable.

In the event that the Company finds that the prevailing market rate of the commission is significantly lower than the guarantee commission rate of 0.5% under the 2019 Cross Guarantee Contract, the Company will evaluate whether the Company should renegotiate with Jilin Haizi to revise down the guarantee commission rate for new guarantee to be provided under the 2019 Cross Guarantee Agreement.

Listing Rules implication

The Management confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of each of the Guarantees must be restricted by the Proposed Guarantee Caps for the period concerned under the 2019 Cross Guarantee Agreement; (ii) the terms of the 2019 Cross Guarantee Agreement must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the 2019 Cross Guarantee Agreement must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Guarantees (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group (if applicable); (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the annual caps. In the event that any of the Guarantees exceed the Proposed Guarantee Caps, or that there is any material amendment to the terms of the 2019 Cross Guarantee Agreement, as confirmed by the Management, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Guarantees and thus the interest of the Independent Shareholders would be safeguarded.

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the 2019 Cross Guarantee Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Guarantees under the 2019 Cross Guarantee Agreement are not conducted in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the 2019 Cross Guarantee Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

* *For identification purpose only*

1. FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 December 2016, 2017 and 2018 are disclosed in the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 respectively. They can be accessed on the website of the Company (www.lansen.com.cn) and the website of the Stock Exchange (www.hkexnews.hk).

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the renewal of the 2019 Cross Guarantee Agreement and the present available financial resources, the Group will have sufficient working capital for its present requirements and for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

3. INDEBTEDNESS

(a) Borrowings

As at the close of business on 30 April 2019, being the latest practicable date for ascertaining the information prior to the printing of this circular, the Group had aggregate bank borrowings of approximately US\$100,427,000 (approximately HK\$788,352,000) comprising of: (i) unguaranteed and unsecured bank borrowings of approximately US\$14,531,000 (approximately HK\$114,068,000); (ii) unguaranteed bank borrowings of approximately US\$32,955,000 (approximately HK\$258,697,000) which were secured by certain bank deposits and listed shares; (iii) unsecured bank borrowings of approximately US\$42,941,000 (approximately HK\$337,087,000) which were guaranteed by the Company, subsidiaries or a fellow subsidiary of the Company; and (iv) guaranteed bank borrowings of approximately US\$10,000,000 (approximately HK\$78,500,000) which were also secured by certain bank deposits and listed shares.

(b) Banking facilities

At the close of business on 30 April 2019, being the latest practicable date for ascertaining the information prior to the printing of this circular, the Group had unutilised banking facilities of approximately US\$81,884,000 (approximately HK\$642,789,000), comprising of: (i) unguaranteed banking facilities of approximately US\$17,007,000 (approximately HK\$133,505,000) which were secured by certain bank deposits and listed shares; and (ii) unsecured banking facilities of approximately US\$64,877,000 (approximately HK\$509,284,000) which were guaranteed by the Company or subsidiaries of the Group. Banking facilities were subject to the fulfilment of covenants relating to certain financial position ratios of the Group. The Group continues to meet these requirements and none of the covenants relating to drawn down facilities had been breached.

(c) Pledge of assets

As at 30 April 2019, being the latest practicable date for ascertaining the information prior to the printing of this circular, certain bank deposits with carrying amount of US\$27,928,000 (approximately HK\$219,235,000) and listed shares of Zhejiang Starry Pharmaceutical Co., Ltd. with market value amounting to US\$52,406,000 (approximately HK\$411,387,000) were pledged to secure banking facilities and bank borrowings of the Company and bank borrowings of a fellow subsidiary.

(d) Financial guarantee issued

The Group has issued a guarantee to a bank in respect of borrowings made by Jilin Haizi, a fellow subsidiary of the Group. Under the guarantee, the Group is liable for a maximum of RMB130,000,000 (equivalent to US\$19,306,000) borrowings drawn by Jilin Haizi from the bank. The maximum liability of the Group at 30 April 2019 under the guarantee issued represents the amount drawn down by Jilin Haizi of RMB107,460,000 (equivalent to US\$15,959,000).

Save as aforesaid above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have at the close of business on 30 April 2019, being the latest practicable date for ascertaining the information prior to the printing of this circular, any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2018, the internal and external operating environment posed challenges to the Group. With the deepening of medical reform in China, various rules and regulations have been substantially implemented: consistency of quality and efficacy evaluation, control on proportion of drugs and medical expenditure of public hospitals, medical insurance payments by the disease category, 4+7 urban centralised procurement, comprehensive implementation of the “two-invoices” system, and the establishment of the national list of adjuvant drugs. The environment of China’s pharmaceutical market has experienced significant changes, creating new opportunities and challenges for the industry. In active response to national policies and regulations, with the support of the “Comprehensive Health and Comprehensive Development” strategy, the Group proactively made adjustments in its management strategy mainly based on the principle of three optimisations: namely, the optimisation of resources for product promotion, performance and profit, and personnel and process.

Looking forward to the future, the Group will actively grasp the opportunities brought by the strategy of Healthy China and the revitalisation of Chinese medicine, develop and promote the distinctive products of pharmaceutical, healthcare and medical cosmetics, and promote the continuous and steady growth of its business through merger and acquisition, integration, international cooperation and continuous innovation, and realise the win-win value for shareholders, customers and employees.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO); (b) to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) to otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) *The Company*

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Mr. Wu Zhen Tao	Founder of discretionary trusts and beneficiary of a trust	209,820,000 (Long position)	51.59%
Mr. Lee Jin Yi	Beneficial owner	500,000 (Long position)	0.12%
Mr. Stephen Burnau Hunt	Beneficial owner	100,000 (Long position)	0.02%

(ii) Associated corporation — CIH

Name of Director	Capacity	Number of CIH shares held		Approximate percentage of issued share capital of associated corporation	
		Common Shares	A Shares	Common Shares	A Shares
Mr. Wu Zhen Tao	Founder of discretionary trusts and beneficiary of a trust	225,156,434	8,249,276	60.5%	92.1%
Mr. Lee Jin Yi	Beneficial owner	500,000	—	0.15%	—

(b) Substantial shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of the Group:

Long positions in the Shares and underlying Shares

Name of Shareholder	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
CI Pharma	Interest of a controlled corporation	209,820,000 (Long position)	51.59%
Cathay International Biotech Company Limited (<i>Note 1</i>)	Interest of a controlled corporation	209,820,000 (Long position)	51.59%
Cathay International Biotechnology and Pharmaceutical (China) Limited (<i>Note 1</i>)	Interest of a controlled corporation	209,820,000 (Long position)	51.59%

Name of Shareholder	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Cathay International Changchun Biotechnology and Pharmaceutical Limited <i>(Note 1 and Note 3)</i>	Interest of a controlled corporation	209,820,000 (Long position)	51.59%
Cathay International Enterprises Limited <i>(Note 3)</i>	Interest of a controlled corporation	209,820,000 (Long position)	51.59%
CIH <i>(Note 1, Note 2 and Note 3)</i>	Interest of a controlled corporation	209,820,000 (Long position)	51.59%
Cathay International Pharmaceutical Limited <i>(Note 1 and Note 3)</i>	Interest of a controlled corporation	209,820,000 (Long position)	51.59%
Wu Zhen Tao	Founder of discretionary trusts	209,820,000 (Long position)	51.59%

Only including the shareholders with percentage of issued share capital of the Company > 5%.

Notes:

1. Mr. Lee Jin Yi is also a director of Cathay International Biotech Company Limited, Cathay International Biotechnology and Pharmaceutical (China) Limited, Cathay International Changchun Biotechnology and Pharmaceutical Limited, CIH and Cathay International Pharmaceutical Limited.
2. Mr. Stephen Burnau Hunt is also a director of CIH.
3. Mr. Wu Zhen Tao is also a director of Cathay International Changchun Biotechnology and Pharmaceutical Limited, Cathay International Enterprises Limited, CIH, and Cathay International Pharmaceutical Limited.

Short position in the Shares and underlying Shares

As at the Latest Practicable Date, none of the substantial Shareholders had any short positions in any shares or underlying shares of the Company or any of its associated corporations.

Long positions in the shares/registered capital of the member of the Group

As at the Latest Practicable Date, none of the substantial Shareholders had any long positions in any shares of the member of the Group.

Save as disclosed above, so far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, no other person (who is not a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company (or its subsidiary) which has an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries have been engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was not litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any other member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2018 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors confirm that as at the Latest Practical Date, there was no material adverse change in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has been named in this circular and whose advice or opinion is contained in this circular:

Name

Gram Capital Limited

Qualification

A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group or any right or option, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital did not have direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters and reference to its name, in the form and context in which they appear.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, controlling Shareholder, management Shareholders or substantial Shareholders of the Company or any of its respective associates had any interest in a business that competes or might compete, either directly or indirectly, with the business of the Group or had any other conflict of interests with the Group.

9. GENERAL

- (a) The secretary of the Company is Mr. Pang Kai Fai, a member of Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (c) The principal office of the Company in Hong Kong is at Suites 1203–4, 12/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Ltd. at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of discrepancy.

10. DOCUMENTS FOR INSPECTION

Copy of the following documents will be available for inspection at Suites 1203–4, 12/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong, during normal business hours on any weekday (except public holidays) from the date of this circular up to and including 8 July 2019:

- (a) the 2019 Cross Guarantee Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 16 to 17 of this circular;
- (c) the letter from Gram Capital to the Independent Board Committee and to the Independent Shareholders, the text of which is set out on pages 18 to 28 of this circular;
- (d) the letters of consent from Gram Capital referred to under the paragraph headed “Expert and consent” of this appendix; and
- (e) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



LANSSEN PHARMACEUTICAL HOLDINGS LIMITED **朗生醫藥控股有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock code: 503)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Lanssen Pharmaceutical Holdings Limited (the “**Company**”) will be held at Admiralty Conference Centre (ACC), 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Monday, 8 July 2019 at 3:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the 2019 Cross Guarantee Agreement, the Transactions and the Proposed Guarantee Cap, all as defined and described in the circular of the Company dated 20 June 2019, and all other transactions contemplated thereunder and in connection therewith and any other ancillary documents, be and are hereby approved, confirmed and/or ratified; and
- (b) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, perform, deliver all such agreements, instruments, documents and deeds, and do all such acts, matters and things and take all such steps as they may in their discretion consider necessary, desirable or expedient to implement and/or to give effect to the 2019 Cross Guarantee Agreement, the Transactions and the Proposed Guarantee Cap and all other transactions thereby contemplated as they may in their discretion consider to be desirable and in the interests of the Company.”

By Order of the Board
Lanssen Pharmaceutical Holdings Limited
Wu Zhen Tao
Chairman

Hong Kong, 20 June 2019

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another proxy to attend and vote in his stead. Any shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a shareholder of the Company.
2. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
4. To be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM.
5. The register of members of the Company will not be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the EGM. However, in order to qualify for attending and voting at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 2 July 2019.

As at the date of this notice, the executive managing Director is Mr. Chen Li; the non-executive Directors are Mr. Wu Zhen Tao, Mr. Lee Jin Yi, Ms. Liu Xue Zi and Mr. Stephen Burnau Hunt; the independent non-executive Directors are Mr. Chan Kee Huen, Michael, Mr. Fritz Heinrich Horlacher and Mr. Yeung Tak Bun, Allen.