



CHINA HEALTH GROUP INC.

中國醫療集團有限公司

(Carrying on business in Hong Kong as “萬全醫療集團”)

(以「萬全醫療集團」名稱在香港經營業務)

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock Code: 08225)

(股份代號: 08225)

(I) CONTINUING CONNECTED TRANSACTION

(I) 持續關連交易

AND

及

(II) NOTICE OF EXTRAORDINARY GENERAL MEETING

(II) 股東特別大會通告

Independent financial adviser to the Independent Board Committee
and to the Independent Shareholders

獨立董事委員會及獨立股東之獨立財務顧問



THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
此乃要件請即處理

If you are in any doubt as to any aspect of this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CHINA HEALTH GROUP INC., you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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This circular, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes given in compliance with the GEM Listing Rules for the purpose of giving information about 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.

閣下如對本通函任何方面或應採取之行動有任何疑問,應諮詢閣下之持牌證券商或其他註冊證券交易商、銀行經理、律師、專業會計師或其他專業顧問。

閣下如已售出或轉讓名下所有中國醫療集團有限公司之股份,應立即將本通函送交買主或承讓人或經手買賣或轉讓之銀行、持牌證券交易商或其他代理商,以便轉交買主或承讓人。

香港交易及結算所有限公司及香港聯合交易所有限公司對本通函之內容概不負責,對其準確性或完整性亦不發表任何聲明,並明確表示概不就因本通函全部或任何部份內容而產生或因依賴該等內容而引致的任何損失承擔任何責任。

本通函由公司董事(以下簡稱“董事”)集體和個別承擔全部責任,包括為提供公司資訊而根據創業板上市規則發出的通函。董事在作出所有合理查詢後,確認就其所知及所信,本通告所載的資料在所有重大方面均屬準確及完整,並無誤導性或欺騙性,亦不存在任何遺漏會使本通函或本通函的任何陳述具誤導性的其他事項。



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

本封面使用的術語與本通函“定義”一節中定義的含義相同。

A letter from the Independent Board Committee including its recommendation to the Independent Shareholders is set out on pages 19 to 20 of this circular, and a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the terms of the Service Agreement and the transactions contemplated thereunder is set out on pages 21 to 36 of this circular.

獨立董事委員會致獨立股東之推薦意見函件載於本通函第19至第20頁。獨立財務顧問致獨立董事委員會及獨立股東服務協議及其項下擬進行交易之意見函件載於本通函第21頁至第36頁。

A notice convening the EGM of China Health Group Inc. to be held at Boda building, 28 Beiqing Road, Life Science Park, Zhongguancun, Changping District, Beijing, China on 20, December, 2019 at 10:00 a.m. is set out on pages 42 to 44 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of China Health Group Inc., Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

本公司謹訂於二零一九年十二月二十七日(星期五)上午十時正假座北京市昌平區中關村生命科學園北清路28號博達大廈舉行特別股東大會，召開大會之通告載於本通函第42至44頁。隨函附上股東特別大會適用之代表委任表格。無論閣下是否有意親身出席股東特別大會，務請閣下根據隨附代表委任表格上印備之指示將其填妥，並盡快及無論如何於大會或其任何續會指定舉行時間48小時前送達中國醫療集團之香港股份過戶登記分處卓佳標準有限公司，地址為香港皇后大道東183號合和中心54樓。填妥及交回代表委任表格後，閣下仍可親身出席股東特別大會或其任何續會，並於會上投票。

* For identification purpose only

* 僅供識別

CHARACTERISTICS OF GEM
香港聯合交易所有限公司創業板的特色

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

創業板之定位，乃為相比起其他在聯交所上市之公司帶有較高投資風險之公司提供一個上市之市場。有意投資者應瞭解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。

由於創業板上市公司之新興性質所然，在創業板買賣證券可能會較於聯交所主機板買賣證券承受較大之市場波動風險，同時無法保證在創業板買賣證券會有高流通量市場。

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DEFINITIONS

釋義

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

於本通函內，除文義另有所指外，下列詞彙具有以下涵義：

“Annual Cap” 「年度上限」	the maximum aggregate annual value for the transaction under Service Agreement 服務協議項下擬進行交易之建議最高年度總額
“associate(s)” 「聯繫人」	has the meaning ascribed to it under the GEM Listing Rules 具有創業板上市規則賦予該詞的涵義
“Board” 「董事會」	the board of Directors 本公司董事會
“Chairman” 「主席」	the chairman of the Board 董事會主席
“Company” 「本公司」	China Health Group Inc. (a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM with stock code: 08225) 中國醫療集團（前稱萬全科技藥業有限公司，於開曼群島註冊成立之有限公司，其於聯交所創業板上市，股份代號：08225）
“Completion” 「完成」	the completion of the Services in accordance with the terms and conditions of the Service Agreement 服務在服務協議的條款及條件下完成
“Completion Date” 「完成之日」	the date of Completion 完成之日
“Connected Customer” 「關連方」	Venturepharma Group (China) Corp. (萬全醫藥控股（中國）有限公司), a company incorporated in the British Virgin Island with limited liability and the Connected Customer Shareholder is a Controlling Shareholders [萬特製藥（海南）有限公司]，於英屬維爾京群島註冊成立之有限公司且關連方股東為其 [重要股東]
“Connected Customer Shareholder” 「關連方股東」	Mr. William Xia Guo, who is the sole shareholder of the Connected Customer and a Controlling Shareholder of the Company William Xia Guo先生為關聯方重要股東及本公司主要股東
“Connected Customer Subsidiaries” 「關連方附屬公司」	the Connected Customer’s subsidiaries within the PRC 關聯方在中國的附屬公司
“connected person(s)” 「關連人士」	has the same meaning ascribed to this term under the GEM Listing Rules 具有創業板上市規則賦予該詞的涵義
“CCT” 「持續關聯交易」	the continuing connected transaction referred to in this circular 本通函中所提及的持續關聯交易
“Controlling Shareholder” 「控股股東」	has the same meaning ascribed to this term under the GEM Listing Rules 具有創業板上市規則賦予該詞的涵義
“Director(s)” 「董事」	the directors of the Company, including the independent non-executive directors and each a “Director” 本公司董事，包括獨立非執行董事及各個「董事」
“Effective Date” 「生效日期」	the date of the Independent Shareholders’ approval of the Service Agreement 獨立股東批准服務協議之日期
“EGM” 「EGM」	The extraordinary general meeting of the Company to be convened for, among other matters, approving the Service Agreement, the Continuing Connected Transaction and the related proposed annual caps for the period from the Effective Date to 31 December 2021 本公司股東特別大會的召開，其中包括，批准自生效日起至二零二一年十二月三十一日之服務協議、持續關連交易和相關的建議年度上限

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香港聯合交易所有限公司創業板證券上市規則

DEFINITIONS 釋義

"GEM" 「創業板」	GEM operated by the Stock Exchange 聯交所創業板
"GEM Listing Rules" 「創業板上市規則」	the Rules Governing the Listing of Securities on Growth Enterprise Market of the Stock Exchange 香港聯合交易所有限公司創業板證券上市規則
"Group" or "CHG" or "China Health Group" 「本集團」	the Company and its subsidiaries 本公司及其附屬公司
"HK\$" or "HK\$" 「HK\$」	Hong Kong dollars, the lawful currency of Hong Kong 港幣，香港法定貨幣
"Hong Kong" 「香港」	the Hong Kong Special Administrative Region of the PRC 中國香港特別行政區
"Independent Board Committee" 「獨立董事委員會」	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Rui QIU, Dr. Bin Hui NI and Mr. Ling ZHEN, established to advise the Independent Shareholders in respect of the terms of the Service Agreement and the transactions contemplated thereunder and the Annual Caps 由全部獨立非執行董事，即仇銳、倪彬輝及甄嶺組成之獨立董事會委員會，其成立目的為就服務協議項下之條款及交易的完成向獨立股東提供建議
"Independent Financial Adviser" or "Lego" 「獨立財務顧問」或「力高企業融資有限公司」	Lego Corporate Finance Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the terms of the Service Agreement and the transactions contemplated thereunder and the Annual Caps 力高企業融資有限公司，根據證券及期貨條例可進行第6類（就機構融資提供意見）受規管活動之持牌法團，獲委任為獨立財務顧問，就服務協議項下之條款及交易的完成向獨立董事委員會及獨立股東提供建議
"Independent Shareholders" 「獨立股東」	Shareholders excluding Mr. William Xia Guo and his associates 股東不包括William 郭夏先生及其聯繫人
"Latest Practicable Date" 「最後實際可行日期」	5 December 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein 二零一九年十二月五日，即本通函付印前確定其所載若干資料之最後實際可行日期
"percentage ratio(s)" 「百分比率」	has the same meaning ascribed it under the GEM Listing Rules, as applicable to a transaction 具有創業板上市規則賦予該詞的涵義，在交易过程中适用
"PMS" 「上市後市場服務」或 "PMS"	post market service 上市後市場服務
"PRC" 「中國」	The People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan 中華人民共和國，為本公告之目的，不包括香港、澳門特別行政區及台灣
"RMB" 「人民幣」	Renminbi, the lawful currency of the PRC 中國法定貨幣人民幣
"Services" 「服務」	services including post launch market service, medical sciences service and medical market service 服務包括上市後臨床研究服務和醫學科研服務和醫學市場服務
"Service Agreement" 「服務協議」	the agreement dated 20 November 2018 as supplemented by the supplemental agreement dated 27 December 2018 entered into between the Company and the Connected Customer, pursuant to which the Company agreed to provide Services through the Service Provider to the Connected Customer Subsidiaries 本公司與關連方於二零一八年十一月二十日達成服務協議，於二零一八年十二月二十七日簽訂關聯交易補充協定，依據該協議，本公司同意通過提供服務方提供服務給關連方附屬公司
"Service Provider" 「提供服務方」	entity(ies) being member of the Group which provides the Services 集團成員中提供服務的實體
"SFO" 「SFO」	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 《證券及期貨條例》（香港法例第 571 章）

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* 僅供識別

DEFINITIONS

釋義

"Share(s)" 「股票」	share(s) of HK\$0.1 each of the Company 本公司每股為 0.1 港元的股票
"Shareholder(s)" 「股東」	the shareholder(s) of the Company 本公司股東
"Stock Exchange" 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
"subsidiary(ies)" 「附屬公司」	has the meaning ascribed to it in the GEM Listing Rules 具有創業板上市規則賦予該詞的涵義
"Substantial Shareholder" 「主要股東」	has the same meaning ascribed to it under the GEM Listing Rules; and 具有創業板上市規則賦予該詞的涵義；和
"%" 「%」	per cent 百分比

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LETTER FROM THE BOARD
董事會函件



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Executive Directors

Mr. William Xia GUO
Dr. Maria Xue Mei SONG

執行董事:

William Xia Guo (主席)
宋雪梅

Non-executive Director:

Mr. Michael SU

非執行董事:

蘇毅

Independent Non-executive Directors

Mr. Rui QIU
Dr. Bin Hui NI
Mr. Ling ZHEN

獨立非執行董事:

仇銳
倪彬暉
甄嶺

Registered office:

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P.O. Box 31119 Grand Pavilion Hibiscus Way,
802 West Bay Road, Grand Cayman KY1 - 1205,
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註冊辦事處:

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Head office:

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卓凌中心
19樓B室

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LETTER FROM THE BOARD
董事會函件

Dear Sir or Madam

敬啟者：

(I) CONTINUING CONNECTED TRANSACTION
(I) 持續關連交易
AND
及
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING
(II) 股東特別大會通告

1. INTRODUCTION

Reference is made to the announcements of the Company dated 20 November 2018, 27 December 2018 and 23 September 2019 in relation to, among other things, on 20 November 2018 and 27 December 2018, the Company and Connected Customer entered into the Service Agreement, pursuant to which the Company agreed to provide Services through the Service Provider to the Connected Customer Subsidiaries.

The purpose of this circular is to provide you with (1) further details of the Service Agreement, the CCT and the related proposed Annual Caps; (2) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Service Agreement, the CCT and the related proposed Annual Caps; (3) a letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Service Agreement, the CCT contemplated thereunder and the related proposed Annual Caps; and (4) notice of convening the EGM.

The Board considers that the Service Agreement will have a rather significant impact over the performance of the Group in terms of revenue and profit. The Board wishes to emphasise that implementation of the Service Agreement and CCT contemplated thereunder and the related proposed Annual Caps are subject to approval by the Independent Shareholders at the EGM. Shareholders and potential investors should be aware that the aforesaid proposed transactions may or may not be proceeded with and are advised to exercise caution when dealing in the Shares.

(一) 緒言

茲提述本公司就日期為二零一八年十一月二十日、二零一八年十二月二十七日以及二零一九年九月二十三日之公告，內容有關（其中包括）本公司及關連方於二零一八年十一月二十日、二零一八年十二月二十七日之公告達成服務協議，根據協議，本公司將通過提供服務方向關連方附屬公司提供服務。

本通函旨在向閣下提供有關（1）服務協議、持續關連交易及相關的建議年度上限之詳情；（2）獨立董事委員會就服務協議、持續關連交易及相關的建議年度上限致獨立股東之推薦建議函件；（3）獨立財務顧問就服務協議、持續關連交易及相關的建議年度上限致獨立董事委員會之意見函件；及（4）股東特別大會通告。

董事會認為服務協議將對本集團業績之收入及利潤有重大意義。董事會希望強調，服務協議及持續關連交易之實施以及相關的建議年度上限均需在股東特別大會上經獨立股東批准。股東與潛在投資者應意識到上述建議交易可能會或可能不會進行，建議買賣股票時須謹慎。

LETTER FROM THE BOARD

董事會函件

THE SERVICE AGREEMENT

According to (Guiding principles on post launch market research on pharmaceutical products (draft)) (*藥品上市後臨床試驗指導原則 (草案)) issued by China Food and Drug Administration (*國家食品藥品監督管理總局藥品評價中心) in 2019, it is advised that all drugs should conduct post launch market research after launch. On 20 November 2018 and 27 December 2018, the Company and Connected Customer entered into the Service Agreement, pursuant to which the Company agreed to provide Services through the Service Provider to the Connected Customer Subsidiaries. The Service and the Service Agreement are in compliance with (Guiding principles on post launch market research on pharmaceutical products (draft)) (*藥品上市後臨床試驗指導原則 (草案)) issued by China Food and Drug Administration (*國家食品藥品監督管理總局藥品評價中心) in 2019 and shall only become effective after approval of the same has been obtained at the EGM.

Details of the principal terms of the Service Agreement and its proposed Annual Caps amount are set out below:

Parties: The Company; and

Venturepharma Group (China) Corp.

Subject matter: The Company agreed to provide the Services through Service Provider to the Connected Customer Subsidiaries. And There is only one Service Provider under the Service Agreement.

Service: From the date of the Independent Shareholders' approval of the Service Agreement up to and inclusive on 31 December 2021. The major terms under the Service Agreement are as follows:

The Services: the services include post market surveillance, medical sciences services and medical market service (collectively the "PMS"). The PMS are regular services the Company provides to its customers in ordinary and usual course of business, and the occasions/arrangement of providing such services are subject to customer demand.

Post market surveillance refers to pharmacovigilance research which is the process of monitoring and evaluating any adverse drug reaction or effects of medical drugs after the drugs have been launched, especially for focused population such as child and pregnancy women.

服務協議

根據二零一九年國家食品藥品監督管理總局藥品評價中心發佈的《藥品上市後臨床試驗指導原則 (草案)》的建議，所有藥品上市後都要進行市場調研。本公司及關連方於二零一八年十一月二十日、二零一八年十二月二十七日之公告達成服務協議，根據協議，本公司將通過提供服務方向關連方附屬公司提供服務。該服務及服務協定遵守國家食品藥品監督管理局發佈的《藥品上市後臨床試驗指導原則 (草案)》的建議，該服務協議需於股東特別大會上獲得批准後方能生效。

服務協議的主要條款及建議的年度上限金額之詳情載列如下：

訂約方: (a) 本公司;及

(b) 萬全醫藥控股 (中國) 有限公司。

將提供的服務: 根據服務協議，本公司同意透過服務提供方向關連方附屬公司提供服務。且服務協定下只有一家服務提供者。

服務: 從獨立股東批准服務協定之日起至二零二一年十二月三十一日，服務協定項下的主要內容如下：

服務主要包括藥物警戒研究、醫學市場服務、醫學科研服務統稱為上市後臨床研究及學術推廣服務 (統稱為 "PMS")。PMS是公司在正常和一般業務過程中向客戶提供的常規服務，提供此類服務的場合/安排取決於客戶需求。

藥物警戒研究是指藥品上市後對藥品的不良反應或療效進行監測和評價的過程，特別是針對兒童、孕婦等重點人群。

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Medical marketing service refers to marketing related services with clinical expertise which include from offline marketing such as brochures, flyers and workshops, to online marketing such as informative blog, website content writing, E-newsletter and live-streaming by doctors, etc.

Medical science service refers to medical study and research services such as launching medical conferences, clinical and experimental data analysis which includes collecting, tracking, verifying and organizing patient records and other medical documents, examining patient medical histories and spotting issues as well as developing expert witness testimony.

The Service Provider provides the above services, namely post market surveillance, medical science service and medical marketing service through its relevant affiliated companies in the PRC and shall provide periodic report which summarise the works performed under each post market surveillance service, medical marketing service and medical science service during the reporting period in accordance with the format requested by the Connected Customer.

In order to facilitate the Service, the connected customer agree to provide assistance to the company, including but not limited to (i) assigning product managers to train the related staff of the company; (ii) providing full product information and other related information; and (iii) any kind of assistance that the Connected Customer considers appropriate.

醫學市場服務是指具有臨床專業知識的市場服務，包括從宣傳冊、傳單、研討會等線下行銷，到資訊博客、網站內容撰寫、電子通訊、醫生直播等線上行銷。

醫學科研服務是指開展醫學會議、臨床和實驗資料分析等醫學研究服務，包括收集、跟蹤、核實和組織病歷和其他醫學文獻，檢查病歷發現問題，培養專家證人證詞等。

服務提供方通過其在中華人民共和國境內的相關關聯公司提供上述服務，即藥物警戒研究、醫學市場服務、醫學科研服務，並應提供定期報告，總結每項上市後監管服務下開展的工作，在報告期內按照關聯方要求的格式提供藥物警戒研究、醫學市場服務、醫學科研服務相關的報告。

在該協議期間，為方便開展上市後研究及學術推廣，關聯方同意向我司提供協助，包括但不限於下列方式：（1）指派產品經理對北京萬全陽光醫學技術有限公司進行培訓；（2）提供產品資料及其他相關的資料；（3）其他對方任何認為合適的方式。

Pricing: the individual service fee is determined based on sales quantity of products covered by the Service times market bidding price of each product * Service fee rate(note) / (1+6% VAT rate).

定價： 服務費=產品銷售數量*每種產品的市場競價*服務費率（注）/（1+6%增值稅稅率）。

Payment terms: Fees actually incurred during the month shall be settled in the following month.

支付條款： 當月實際產生的費用應於下月支付。

Liability: Upon termination or expiration of the Service Agreement, the Company shall (i) immediately stop any PMS services (ii) return all unused product materials, clinical materials and other promotional materials; and (iii) stop using Connected Customer's trademark, trade name or intellectual property related to the Connected Customer's product.

義務： 服務協定終止或到期後，公司應（1）立即停止任何PMS服務；（2）歸還所有未使用的產品資料、臨床資料和其他宣傳資料；以及（3）停止使用關聯客戶商標、商品名或與其產品相關的智慧財產權。

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In the event of bilateral adjustment in which the Services provided by the Company might be adjusted or terminated, the Connected Customer shall have no right to request for compensation.

The company shall keep the confidentiality obligations agreed in this Agreement until the disclosure of the confidential information, in general including but not limited to, contract price, cooperative business model, coverage of hospital information, core technology of the products, etc., were made by the connected customer. If the company violates the obligation, the connected customer shall have the right to investigate the company's legal liability.

Condition precedent: The renewed Service Agreement is conditional upon the obtaining of the approval from the Independent Shareholders

In order to prevent the reliance, both parties had agreed to set the CCT annual percentage cap for the year of 2019, 2020 and 2021 at 39% of the total revenue of the Group. The revenue contribution from Connected Customers represented approximately 41.4%, 36.5%, and 0% of the total revenue of the Group for the two years ended 31 December 2017 and 2018 and 30 June 2019. As such, the Group did not consider there is any reliance issue in the past. The setting up of the percentage cap was a precaution and internal control to avoid the Group become reliance to the Connected Customer in the future.

Pricing mechanism

When the Service Provider enters into contracts with the Connected Customer Subsidiaries, in accordance with the Service Agreement, the individual service fee must be determined in accordance with the pricing standards as agreed in the Service Agreement based on the following factors:

--The market bidding price (the price of drugs which is determined by the relevant government departments through organizing the public bidding of drug procurement in certain provinces and it is mainly used in hospital procurement.) of the products (the types of products covered by the Services); and

-- The most recent charge rates charged by the Group to other independent third parties for similar services;

The formula to calculate the service fee is as follow:

Expected sales quantity of products covered by the Service * market bidding price of each product * Service fee rate(note) / (1+ 6% VAT rate)

如發生本公司提供的服務可能被調整或終止的雙邊交易調整，關聯客戶無權要求賠償。

在關聯客戶披露保密資訊（一般包括但不限於合同價格、合作經營模式、醫院資訊覆蓋範圍、產品核心技術等）前，公司應遵守本協議約定的保密義務。公司違反義務的，關聯客戶有權追究相關法律責任。

前提條件：續簽的服務協定須經獨立股東批准

為了防止這種依賴，雙方同意將二零一九年、二零二零年以及二零二一年的持續關聯交易年度百分比上限設定為集團總收入的39%。在截至二零一七年十二月三十一日、二零一八年和二零一九年六月三十日的兩年內，聯營客戶的收入貢獻占集團總收入的約41.4%、36.5%和0%。因此，本公司認為不存在過去存在任何依賴性問題。百分比上限的設置是一種預防措施和內部控制，以避免集團在未來依賴關聯客戶。

定價機制

服務提供方與關聯方附屬公司簽訂合同時，根據框架服務協定，服務費必須根據服務協定約定的定價標準，根據以下因素確定。

產品（服務範圍內的產品種類）的市場中標價格（由政府有關部門組織部分省份藥品採購公開招標確定，主要用於醫院採購的藥品價格）

集團就類似服務向其他獨立協力廠商收取的最新費率

確定服務費的公式如下：

服務覆蓋的產品預期銷售數量*每種產品醫院銷售價格*服務費率/(1+6%增值稅稅率) 服務費率是根據公司向獨立客戶提供的服務費率範圍而預先確定。

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Note: The Service fee rate offered to the Connected Customer, which is pre-determined at approximately 42.7%, is referenced to the range of service fee rate offered by the Company to independent customers which currently ranging from approximately 14.04% to 42.7%. The basis to determine the range of service fee rate to independent customers which was determined after arm's length negotiation between the Company and independent customers, taking into a number of factors, mainly including the indication of drugs and market competition of similar drugs.

The pricing mechanism and the service fee calculation formula for the Service is consistent with that offer to independent customers. As the service fee rate offered to the Connected Customer is at the high end of the range of service fee rate to independent customers, i.e. 42.7%, the Board believed that the pre-determined service fee rate under the Service Agreement is within the range of and no less favourable than those offered by the Company to the independent customers.

Since most of the drugs selling in the PRC are sold to patients through hospitals and the hospitals purchase drugs with reference to market bidding price. The pharmaceutical industry usually takes the market bidding price as the benchmark for the pricing of the drugs. The Director considered that the market bidding prices could be referenced as the fair market price of the drugs. It has been agreed that the applicable charge rate for the provision of the Services to the Connected Customer Subsidiaries shall be in line with but not less than the charge rate for the provision of the same services to independent customers of the Group from time to time. Given (i) the pricing mechanism and the service fee calculation formula for the Service is consistent with that offer to independent customers; (ii) the market bidding price is a fair price as the benchmark for the pricing of the relevant drugs; and (iii) the applicable charge rate for the Service is at the high end of the range of service fee rate to independent customers, i.e. 42.7%, the Directors considered the pricing of the Service is fair and reasonable.

Type of product

The types of products that will be covered by the Services are mainly for anti-allergy and CNS (central nervous system) and Psychiatry disease.

Bilateral adjustments

In view of the fluctuations that may occur in the service transactions between the Company and the independent customers, the Company and the Connected Customer had agreed to make bilateral transaction adjustment on monthly basis. When monthly review observes that the forecasted CCT percentage reach 37% of total revenue (being the threshold of monitoring the 39% annual percentage cap), the finance department would report to the management. The management of Company together with the operation department would start to

注：提供給連接客戶的服務費率，預先確定約42.7%，是指由公司提供給獨立客戶的服務費率範圍，目前的範圍從大約14.04%到42.7%不等。獨立客戶服務費率範圍是公司與獨立客戶經過公平交易後確定的，考慮了多種因素，主要包括藥物適應症和同類藥品的市場競爭。

服務的定價機制和服務費計算公式與向獨立客戶提供的服務一致。由於向關連客戶提供的服務費率在向獨立客戶提供的服務費率範圍的最高值，即42.7%。董事會認為，根據服務協定預先確定的服務費率在向獨立客戶提供的服務費率範圍內，且不低於公司向獨立客戶提供的服務費率。

由於大部分在中國銷售的藥品都是通過醫院賣給病人，而醫院參照市場競價購買藥品。醫藥行業通常以市場競價作為藥品定價的基準。董事會認為，市場中標價可以作為藥品的公平市場價格參考。雙方同意，向關聯方附屬公司提供服務的適用收費標準應與向集團獨立客戶提供相同服務的收費標準一致，但不得低於該收費標準。給定（1）服務的定價機制和服務費計算公式與獨立客戶的報價一致；（2）市場中標價格是作為相關藥物定價基準的公平價格；以及（3）該項服務的適用收費率為獨立客戶服務收費率範圍的最大值，即42.7%，董事會認為該項服務的定價是公平合理的。

產品類型

這些服務所涵蓋的產品類型主要是抗過敏和中樞神經系統（CNS）以及精神病學疾病。

雙邊交易調整

鑒於本公司與獨立客戶之間的服務交易可能出現波動，本公司與關聯客戶同意按月進行雙邊交易調整。當月度審查發現預測的持續關聯交易百分比達到總收入的37%（作為監控39%年度百分比上限的閾值）時，財務部門會向管理層報告。公司管理層會同運營部開始準備雙邊交易調整，調整和減少服務範圍內的產品數量、醫院數量和活動數量，並提交獨立非執行董事批准。經批准後，本公司將提前書面通知關聯客戶，並且通常從

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prepare the bilateral transaction adjustment, to adjust and reduce the number of products, number of hospital and activities to be carried out under the Service, and submit to the independent non-executive director for approval. Once approved, the Company will notify the Connected Customer in written notice in advance and would, normally, adjust the Services from the month after the notification and no service fees will be charged on the sales from those products or from those hospital of the Connected Customer being adjusted. The service fees from the Connected Customer will then be reduced, i.e. the relevant sales amount of the Connected Customer from the hospital will not be counted in calculation of the service fees of the Company. As agreed with the Connected Customer, there will be no penalty or compensation and the Company are not required to provide service in the case of the bilateral adjustments.

The Company will also conduct random supervision on the execution of the adjustments and transactions with the Connected Customer Subsidiaries to ensure the adjustments are reasonably and effectively executed and is in accordance with the requirements stipulated in the Guidelines. In the process of bilateral adjustment, the finance department will spot check in the middle of the month, to inspect whether there is any activity carried out for the products of the Connected Customer Subsidiaries in the hospitals. The random supervision by the finance department, whom is not involved in the operation of the adjustments and transactions, could provide further assurance to prevent the proposed Annual Cap and percentage cap from being exceeded.

If in case the Annual Caps or percentage cap of the current month and/or forecasted CCT was found to be exceeded, the Company will adjust the Service to be provided to the Connected Customer in the next month. At the same time, since the services to the third parties would continue, the proportion of connected transaction would then reduce subsequently. Furthermore, the Company might also revise the Annual Caps as well as re-comply with the applicable provisions of the GEM Listing Rules governing continuing connected transactions.

As the business activities with the independent customers continue, the proportion of connected transaction to revenue would then reduce subsequently. The Company would carry on monthly review and if the current month and/or forecasted CCT percentage drop below 37%, the management would submit the information to the independent non-executive director for approval of resuming the previous reduced business activities with the Connected Customer. Once approved, the operation department would contact the Connected Customer in written notice in advance and would resume previous reduced business since the next month after receiving confirmation from the Connected Customer.

通知後一個月起調整服務，對調整後的關聯客戶銷售的產品或醫院不收取服務費。關聯客戶的服務費用隨之減少，即關聯客戶的相關醫院銷售金額不計入公司服務費用的計算範圍。根據與關聯客戶的約定，在雙邊調整的情況下，本公司不需要提供服務。

公司還將對與關聯方附屬公司的調整和交易的執行情況進行隨機監督，確保調整合理有效地執行，並符合指引規定的要求。在雙邊調整過程中，財務部將在月中抽查，檢查關聯方附屬公司的產品在相關醫院是否提供服務。財務部不參與調整和交易的運作，其隨機監督可進一步確保防止超過建議年度金額上限和百分比上限。

如果發現超過本月或預測的年度上限或百分比上限，公司將在下個月調整向關聯方提供服務。同時，由於繼續向協力廠商提供服務，因此關聯交易的比例隨後會降低。此外，本公司也可能修訂年度上限，並重新遵守創業板上市規則中有關持續關聯交易的適用規定。

隨著與獨立客戶業務活動的繼續進行，關聯交易占收入的比例隨之降低。公司將進行月度審查，如果本月和/或預測的持續關聯交易百分比下降到37%以下，管理層將向獨立非執行董事提交資訊，以供批准恢復與關聯方之前減少的業務活動。經批准後，運營部將提前書面通知關聯客戶，並在接到關聯客戶確認後，於下月起恢復以前減少的業務。

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Annual Caps

In view of the delay in the process, the date of the EGM, and that the CCT will only be effective after independent shareholder approval at the EGM, the company further enquire the connected customers, and obtained an letter of intent from the Connected Customer dated 19 November 2019 for the year ending 31 December 2019 and adjusted the annual cap for the year ending 31 December 2019 from RMB 32.0 million as disclosed in the announcement dated 23 September 2019 to RMB15.0 million. The proposed Annual Caps for each of the three years ending 31 December 2021 under the Service Agreement are set out below:

年度上限

鑒於股東特別大會的日期以及持續關聯交易只有在股東特別大會上獲得獨立股東批准後才能生效，公司進一步詢問了關聯方，並於二零一九年十一月十九日取得對方就截至二零一九年十二月三十一日止年度的意向書，並將截至二零一九年十二月三十一日的年度上限由二零一九年九月二十三日公告中披露的3200萬元人民幣調整為1500萬元人民幣。根據服務協定，截至二零二一年十二月三十一日的三年中，每一年的建議年度上限如下：

修訂後的年度上限如下：

	For the year ended 31 December 2019 截至二零一九年 十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2020 截至二零二零年 十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2021 截至二零二一年 十二月三十一日止年度 RMB'000 人民幣千元
Proposed Annual Caps 建議年度上限	15,000	43,000	55,000

Basis for the Proposed Annual Cap Amount under the Service Agreement

In arriving at the above Annual Caps, the Company has taken into account: (i) the historical figures of the actual transaction amounts between the Group and the Connected Customers in respect of the Service under the Service Agreement, which the revenue from the Continuing Connected Transactions were approximately RMB24.2 million for the year ended 31 December 2017 and approximately RMB21.8 million for the year ended 31 December 2018, respectively; (ii) the anticipated demand from the Connected Customers and the Company's revised sales forecast for prudent sake due to the recent slowdown of overall economy; (iii) the estimated revenue growth of the Group contributed from independent customers; and (iv) the revised annual caps for the year ending 31 December 2019 will be achieved in December and the Connected Customer has also issued letter of intent of business to the Company with its anticipated sales amount to be conducted with the Company for the year ending 31 December 2019 on 19 November 2019.

服務協議項下建議年度上限金額之基準

在確定上述經修訂的年度上限時，本公司已考慮到：（1）本集團與關連方就服務協定項下服務實際交易金額之歷史資料，其中二零一七年及二零一八年實際關聯交易收入分別為人民幣24,244,000元及人民幣21,760,000元；（2）由於近期整體經濟放緩，本公司出於謹慎考慮修訂關聯方的預期需求和銷售預測；（3）基於獨立客戶的收入預計本集團之收入增長；及（4）截至二零一九年十二月三十一日止修訂後的年度上限金額將在十二月份實現，二零一九年九月一日關連方亦已向本公司發出業務意向書，說明截至二零一九年十二月三十一日止其預期將於與本公司進行的銷售額。

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Although the historical transaction amounts with the Connected Customers in relation to the Service were approximately RMB24.2 million and RMB21.8 million for the two years ended 31 December 2018, with reference to the letter of intent provided by the Connected Customers in 2017 and 2018, the demand of the Connected Customers were sufficient to support the proposed Annual Caps. Nevertheless, in view of the percentage cap of the transaction, being not more than 39% of the total revenue of the Group, the Company needed to turn down majority of the Service demand of the Connected Customer Subsidiaries. In view of the (i) the delay in renewal of the Service Agreement and (ii) the proposed Annual Cap for the remaining month ending 31 December 2019, the Connected Customer has also issued letter of intent of business to the Company with its anticipated sales amount to be conducted with the Company for the year ending 31 December 2019. However, there is no transaction entered into between the Group and the Connected Customers up to now. On top of that, the Company expected that it would be able to maintain a growth trend on its revenue for the year ended 31 December 2019 and onward since (i) the recent increase in the overall revenue from independent customer of approximately RMB12.4 million or 64.8%; and (ii) the new PMS services entered for a new anti-epileptic medicine, a levetiracetam concentrated solution for injection which has been recently approved and has been launched in 2019. Therefore, the Company set a growing Annual Cap and the annual percentage cap 39% to avoid possible over-dependence on connected transactions.

The Annual Caps for the three years ending 31 December 2021 has been submitted to the Board and given (i) the letter of intent provided by the Connected Customer as at 19 November 2019, (ii) the revenue contributed by independent customers has increased by approximately 64.8% for the six months ended 30 June 2019 compared to that for the six months ended 30 June 2018, and (iii) the new PMS services to the new anti-epileptic medicine which is expected to be a boost in demand from independent customers, the Board considered that the Annual Cap for the year ending 31 December 2019 and the anticipated compound annual growth rate in the Annual Caps of approximately 31.1% to be fair and reasonable.

The Company remains the expectation that the Annual Cap for the year ending 31 December 2019 will be achievable up to the latest practicable date based on anticipated sales amount as stated on the letter of intent as well as historical transaction amount of the Connected Customer as shown on its consolidated management accounts for the year ending 31 December 2017 and 2018, and that an adequate buffer should be provided to prevent undue restriction on the future business operation of the Company.

雖然與關聯客戶的歷史交易金額在二零一八年十二月三十一日結束的兩年內大約為2420萬元人民幣和2180萬元人民幣，但參照二零一七年和二零一八年中的關聯客戶提供的意向書，關聯客戶的需求足以支援建議的年度上限。然而，鑒於交易的比例上限不超過集團總收入的39%，公司需要拒絕關聯方附屬公司的大部分服務需求。鑒於（1）服務協定延期續簽和（2）截至二零一九年十二月三十一日的建議年度上限，關聯客戶還向本公司發出了截至二零一九年十二月三十一日的業務意向書。但截至目前，本集團與關聯客戶之間尚未發生交易。除此之外，本集團預計，在截至二零一九年十二月三十一日及以後的年度內，其收入將能夠保持增長趨勢，原因是：（1）最近增加了來自獨立客戶的總收入約為1240萬元或64.8%；以及（2）PMS服務引入了新的抗癲癇藥物左乙拉西坦濃縮注射液，最近獲得批准，已於二零一九年上市。因此，公司設定了增長的年度上限和39%的年度百分比上限，以避免對關聯交易的過度依賴。

截至二零二一年十二月三十一日三年的年度上限已提交董事會，並給出（1）相關客戶于二零一九年十一月十九日提供的意向書，（2）獨立客戶提供的收入在截至二零一九年六月三十日的六個月與二零一八年六月三十日結束的六個月相比增加了約64.8%，以及（3）新的抗癲癇藥物的PMS服務，預計這將促進獨立客戶的需求，董事會認為，截至二零一九年十二月三十一日的年度上限和年度上限中預期的複合年度增長率約為31.1%公平合理。

本公司仍然期望，根據意向書中所述的預期銷售金額，以及其二零一七年十二月三十一日和二零一八年十二月三十一日的合併報表中所示的關聯客戶的歷史交易金額，截至二零一九年十二月三十一日止年度的年度上限在最新可行日期前是可實現的，並能應提供足夠的緩衝，以防止對公司未來業務運營的不當限制。

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INTERNAL CONTROL MEASURES

The Group will take the following internal control measures in the operation to monitor and ensure the revenue generated from the Service Agreement would not exceed the Annual Cap and the percentage cap against total revenue of 39% for the year of 2019, 2020 and 2021:

(1) The finance department and the operation department of the Company and the management team of the Service Provider will review monthly to monitor and ensure the revenue generated from the Service Agreement would not exceed the Annual Cap and the percentage cap against total revenue of 39%;

(2) In case that it is observed that the CCT annual cap or percentage cap reach 37% of total revenue (being the threshold of monitoring the 39% annual percentage cap), the Company will work out the bilateral adjustment discussed above. The finance department will conduct random supervision on the execution of the adjustments and transactions with the Connected Customer Subsidiaries to ensure the adjustments are reasonably and effectively executed and is in accordance with the requirements stipulated in the Guidelines. In this process, the finance department will spot check in the middle of the month, to inspect whether there is any activity carried out for the products of the Connected Customer Subsidiaries in the hospitals. The random supervision by the finance department, whom is not involved in the operation of the adjustments and transactions, could provide further assurance to prevent the proposed Annual Cap and percentage cap from being exceeded.

To ensure conformity with the pricing mechanism of the Service Agreement from time to time, the Group intends to adopt a series of internal control policies on its daily operation. Such internal control policies will be conducted and supervised by the finance department and the operation department and independent non-executive Directors:

(1) the finance department and the operation department of the Company and the management team of the Service Provider have reviewed the reasonableness and fairness of the terms of the Service Agreement (the pricing term in particular), and are responsible for counting, supervising and managing implementation of cap amount for transactions;

內部控制措施

本集團將在日常經營中採取一系列內部控制標準，以用於監督並確保服務協議收入不超過二零一九年、二零二零年和二零二一年年度上限和占總收入39%的百分比上限。

(1) 本公司之財務部門與運營部門以及服務提供方的管理團隊將每月審閱服務協定的結算金額，以監控並確保服務協定產生的收入不超過年度上限和占總收入39%的百分比上限；

(2) 如果發現持續關聯交易年度上限或百分比上限達到總收入的37%（作為監控39%年度上限的閾值），公司將進行雙邊交易調整。財務部將對調整的執行情況和與關聯方附屬公司的交易情況進行隨機監督，確保調整的執行合理有效，符合指引規定的要求。在這一過程中，財務部將在月中抽查，以檢查醫院是否有針對關聯方附屬公司產品的服務在相關醫院進行。財務部不參與調整和交易的運作，其隨機監督可進一步確保防止超過建議的年度上限和百分比上限。

為確保符合服務協定的定價機制，本集團擬對其日常運作採取一系列內部控制措施。這些內部控制措施將由財務部、運營部和獨立非執行董事執行和監督。

(1) 公司財務部、經營部和服務商管理團隊對服務協定條款（尤其是定價條款）的合理性和公平性進行審核，對交易限額的執行情況進行統計、監督和管理；

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(2) When the Service Provider enters into contracts in accordance with the Service Agreement, the price must be determined in accordance with the pricing mechanism as agreed in the Service Agreement. The finance department will check (i) the market bidding price (the price of drugs which is determined by the relevant government departments through organising the public bidding of drug procurement in certain provinces) of the products (the types of products covered by the Services); and (ii) the most recent charge rates charged by the Group to other independent third parties for similar services for each individual transaction to ensure (a) the quoted product price when calculating the Service fee for each individual transaction is consistent with the marketing bidding price; and (b) the charge rate when calculating the Service fee for each individual transaction is within range of the most recent charge rates charged by the Group to other independent third parties for similar services.

(3) the finance department of the Company review whether procedure conducts to the transactions under the Service Agreement comply with internal control requirements of the Company. The financial department shall random out contract performance inspection to control the amount and ratio of related transactions within the approved upper limit, and ensure that relevant operations meet the internal control standards. When the financial department conducts contract inspection at the end of the year, it shall predict, calculate, test and verify that the amount and ratio of related transaction contracts need to be less than the approved upper limit, and the relevant departments shall cooperate.

Due to the regulation requirement on medicine distribution, the medicine distribution process, including storage, sales and delivery, should be fully traceable and under monitory. Our operation department would obtain the medicine distribution flow (such as the details of the products sales, -delivery and receipt data) from each pharmaceutical dealer and organization, including the Connected Customer. Generally, the medicine distribution flow could be collected by mid of next month. Our finance department could then prepare the monthly settlement report and customers would settle the service fee on monthly basis.

Based on the sales data and the estimation of the sales trend, the operation department would produce the rolling forecast of the sales of products for next three months and discuss with the Connected Customer to determine the carry-out plan of the Service.

(2) 服務提供者按照服務協定訂立合同時，必須按照服務協定約定的定價機制確定價格。財務部將檢查（1）產品（服務所涵蓋的產品類型）的市場中標價格（由政府部門通過組織某些省份藥品採購公開招標確定的藥品價格）；以及（2）集團向其他獨立協力廠商客戶為每筆交易提供類似服務的最近收費率，以確保（a）在計算每筆交易的服務費時所報的產品價格與市場中標價格一致；以及（b）計算每筆交易的服務費時，取費比率介於本集團就類似服務向其他獨立協力廠商收取的最新取費率範圍內。

(3) 公司財務部審核本服務協定項下交易的程式是否符合公司內部控制要求。財務部抽查合同履行情況，將關聯交易金額和比例控制在批准的上限內，確保相關業務符合內部控制標準。財政部門年末進行合同檢查時，應當預測、計算、核對總和核實關聯交易合同的金額和比例需要低於核定的上限，有關部門應當予以配合。

由於藥品流通的法規要求，藥品流通過程，包括儲存、銷售、配送等環節，應具有完全的可追溯性和監控性。運營部門將從每個藥品經銷商和組織（包括關聯客戶）獲得藥品分銷流程（如產品銷售、交貨和接收資料的詳細資訊）。一般情況下，藥品配送流程可在下月中旬前收集。財務部門可以準備每月結算報告且客戶以月為單位結算服務費。

運營部根據銷售資料和對銷售趨勢的預測，對未來三個月的產品銷售情況進行滾動預測，並與關聯客戶進行討論，確定服務的實施計畫。

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On the other hand, the finance department will prepare the CCT annual percentage cap of the current month and the forecast of the next three months. Current month actual result and next three months forecast of this CCT percentage would be verified by the division head of our finance department who is not involved in the daily operation of the transactions with the Connected Customer. And the report would be submitted to the management of the Company and independent non-executive director for approval.

Due to the distinguishing features of different products, our post market services, medical science services and medical marketing services would be highly different, the Company has reached the below consensus with the Connected Customer that:

1) in case that the proposed Annual Cap or percentage cap is not exceeded, the Company will provide all relevant services according to the CCT service agreement;

2) in case that the proposed Annual Cap or percentage cap is possibly to be exceeded, the Company will implement the bilateral adjustment (as discussed above) and inform the Connected Customer. The Connected Customer will then arrange other suppliers to provide services for part of the products or hospitals; and

3) the Connected Customer has agreed not to pursue any compensation from the Company for the adjustment or reduction of service in relation to compliance with the proposed Annual cap or annual percentage cap. The Company do not have to bear any obligation if the service were performed by the third party.

When the operation department receives the notice from the management to reduce the services of the connected customers, it will stop the Services carried out in the hospitals related to the Connected Customer in the following month, and the Company will not receive Service fee from the Connected Customer in the following month.

Based on the above, since the Company's measures involve both preventive and detective measures to prevent the proposed Annual Caps and percentage cap from being exceeded, the Board is of the view that the internal control measure is reasonable and the transaction under the Service Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders.

另外，財務部會編制本月持續關聯交易年度百分比上限及未來三個月的預測。本月實際結果及未來三個月的預測，將由本財務部部門主管核實，該部門主管不參與關聯客戶交易日常運作。並報公司管理層及獨立非執行董事批准。

由於不同產品的不同特點，我們的藥物警戒研究、醫學市場服務、醫學科研服務將有很大的不同，公司與相關客戶達成如下共識：

1) 若未超過建議的年度上限或百分比上限，公司將根據持續關聯交易服務協定提供所有相關服務；

2) 如有可能超過建議年度上限或百分比上限，公司將實施雙邊交易調整（如上所述），並通知關聯客戶。隨後，關聯客戶將安排其他供應商為部分產品或醫院提供服務；以及

3) 關聯客戶已同意不向本公司追討因滿足建議年度上限或年度百分比上限而調整或減少服務的任何補償。如果服務是由協力廠商提供的，公司不必承擔任何義務。

運營部接到管理層關於減少關聯客戶服務的通知後，將於次月停止在關聯客戶相關醫院開展的服務，公司將於次月不再收取關聯客戶服務費。

基於上述情況，由於公司的措施包括預防性和檢查性措施，以防止超過建議的年度上限和百分比上限，董事會認為內部控制措施合理，服務協定項下的交易將以正常的商業條款進行，不損害公司及股東利益。

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REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION UNDER THE SERVICE AGREEMENT

The pharmaceutical marketing of China is undergoing a rapid change to utilise the manner of medical science/ medical marketing and intelligence internet promotion instead of traditional relationship marketing. The Company has entered the strong professional relationship in scientific clinical research areas with lots of big hospitals, clinical centers and senior medical experts, and built advanced therapeutic technology in various therapeutic areas including nervus centralis and allergic response, etc.

The Connected Customer is a leading innovation-driven big pharmaceutical group in China, owning the patents of various new medicines in the market and the Group possesses relevant capability to provide PMS which is necessary to the Connected Customer Subsidiaries. In addition, the cooperation between the Group and Connected Customer Subsidiaries will be favorable for the Group to further expand its recognition in this field and enhance its operation in terms of technical knowhow and will provide stability in terms of revenue to the Group.

The terms of the Service Agreement were determined after arm's length negotiations between the Company and the Connected Customer. The Directors (including the independent non-executive Directors) consider that the terms of the Service Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Further, as Mr. William Xia Guo is deemed to have a material interest in the Service Agreement, he did not participate in the Board's deliberations on the same (including the fairness and reasonableness of the Service Agreement) and had abstained from voting on the resolution approving the Service Agreement.

INFORMATION OF CONNECTED CUSTOMER, CONNECTED CUSTOMER SHAREHOLDER AND THE GROUP

Venturepharma Group (China) Corp. is principally engaged in the production and sales of pharmaceutical products. The products are sold only in the PRC and are either under prescription or over the counter.

As at the date of this circular, Connected Customer Shareholder is an executive Director and chairman of the Company, and is also a Controlling Shareholder, holding approximately 71.75% interest of the entire issued share capital of the Group directly and indirectly.

訂立服務協議項下持續關連交易之原因及裨益

我國醫藥行銷正經歷著一場由傳統的關係行銷向醫學/醫學行銷和智能互聯網推廣的快速變革。公司與多家大醫院、臨床中心、資深醫學專家在臨床科研領域建立了深厚的專業關係，在中樞神經、過敏反應等多個治療領域都有先進的治療技術。

關聯客戶是中國領先的創新驅動型大型醫藥集團，擁有市場上各種新藥專利，集團具備向關聯客戶子公司提供所需PMS的相關能力。此外，本集團與關聯客戶子公司之間的合作將有利於本集團進一步擴大在該領域的認可度，增強其在技術訣竅方面的運營，並為本集團帶來穩定收入。

服務協議之條款乃經本公司與關連方公平磋商後釐定。董事（包括獨立非執行董事）認為，服務協議之條款屬一般商業條款，並在本集團日常及一般業務過程中訂立，公平合理，符合本公司及股東個之整體利益。

此外，郭夏先生於服務協議中被視為擁有重大權益，其並無參與董事會討論（包括服務協議的公平性及合理性），且其已就批准服務協議之決議案放棄投票。

關連方、關連方股東與本集團之資料

萬全醫藥控股（中國）有限公司主要從事醫藥產品的生產和銷售。上述產品僅在中國大陸銷售，屬於處方藥或是零售藥。

於本通函日期，本集團主要從事提供綜合性的醫療服務，包括臨床研究服務、上市後臨床研究服務、醫學科研服務、醫學市場服務、學術推廣服務及醫院管理服務。

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INFORMATION OF THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability with business focus on the provision of engaged in the provisions of clinical research services, real-world clinical research, medical science liaisons, medical marketing programs which aims to bridge the gaps between the clinical and commercial phases of product development in the PRC.

IMPLICATION OF THE SERVICE AGREEMENT UNDER THE GEM LISTING RULES

As at the date of this circular, the Connected Customer Shareholder is a Controlling Shareholder of the Connected Customer and the Connected Customer Shareholder beneficially owns approximately 71.75% interest in the entire issued share capital of the Company and is a Substantial Shareholder of the Company. Accordingly, Connected Customer is a connected person of the Company and the transaction contemplated under the Service Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

As the highest applicable percentage ratio for the Service Agreement is more than 5%, the provision of services under the Service Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement pursuant to Chapter 20 of the GEM Listing Rules. The Company will seek the Independent Shareholders' approval for the Service Agreement, the Continuing Connected Transaction, and the related proposed annual caps for the period from the Effective Date to 31 December 2021 at the EGM.

The Connected Customer Shareholder and his associates are required to abstain from voting in respect of the resolution(s) approving the Service Agreement and the transactions contemplated thereunder at the EGM. Save for the aforesaid and to the best knowledge, information and belief of the Company, as at the Latest Practicable Date, no other Shareholder has a material interest in the Service Agreement and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) approving the Service Agreement and the transactions contemplated thereunder at the EGM.

EGM

A notice of convening the EGM to be held at Boda building, 28 Beiqing Road, Life Science Park, Zhongguancun, Changping District, Beijing, China, at 10:00 a.m. on 25 Nov 2019 is set out on pages 42 to 44 of this circular.

集團資料

本公司是一家在開曼群島註冊成立的有限責任公司，業務重點是提供臨床研究服務、現實世界的臨床研究、醫學聯絡，旨在彌合中國產品開發的臨床和商業階段之間差距的醫療行銷計畫。

根據創業板上市規則釐定服務協定之含義

於本通函日期，關連方股東為關連方的控股股東，關連方股東為本公司主要股東，持有本公司全部已發行股本約71.75%的權益。因此，根據創業板上市規則，關連方是本公司之關連人士，及本公司根據服務協議擬進行之交易構成本公司之持續關連交易。

由於服務協議之最高適用百分比率超過5%，故根據服務協議提供服務須遵守創業板上市規則第20章之申報、公佈及年度審核之規定，並遵守獨立股東批准之規定。本公司將於股東特別大會上尋求獨立股東批准服務協議、持續關連交易，以及自生效日期起至二零二一年十二月三十一日止期間之相關建議年度上限。

關連方股東及其聯繫人士須於股東特別大會上就批准服務協議及據此擬進行之交易的決議案放棄投票。除上述事宜，就本公司所知、所悉及所信，於最後實際可行日期，概無其他股東於服務協議中擁有重大權益，因此概無其他股東須就股東特別大會上提呈以批准服務協議及其項下擬進行之交易之決議案放棄投票。

股東特別大會

本公司謹訂於二零一九年十二月二十七日上午十時正假座北京市昌平區中關村生命科學園北清路28號博達大廈舉行股東特別大會，召開大會之通告載於本通函第42至44頁。

LETTER FROM THE BOARD

董事會函件

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of China Health Group Inc., Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person if you so wish.

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 19 to 20 of this circular; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in connection with the Service Agreement and the principal factors and reasons considered by them in arriving such advice set out on pages 21 to 36 of this circular.

The Board (including the independent non-executive Directors whose views have been set out in this circular after being advised by the Independent Financial Adviser) is of the view that the terms of the Service Agreement and the Annual Caps are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Service Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
China Health Group Inc.
William Xia GUO
Chairman

隨函附上股東特別大會適用之代表委任表格。無論閣下是否有意親身出席股東特別大會，務請閣下根據隨附代表委任表格上印備之指示將其填妥，並盡快及無論如何於大會或其任何續會指定舉行時間48小時前送達中國醫療集團之香港股份過戶登記處卓佳標準有限公司，地址為香港皇后大道東183號合和中心54樓。填妥及交回代表委任表格後，閣下仍可親身出席股東特別大會並於會上投票。

推薦意見

務請閣下垂注(1)本通函第19至20頁所載之獨立董事委員會函件；及(2)本通函第21至36頁所載之獨立財務顧問就服務協議致獨立董事委員會及獨立股東之函件，及其於達致該等建議時所考慮之主要因素及理由。

董事會（包括已於聽取獨立財務顧問之意見後表達觀點之獨立非執行董事，其觀點載列於本通函）認為，服務協議的條款和年度上限乃按一般商業條款訂立，屬公平合理且符合本公司及股東之整體利益。因此，董事會建議獨立股東投票贊成擬於股東特別大會上提呈的決議案，以批准該等服務協議及其項下擬進行之交易。

其他資料

敬請閣下垂注載於本通函附錄之額外資料。

代表董事會
中國醫療集團有限公司

郭夏
主席

Hong Kong, 9 December 2019

香港，二零一九年十二月九日

LETTER FROM THE INDEPENDENT BOARD COMMITTEE
獨立董事委員會函件

The following is the text of the letter of recommendations, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the terms of the Service Agreement and the transactions contemplated thereunder and the Annual Caps.

以下為獨立董事委員會就本通函所載之服務協議及其項下擬進行之交易致獨立股東之推薦意見函件全文,以供載入本通函。



CHINA HEALTH GROUP INC.
中國醫療集團有限公司

(Carrying on business in Hong Kong as “萬全醫療集團”)

(以「萬全醫療集團」名稱在香港經營業務)

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島注册成立之有限公司)

(Stock Code: 08225)

(股份代號: 08225)

9 December 2019

二零一九年十二月九日

CONTINUING CONNECTED TRANSACTION

持續關聯交易

Dear Sir or Madam,

敬啟者：

We refer to the circular of the Company to the Shareholders dated 9 December 2019 (the “Circular”), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular unless the context otherwise requires.

吾等謹提述本公司於二零一九年十二月九日致股東之通函(「通函」),本函件為通函之一部份。除文義另有所指外,本函件所採用之詞彙與該通函所定義者具有相同之涵義。

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Service Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

吾等已獲董事會委任為獨立董事委員會,乃就服務協議及其項下擬進行之交易之條款就獨立股東而言是否公平合理,以及是否符合本公司及股東的整體利益向獨立股東提供意見。

LETTER FROM THE INDEPENDENT BOARD COMMITTEE
獨立董事委員會函件

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 21 to 36 of the Circular and the letter from the Board as set out on pages 4 to 18 of the Circular.

Having considered the terms of the Service Agreement, the situation of the Company, the factors and reasons considered by the Independent Financial Adviser and reasons taken into consideration by them in arriving their opinion, we consider that the terms of the Service Agreement and the transactions contemplated thereunder and the Annual Caps are being carried out on normal commercial terms, the terms of which are fair and reasonable so far as the Independent Shareholders are concerned and the transactions are in the interests of the Group and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions proposed to approve the Service Agreement and the transactions contemplated thereunder and the Annual Caps.

吾等謹請閣下垂注載於本通函第21至36頁之獨立財務顧問意見函件以及載於本通函第4至18頁之董事會函件。

經考慮服務協議之條款、本公司之狀況及本函件所述由獨立財務顧問提供之意見及曾考慮之因素及理由後，吾等認為該等服務協議之條款及其項下擬進行之交易乃按一般商業條款訂立，且屬公平合理，並符合本公司及股東之整體利益。

因此，吾等建議獨立股東投票贊成擬於股東特別大會上提呈的普通決議案，以批准該等服務協議及其項下擬進行之交易。

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

此致
列位獨立股東 台照
獨立董事委員會

Mr. Rui QIU
Independent
non-executive Director

仇銳
獨立非執行董事

Dr. Bin Hui Ni
Independent
non-executive Director

倪彬暉博士
獨立非執行董事

Mr. Ling ZHEN
Independent
non-executive Director

甄嶺
獨立非執行董事

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
獨立財務顧問函件

The following is the full text of a letter of advice from Lego Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Service Agreement and the transactions contemplated thereunder (including the proposed Annual Caps).

以下為獨立財務顧問力高企業融資有限公司致獨立董事委員會、獨立股東之意見函全文，當中載列其就服務協議及其項下交易之規定（包括年度上限）致獨立董事委員會、獨立股東之意見，以供載入本通函。



Logo Corporate Finance Limited

力高企業融資有限公司

9 December 2019

二零一九年十二月九日

To the Independent Board Committee
and the Independent Shareholders

致獨立董事委員會、獨立股東

Dear Sir or Madam,

敬啟者：

CONTINUING CONNECTED TRANSACTIONS

持續關連交易

INTRODUCTION

緒言

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Service Agreement and the proposed Annual Caps, details of which are set out in the Letter from the Board (the "Letter from the Board") contained in the circular of the Company dated 9 December 2019 (the "Circular"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

吾等謹此提述獲委任為獨立財務顧問，就服務協議和建議的年度上限向獨立董事委員會、獨立股東提供意見，有關詳情見載於公司發出日期為二零一九年十二月九日之通函（「通函」）內之董事會函件（「董事會函件」），而本函件為通函一部分。除另有指明外，本函件使用之詞應具有通函界定之相同意義。

On 20 November 2018 and 27 December 2018, the Company and Connected Customer renewed the Service Agreement which the expiry date is 31 December 2021. As at the Latest Practicable Date, the Connected Customer Shareholder is the sole shareholder of the Connected Customer and the Connected Customer Shareholder beneficially owned approximately 71.75% interest of the entire issued share capital of the Company and is a Controlling Shareholder. Accordingly, the Connected Customer is a connected person of the Company and the transaction contemplated under the Service Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

二零一八年十一月二十日和二零一八年十二月二十七日，公司與關聯方續簽了到期日為二零二一年十二月三十一日的服務協議。在最後實際可行日期，關聯方股東是唯一股東並且關聯方股東持有本公司全部已發行股本約71.75%的權益，為控制股東。因此，關聯客戶是本公司的關聯方，並且根據創業板上市規則，協議下的交易構成了持續關連交易。

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

獨立財務顧問函件

As the highest applicable percentage ratio for the Service Agreement is more than 5%, the provision of services under the Service Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement pursuant to Chapter 20 of the GEM Listing Rules.

The Company will obtain the Independent Shareholders' approval for transactions contemplated under the Service Agreement at the EGM. The Connected Customer Shareholder and his associates will abstain from voting on the relevant resolutions.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Bin Hui Ni, Mr. Rui Qiu, Mr. Ling Zhen, has been established to advise the Independent Shareholders as to (i) whether or not the terms of the Service Agreement and the Annual Caps are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Independent Shareholders should vote in favour of the Services and the proposed Annual Caps. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangement exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we are qualified to give independent advice in respect of the Service Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, amongst other things, (i) the information and facts contained or referred to in the Circular (ii) the Service Agreement dated 20 November 2018 as supplemented by the supplemental agreement dated 27 December 2018; (iii) the annual report of the Company for the year ended 31 December 2017 (the "2017 Annual Report") and for the year ended 31 December 2018 (the "2018 Annual Report") and the interim report of the Company for the six months ended 30 June 2019 (the "2019 Interim Report"); (iv) the opinions expressed by and the representations of the management of the Group; and (v) our review of the relevant public information. We have also relied on all relevant information, opinions and facts supplied and representations made to us by the Directors and the management of the Company.

由於服務協議之最高適用百分比率超過5%，故此服務協議項下提供的服務遵守創業板上市規則第20章之申報、公告、年度審核及獨立股東批准之規定。

公司將在股東特別大會上獲得獨立股東對本服務協議下交易的批准。關聯方股東及關聯人將棄權。

由獨立非執行董事倪彬暉、仇銳、甄嶺組成的獨立董事委員會，就(1)服務協議條款及年度上限是否符合正常之商業條款，並且對獨立股東而言是公平合理；及(2)就獨立股東是否應投票贊成服務及年度上限，提出意見。作為獨立財務顧問，我們的角色是去給獨立董事委員會和獨立股東就此事給出獨立意見。

於最後實際可行日期，力高企業融資有限公司與貴公司或任何其他訂約方並無任何聯系或利益，而可能在合理情況下被視為力高企業融資有限公司之獨立有關。在近兩年，集團與力高企業融資有限公司沒有約定。除了正常的與委派為獨立財務顧問有關的專業服務費，我們沒有收到任何安排或從公司或交易的其它方收到的費用和利益。因此，我們有資格就服務協議和協議下交易（包括年度上限）給出獨立意見。

意見之基礎

吾等建議時，已考慮包括：(1)通函所載的的信息和事實；(2)二零一八年十一月二十日簽訂的服務協議和二零一八年十二月二十七日簽訂的補充協議；(3)截止二零一七年十二月三十一日止年度的年報（「二零一七年年報」）及截止二零一八年十二月三十一日止年度的年報（「二零一八年年報」）及截止二零一九年六月三十日止六個月的中期報告（「二零一九年中期報告」）；(4)集團管理層的觀點和陳述；(5)查看相關公共信息。吾等亦依賴貴公司及管理層提供及陳述之所有相關資料、意見及事實。

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

獨立財務顧問函件

We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the EGM and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Group, the Connected Customer and the Connected Customer Subsidiaries.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

Background information of the group

The Company is a company incorporated in the Cayman Islands with limited liability with business focus on the provision of engaged in the provisions of clinical research services, real-world clinical research, medical science liaisons, medical marketing programs which aims to bridge the gaps between the clinical and commercial phases of product development in the PRC.

吾等假設所有提供給吾等或包含在通函中的信息、陳述和意見是真實、準確和完整的，在所有方面是可依靠的。吾等也假設所有包含的陳述在當時是真實的並在股東特別大會時也是真實的，並且所有公司董事和管理層及通函中涉及到的相信、意見和想法是恰當和合理調查後的。吾等並無理由懷疑貴公司董事和管理層提供給吾等信息和陳述的真實性、準確性和完整性。我們也尋求並收到董事的確認所提供之資料無遺漏重大事實，並且所有集團董事和管理層提供給吾等的信息和陳述在當時和通函日期都是真實、準確和完整無誤的。

吾等認為吾等已檢查了相關目前的信息去達成知情決定，並且去判斷包含在通函中信息的準確性依靠，為吾等建議提供合理基礎。然而，吾等並無對貴公司董事及管理層提供之資料進行獨立核證，亦無對貴公司、貴集團、關聯方及關聯方附屬公司各自之業務、事務、營運、財務狀況或未來前景進行任何獨立調查。

主要考慮因素及理由

吾等制定意見時，已考慮以下主要因素及理由：

集團背景資料

公司是註冊和成立於開曼的有限責任公司，主要從事臨床研究服務、現實世界的臨床研究、醫學科學聯絡、旨在彌合國內產品開發的臨床和商業階段之間差距的醫療營銷計劃。

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

獨立財務顧問函件

Historical financial information

The following table summarises the financial information of the Group for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2018 and 2019 extracted from the 2017 Annual Report, 2018 Annual Report and the 2019 Interim Report respectively.

歷史財務信息

以下為貴集團截止到十二月三十一日的二零一六年、二零一七年、二零一八年年報和截止到六月三十日的二零一八年和二零一九年中期報告的摘錄財務信息：

	For the year ended 截止二零一六年十二月 31 December 2016 三十一日年度 RMB' 000(audited) 人民幣千元 (經審計)	For the year ended 截止二零一七年十二月 31 December 2017 三十一日年度 RMB' 000(audited) 人民幣千元 (經審計)	For the year ended 截止二零一八年十二月 31 December 2018 三十一日年度 RMB' 000(audited) 人民幣千元 (經審計)	For the six months 截止二零一八年 ended 30 June 2018 六月三十日六個月 RMB' 000(Unaudited) 人民幣千元 (未審計)	For the six months 截止二零一九年 ended 30 June 2019 六月三十日六個月 RMB' 000(Unaudited) 人民幣千元 (未審計)
Revenue 收入	20,241	58,491	59,606	31,245	31,411
Gross profit 總利潤	16,884	56,416	52,366	25,446	25,511
Profit/(loss) before taxation 稅前損益	2,085	33,898	27,668	17,521	18,319
Profit/(loss) for the year/ period 當期損益	2,127	30,454	23,164	14,634	15,490

	For the year 截止二零一六年十二月 ended 31 December 2016 三十一日年末 RMB' 000(audited) 人民幣千元 (經審計)	For the year 截止二零一七年十二月 ended 31 December 2017 三十一日年末 RMB' 000(audited) 人民幣千元 (經審計)	For the year 截止二零一八年十二月 ended 31 December 2018 三十一日年末 RMB' 000(audited) 人民幣千元 (經審計)	For the six months 截至二零一八年 ended 30 June 2018 六月三十日六個月 RMB' 000(Unaudited) 人民幣千元 (未審計)	For the six months 截至二零一九年 ended 30 June 2019 六月三十日六個月 RMB' 000(Unaudited) 人民幣千元 (未審計)
Cash and cash equivalent 現金和現金等價物	1,753	6,258	9,004	5,806	1,959
Total assets 總資產	12,845	32,733	68,793	57,999	85,740
Total liabilities 總負債	38,011	26,929	39,605	37,561	41,062
Net assets/ (liabilities) 淨資產/ (負債)	(25,166)	5,804	29,188	20,438	44,678

For the year ended 31 December 2017

The Group's revenue increased by approximately 189.0% from approximately RMB20.2 million for the year ended 31 December 2016 to approximately RMB58.5 million for the year ended 31 December 2017. As stated in the 2017 Annual Report, such increase was mainly due to wide market acceptance of the Group's post-marketing research and academic promotion services. The Group's net profit for the year increased from approximately RMB2.1 million for the year ended 31 December 2016 to approximately RMB30.5 million for the year ended 31 December 2017, which was mainly due to the increase in income from post-marketing research and academic promotion services which was partially mitigated by the increase of staff costs by approximately RMB7.5 million as a result of the increase in headcount as well as the income tax expenses of approximately RMB3.4 million as disclosed in 2017 Annual Report.

截止二零一七年十二月三十一日

該集團的收入從去年二零一六年十二月三十一日的約2,020萬元人民幣增加到二零一七年十二月三十一日的約5850萬元，增長了約189%。如二零一七年年報所述，這一增長主要是由於市場廣泛接受集團的上市後研究和學術推廣服務。該集團的淨利潤從二零一六年的約210萬元人民幣增加到二零一七年的約3050萬元人民幣，正如二零一七年年報所披露的，這主要是由於上市後研究和學術推廣服務收入的增加，同時由於員工人數增加造成人員成本增加大約750萬元人民幣，以及所得稅支出增加約為340萬元人民幣。

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

獨立財務顧問函件

As at 31 December 2017, total asset of the Group amounted to approximately RMB32.7 million of which trade and bills receivables amounted to approximately RMB18.9 million, representing approximately 57.7% of the total assets. Meanwhile, cash and cash equivalents amounted to approximately RMB6.3 million, representing approximately 19.1% of the total asset. As at 31 December 2017, total liabilities of the Group amounted to approximately RMB26.9 million of which trade payables, other payables and accrued charges amounted to approximately RMB23.1 million, representing approximately 85.7% of the total liabilities; whilst the Group recorded no bank borrowings as at 31 December 2017.

For the year ended 31 December 2018

The Group's revenue slightly increased by 1.9% from RMB58.5 million to RMB59.6 million for the year ended 31 December 2018. As stated in the 2018 Annual Report, such increase was mainly due to the growth of post-marketing research and academic promotion services, contracted clinical research services and income from transfer of drug technology, and was offset by decrease in contracted pharmaceutical development services. Despite the increase in the revenue, the Group's net profit for the year decreased from approximately RMB30.5 million to approximately RMB23.2 million for the year ended 31 December 2018 mainly due to the increase in cost of sales of approximately RMB5.2 million and the increase in the administrative expenses of approximately RMB3.3 million.

As at 31 December 2018, total asset of the Group amounted to approximately RMB68.8 million of which trade and bills receivables amounted to approximately RMB41.4 million, representing approximately 60.2% of the total assets. Meanwhile, cash and cash equivalents amounted to approximately RMB9.0 million, representing approximately 13.1% of the total asset. As at 31 December 2018, total liabilities of the Group amounted to approximately RMB39.6 million of which trade payables, other payables and accrued charges amounted to approximately RMB29.9 million, representing approximately 75.5% of the total liabilities; whilst bank borrowings amounted to approximately RMB1.5 million, representing approximately 3.8% of the total liabilities.

For the six months ended 30 June 2019

The Group's total revenue remained stable at approximately RMB31.4 million for the six months ended 30 June 2019 as compared to approximately RMB31.2 million for the six months ended 30 June 2018. Yet, the Group's revenue from independent customers increased from approximately RMB19.1 million for the six months ended 30 June 2018 to approximately RMB31.4 million for the six months ended 30 June 2019, representing an increase of approximately RMB12.4 million or 64.8%. The Group's net profit increased slightly from approximately

截至二零一七年十二月三十一日，該集團的總資產約為3270萬元人民幣，其中應收賬款和應收票據金額約為1890萬元人民幣，約占資產總額的57.7%。與此同時，現金和現金等價物約為630萬元，約占資產總額的19.1%。截至二零一七年十二月三十一日，該集團的總負債約為2690萬元人民幣，其中應付賬款、其他應付款項和應計費用約為人民幣2310萬元，約占負債總額的85.7%；而該集團在二零一七年十二月三十一日沒有銀行借款。

截止二零一八年十二月三十一日

截至二零一八年十二月三十一日，集團收入從約5850萬元人民幣至約5960萬元人民幣，略微增長約1.9%。如二零一八年年報所述，這一增長主要是由於上市後研究和學術推廣服務、合約臨床研究服務和藥物技術轉讓收入的增長，並被合同藥物開發服務的減少所抵消。儘管收入有所增加，但集團截至二零一八年十二月三十一日的淨利潤從去年的約3050萬元減少到約2320萬元，主要是由於銷售成本增加了約520萬元，而行政開支的增加約為330萬元。

截至二零一八年十二月三十一日，該集團總資產約為6880萬元人民幣，其中應收賬款和應收票據約4140萬元人民幣，約占資產總額的60.2%。同時，現金和現金等價物約為900萬元人民幣，約占資產總額的13.1%。截至二零一八年十二月三十一日，該集團的總負債約為3960萬元人民幣，其中應付賬款、其他應付款項和應計費用約為人民幣2990萬元，約占負債總額的75.5%；而銀行借款總額約為150萬元人民幣，約占負債總額的3.8%。

截止二零一九年六月三十日六個月

截至二零一九年六月三十日為止的六個月內，集團的總收入維持在穩定的約3140萬元，而截至二零一八年六月三十日的這六個月內，總收入約為3120萬元。然而，該集團從獨立客戶的收入從截至二零一八年六月三十日的六個月的約1910萬元增加到二零一九年六月三十日結束的六個月內的約3140萬元人民幣，相當於約增加1240萬元，即增加約64.8%。該集團的淨利潤從截至二零一八

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RMB14.6 million for the six months ended 30 June 2018 to approximately RMB15.5 million for the six months 30 June 2019 mainly due to (i) the absence of other loss of approximately RMB0.5 million for the six months ended 30 June 2018; and (ii) the decrease in administrative expenses from approximately RMB7.4 million for the six months ended 30 June 2018 to approximately RMB7.2 million for the six months ended 30 June 2019.

As at 30 June 2019, total asset of the Group amounted to approximately RMB85.7 million of which trade and bills receivables amounted to approximately RMB40.9 million, representing approximately 47.8% of the total assets. Meanwhile, cash and cash equivalents amounted to approximately RMB2.0 million, representing approximately 2.3% of the total asset. As at 30 June 2019, total liabilities of the Group amounted to approximately RMB41.1 million of which trade payables, other payables and accrued charges amounted to approximately RMB31.9 million, representing approximately 77.6% of the total liabilities; whilst bank borrowings amounted to approximately RMB1.5 million, representing approximately 3.6% of the total liabilities.

Industry overview

The PRC government has encouraged breakthroughs via the approval of guidelines on improving healthcare and medical services and through medical reforms that will span the 13th Five-Year Plan period (2016–2020). The PRC government will (i) deepen reform of the evaluation and approval system for pharmaceuticals and medical appliances and explore reform of evaluation institutions based on an independent corporate governance model; (ii) promote management of pharmaceutical enterprises by level and by type and accelerate improvements to the food regulatory system and build a sound governance system for food and medicine safety that is thorough, efficient, and based on co-governance by social actors; (iii) conduct tighter oversight over imported food and medicine; carry out pricing reform for medical services and improve public hospital compensation mechanisms; (iv) encourage the research and development of new medicines, and give precedence to newly developed medicines available on the market and medicines that have passed evaluations for consistency in adding to the catalogue of medicines covered by healthcare insurance; (v) encourage nongovernmental actors to provide healthcare services and see that nonprofit private hospitals enjoy treatment equal to that of public hospitals; and (vi) create a better work environment for medical practitioners, and improve mechanisms for mediating disputes between them and patients to facilitate more amicable relations.

年六月三十日的六個月約1460萬元，略增加至二零一九年六月三十日的六個月約為1550萬元人民幣，主要是由於（1）在二零一八年六月三十日結束的六個月內其他損失約50萬元人民幣；和（2）行政開支減少，截至二零一八年六月三十日的六個月約740萬元，截至二零一九年六月三十日的六個月約為720萬元。

截至二零一九年六月三十日，該集團的總資產約為8570萬元人民幣，其中應收賬款和應收票據總額約為4090萬元人民幣，約占資產總額的47.8%。與此同時，現金和現金等價物約為200萬元人民幣，約占資產總額的2.3%。截至二零一九年六月三十日，該集團的總負債約為411萬元人民幣，其中應付賬款、其他應付款項和應計費用約為人民幣3190萬元，約占負債總額的77.6%；而銀行借款總額約為150萬元人民幣，約占負債總額的3.6%。

行業概況

中國政府鼓勵通過批准改善醫療保健和醫療服務的指導方針以及將跨越“十三五”期間（二零一六年-二零二零年）的醫療改革取得突破。中國政府將（一）深化藥品、醫療器械審評審批制度改革，探索建立獨立法人治理模式的審評機構改革；（二）推進醫藥企業分級分類管理，加快完善食品監管體系，建立完善的、徹底、高效、社會主體共同治理的食品藥品安全治理體系；（三）加強對進口食品藥品的監管；開展醫療服務定價改革，完善公立醫院補償機制；（四）鼓勵新藥研發，優先發展市場上新開發的藥品和通過一致性評價的藥品，增加醫保藥品目錄；（五）鼓勵非政府組織提供醫療服務，使非營利性民營醫院享受與公立醫院同等的待遇；（六）為執業醫師創造更好的工作環境，完善醫患糾紛調解機制，促進醫患關係更加友好。

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Background information of the Connected Customer

Venturepharma Group (China) Corp. is principally engaged in the production and sales of pharmaceutical products. The products are sold only in the PRC and are either under prescription or over the counter.

Background information of the Service Agreement

According to (Guiding principles on post launch market research on pharmaceutical products (draft)) (*藥品上市後臨床試驗指導原則 (草案)) issued by China Food and Drug Administration (*國家食品藥品監督管理總局藥品評價中心) in 2019, it is advised that all drugs should conduct post launch market research after launch. The Company and Connected Customer entered into the Service Agreement, pursuant to which the Company agreed to provide Services through the Service Provider to the Connected Customer Subsidiaries. As stated in the Letter from the Board, the Service and the Service Agreement are in compliance with (Guiding principles on post launch market research on pharmaceutical products (draft)) (*藥品上市後臨床試驗指導原則 (草案)) issued by China Food and Drug Administration (*國家食品藥品監督管理總局藥品評價中心) in 2019. As set out in the Service Agreement, the Services included, but not limited to (i) post market surveillance; (ii) medical sciences service; and (iii) the medical market service (collectively the "PMS"). The types of products that will be covered by the Services are for anti-allergy, central nervous system and Psychiatric disorders.

As advised by the management of the Company, the Connected Customer intends to improve market accessibility, brand loyalty and corporate credibility through the above services.

The previous service agreement has been expired and since the Connected Customer and the Company agreed to continue the Services, the Company renewed the Service Agreement with the Connected Customer Subsidiary on 20 November 2018 for three years with the expiry date as 31 December 2021. On 27 December 2018, the Company and the Connected Customer further entered into the supplemental agreement, pursuant to which both parties had agreed to set the annual percentage caps for the financial years from 2019 to 2021 to be 39% of the total revenue of the Company for each of the financial year.

Nature and arrangement of the Services

As disclosed in the circular, the PMS are regular services the Company provides to its customers in ordinary and usual course of business, and the occasions/arrangements of providing such services are subject to customer demand.

關聯客戶背景信息

萬全醫藥控股（中國）有限公司主要從事醫藥產品的生產和銷售。這些產品只在中國銷售，要麼是處方藥，要麼是非處方藥。

服務協議的背景信息

根據國家食品藥品監督管理總局藥品評價中心二零一九年發布的《藥品上市後臨床試驗指導原則 (草案)》，所有藥品上市後應進行市場調研。本公司與關聯客戶訂立服務協議，根據該協議，本公司同意通過服務供應商向關聯客戶子公司提供服務。如董事會信函所述，本服務及本服務協議符合國家食品藥品監督管理總局藥品評價中心發布的《藥品上市後臨床試驗指導原則 (草案)》的規定。如服務協議所述，服務包括但不限於（1）藥物警戒研究、（2）醫學市場服務和（3）醫學科研服務（統稱為“PMS”）。這些服務涵蓋的產品類型包括抗過敏、中樞神經系統和精神疾病。

根據公司管理層的建議，關聯客戶打算通過上述服務提高市場準入率、品牌忠誠度和企業信譽。

之前的服務協議已經到期，自關聯客戶和公司同意繼續提供服務以來，公司於二零一八年十一月二十與關聯客戶子公司續簽了服務協議，為期三年，到期日為二零二一年十二月三十一日。二零一八年十二月二十七日，本公司與關聯客戶進一步簽訂補充協議，根據補充協議，雙方同意將二零一九年至二零二一年各財年的年度百分比上限設定為本公司各財年總收入的39%。

服務的性質和安排

通函披露，PMS是公司在正常經營過程中向客戶提供的常規服務，提供此類服務的場合/安排以客戶需求為準。

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Post market surveillance refers to pharmacovigilance research, which is process of monitoring and evaluating any adverse drug reaction or effects of medical drugs after the drugs have been launched, especially for focused population such as child and pregnancy women.

Medical market service refers to marketing related services with clinical expertise which include from offline marketing such as brochures, flyers and workshops, to online marketing such as informative blog, website content writing, E-newsletter and live-streaming by doctors, etc.

Medical science service refers to medical study and research services such as launching medical conferences, clinical and experimental data analysis which includes collecting, tracking, verifying and organizing patient records and other medical documents, examining patient medical histories and spotting issues as well as developing expert witness testimony.

Reasons for and benefits of the continuing connected transaction under the Service Agreement

As stated in the Letter from the Board, the Group possesses relevant capability to provide the Services and the Services provided is necessary to the Connected Customer Subsidiaries. The proposed transactions between the Group and the Connected Customer Subsidiaries will be favourable to the Group to further expand the Group's reputation in this field and enhance the Group's operation in terms of technical knowhow and provide stability in terms of revenue source of the Group.

Principal terms of the renewed Service Agreement

The principal terms of the Service Agreement are summarised below:

Parties:	The Company; and Venturepharma Group (China) Corp. (萬全醫藥控股(中國)有限公司).
Subject matter:	The Company agreed to provide the Services through Service Provider to the Connected Customer Subsidiaries.
Term:	From the date of the Independent Shareholders' approval of the Service Agreement up to and inclusive on 31 December 2021.
Payment terms:	Fees actually incurred during the month shall be settled in the following month.
Condition precedent:	The renewed Service Agreement is conditional upon the obtaining of the approval from the Independent Shareholders

上市後監測是指藥物警戒性研究，是對藥品上市後的任何藥物不良反應或療效進行監測和評價的過程，特別是對兒童、孕婦等重點人群。

醫療市場服務是指具有臨床專業知識的營銷相關服務，包括從宣傳冊、傳單、研討會等線下營銷，到信息博客、網站內容撰寫、電子通訊、醫生直播等線上營銷。

醫學科學服務是指開展醫學會議、臨床和實驗數據分析等醫學研究和研究服務，包括收集、跟蹤、核實和組織病歷和其他醫學文獻，檢查病歷和發現問題，培養專家證人證詞等。

服務協議項下持續關連交易的原因及利益

如董事會函件所述，本集團具備提供相關服務的能力，所提供的服務是關連客戶子公司所必需的。本集團與關聯客戶子公司之間的建議交易將有利於本集團進一步擴大本集團在該領域的聲譽，增強本集團在技術知識方面的運營，並在本集團的收入來源方面提供穩定性。

續簽服務協議的主要條款

服務協議的主要條款概述如下：

訂約方:	本集團與萬全醫藥控股(中國)有限公司
主要事項:	本集團同意通過服務提供商向關連方附屬公司提供服務。
期限:	自獨立股東批准服務協議之日起至二零二一年十二月三十一日止
付款條款:	當月實際發生的費用，下月結算。
條件先例:	續簽的服務協議以獲得獨立股東的批准

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Pricing mechanism

As advised by the management of the Company, when the Service Provider enters into contracts with the Connected Customer Subsidiaries, in accordance with the Service Agreement, the individual service fee must be determined in accordance with the pricing standards as agreed in the Service Agreement based on the following factors:

The market bidding price of the products; and

The most recent charge rates charged by the Group to other independent third parties for similar services;

The formula to calculate the service fee is as follow:

Expected sales quantity of products covered by the Service * market bidding price of each product * Service fee rate(note) / (1+ 6% VAT rate)

Note: The Service fee rate offered to the Connected Customer, which is pre-determined at approximately 42.7%, is referenced to the range of service fee rate offered by the Company to independent customers which currently ranging from approximately 14.04% to 42.7%. The basis to determine the range of service fee rate to independent customers which was determined after arm's length negotiation between the Company and independent customers, taking into a number of factors, mainly including the indication of drugs and market competition of similar drugs.

The pricing mechanism and the service fee calculation formula for the Service is consistent with that offer to independent customers. As the service fee rate offered to the Connected Customer is at the high end of the range of service fee rate to independent customers, i.e. 42.7%, the Board believed that the pre-determined service fee rate under the Service Agreement is within the range of and no less favourable than those offered by the Company to the independent customers.

As advised by the management of the Company, the market bidding prices represented the price of drugs which is determined by the relevant government departments through organizing the public bidding of drug procurement in certain provinces and it is mainly used in hospital procurement. Since most of the drugs selling in the PRC are sold to patients through hospitals and the hospitals purchase drugs with reference to market bidding price, the pharmaceutical industry usually takes the market bidding price as the benchmark for the pricing of the drugs. The Director considered that the market bidding prices could be referenced as the fair market price of the drugs. It has been agreed between the Company and the Connected Customer that the applicable charge rate for the provision of the Services to the Connected Customer Subsidiaries shall be in line with but not less than the charge

定價機制

根據本公司管理層的建議，當服務提供商與關聯客戶子公司簽訂合同時，根據服務協議，單獨服務費必須根據服務協議中約定的定價標準根據以下因素確定

產品的市場競價

集團就類似服務向其他獨立第三方收取的近期費率

服務費計算公式如下：

服務範圍內產品預計銷售數量*每件產品市場競價*服務費率（注）/（1+6%增值稅稅率）

注：提供給關連客戶的服務費率，在預先確定的約42.7%，是指由公司提供給獨立客戶的服務費率範圍，目前的範圍從大約14.04%到42.7%。公司與獨立客戶公平交易後確定服務費率範圍，考慮到了很多因素，主要包括藥品的適應症和同類藥品的市場競爭。

服務的定價機制和服務費計算公式與向獨立客戶提供的服務一致。由於向關連客戶提供的服務費率在向獨立客戶提供的服務費率範圍的高端，即約42.7%，董事會認為服務協議預先確定的服務費率在向獨立客戶提供的服務費率範圍內，且不少於公司向獨立客戶提供的服務費率。

根據公司管理層的建議，市場招標價格是指政府有關部門通過組織部分省份藥品採購公開招標確定的藥品價格，主要用於醫院採購。由於在中國銷售的藥品大多通過醫院銷售給患者，醫院參照市場競價採購藥品，醫藥行業通常以市場競價作為藥品定價的基準。主任認為，市場投標價格可以作為藥品的公平市場價格參考。本公司與關連客戶已達成協議，向關連客戶附屬公司提供服務的適用收費率應與不時向本集團獨立客戶提供相同服務的收費率一致，但不得低於該收費率。給定（1）服務的定價機制和服務費計算公式與獨立客戶的報價一致；（2）市場投標價格是作為相關藥物定價基準的公平價格；以及（3）該服務的適用收費率為獨立客戶服務收費率範圍的高端，即約42.7%，我們同意董事會的意見，即該服務的定價是公平合理的。

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rate for the provision of the same services to independent customers of the Group from time to time. Given (i) the pricing mechanism and the service fee calculation formula for the Service is consistent with that offer to independent customers; (ii) the market bidding price is a fair price as the benchmark for the pricing of the relevant drugs; and (iii) the applicable charge rate for the Service is at the high end of the range of service fee rate to independent customers, i.e. 42.7%, we concur with the Directors that the pricing of the Service is fair and reasonable.

Internal control polices of the pricing mechanism

As stated in the Letter from the Board, internal control policies will be in place to ensure the transactions under the Service Agreement to be conducted on normal commercial terms and are fair and reasonable. We have obtained the connected transaction guidelines of the Company which stipulate the procedures to be complied with in conducting connected transactions (the “Guidelines”) and reviewed the pricing standard under the Service Agreement. We noted that before entering into a transaction with connected party, the operation department will cooperate with finance department to (i) check the terms and charge rates of similar transaction entered by the Company with independent third parties; and (ii) if no similar transaction has been entered with independent third party, research on the market for the term and charge rates of similar transaction.

If the charge rate of the transaction with the Connected Customer Subsidiaries is lower than the charge rate of similar transaction with independent third parties, the Company will negotiate new charge rate with the Connected Customer Subsidiaries to ensure the charge rate to the Connected Customer to be no less favourable than the charge rate of similar transactions with independent third parties. The finance department will conduct random check on the execution of the transaction with the Connected Customer Subsidiaries to ensure the Service Agreement is conducted in accordance with the requirements stipulated in the Guidelines. Moreover, the auditors of the Company and the independent non-executive Directors should conduct an annual review of the terms for the Services under the Services Agreement.

For our due diligence purpose, we have obtained and reviewed four similar contracts with independent third parties in which the Group provided similar services with the same costing method as the Service Agreement. We have (i) cross-checked the market bidding price adopted by the Company with the market bidding prices published on the website of centralised purchasing platform for drugs (*藥品集中採購平臺) of the corresponding provinces; and (ii) cross-checked the charge rate to be adopted for Service Agreement for the Services with the charge rates adopted by the Company on independent third parties for similar services and found that the charge rate to be adopted for the Service

定價機制的內部控制政策

如董事會來函所述，將制定內部控制政策，以確保服務協議項下的交易按正常商業條款進行，且公平合理。我們已獲得本公司的《關聯交易指引》，該指引規定了進行關聯交易應遵循的程序（“指引”），並審查了服務協議下的定價標準。我們注意到，在與關聯方進行交易之前，運營部將與財務部合作：（1）檢查公司與獨立第三方進行的類似交易的條款和費率；（2）如果沒有與獨立第三方進行類似交易，則研究類似交易的市場及費率。

如果與關聯客戶子公司的交易收費率低於與獨立第三方的類似交易收費率，本公司將與關聯客戶子公司協商新的收費率，以確保對關聯客戶的收費率不低於與獨立第三方的類似交易。財務部將對與關聯客戶子公司的交易執行情況進行抽查，確保服務協議按照指引規定的要求執行。此外，公司審計師和獨立非執行董事應每年審查服務協議項下的服務條款。

出於盡職調查的目的，我們已獲得並審查了四份與獨立第三方簽訂的類似合同，其中本集團以與服務協議相同的成本計算方法提供了類似的服務。我們（一）將公司採用的市場招標價格與相應省份藥品集中採購平臺網站（以下簡稱“藥品集中採購平臺”）公佈的市場招標價格進行了交叉核對；（二）將服務協議採用的收費標準與本公司對獨立第三方類似服務常用的收費標準進行了交叉核對，發現與其他獨立第三方的收費比率範圍為14.04%~42.7%，且服務協議所採用的收費率不低於此。

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

獨立財務顧問函件

Agreement for the Services is within range of and no less favourable than the charge rates used by the Company of similar transactions on other independent third parties from approximately 14.04% to 42.7%.

Given that (i) no material discrepancy between the market bidding price to be adopted for the Service Agreement and the price published on the website of centralised purchasing platform for drugs (*藥品集中採購平臺) of the corresponding provinces; (ii) the charge rate of the Services Agreement is within the charge rate of used by the Company on other independent third parties; (iii) the calculation of service fees charged to Connected Customer is consistent with the service fees charged to the independent customers; and (iv) internal control policies in place to the Service Agreement to be conducted on normal commercial terms, we are of the view that the above pricing mechanism is fair and reasonable so far as the Independent Shareholders are concerned.

鑒於（一）本服務協議擬採用的市場競價與相應省份藥品集中採購平臺網站公佈的價格無實質性差異；（二）本服務協議的收費標準在公司對其他獨立第三方使用的收費標準內；（三）向關聯客戶收取的服務費的計算與向獨立客戶收取的服務費一致；（四）本服務協議的內部控制政策在正常的商業條件下進行，我們認為，就獨立股東而言，上述定價機制是公平合理的。

Proposed Annual Caps and basis of determination of the proposed Annual Caps

擬定年度上限和確定擬定年度上限的依據

A summary of the historical amount and proposed Annual Caps are set out in the table below:

下表列出了歷史金額和建議年度上限的摘要：

	2017 二零一七年 For the year ended 31 December 十二月三十一日年末 RMB' 000 人民幣千元	2018 二零一八年 For the year ended 31 December 十二月三十一日年末 RMB' 000 人民幣千元	
Actual historical amount 歷史金額	24,244	21,760	
	2019 二零一九年 For the year ended 31 December 十二月三十一日年末 RMB' 000 人民幣千元	2020 二零二零年 For the year ended 31 December 十二月三十一日年末 RMB' 000 人民幣千元	2021 二零二一年 For the year ended 31 December 十二月三十一日年末 RMB' 000 人民幣千元
Proposed Annual Caps 建議年度上限	15,000	43,000	55,000

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

獨立財務顧問函件

As stated in the Letter from the Board, the proposed Annual Caps were determined with reference to the factors including (i) the historical figures of the actual transaction amounts between the Group and the Connected Customers in respect of the Service under the Service Agreement which the revenue from the Continuing Connected Transactions were approximately RMB 24.2 million for the year ended 31 December 2017 and approximately RMB 21.8 million for the year ended 31 December 2018, respectively; (ii) the anticipated demand from the Connected Customers and the Company's revised sales forecast for prudent sake due to the recent slowdown of overall economy; (iii) the estimated revenue growth of the Group contributed from independent customers; and (iv) the revised Annual Caps for the year ending 31 December 2019 will be achieved on December and the Connected Customer has also issued letter of intent of business to the Company on 19 November 2019 with its anticipated sales amount to be conducted with the Company for the year ending 31 December 2019.

In assessing the fairness and reasonableness of the proposed Annual Caps, we have discussed with the management of the Company about the bases and understand that for the year ended 31 December 2017 and 2018, the Connected Customer has also issued letter of intent of business to the Company with its anticipated sales amount, which was higher than the Annual Caps, to be conducted with the Company at the beginning of each year. However the Company has turned down some of the business with the Connected Customer mainly due to the previous annual percentage cap set for years ended 31 December 2017 and 2018 and thus, the connected transaction between the Company and the Connected Customer only amounted to approximately RMB24.2 million and RMB21.8 million for the years ended 31 December 2017 and 2018, respectively. As advised by the Directors, there was no transaction entered into between the Group and the Connected Customers from 1 January 2019 up to the latest practicable date.

In view of the delay in the process, the date of the EGM, and that the CCT will only be effective after independent shareholder approval at the EGM, the company further enquired the connected customers, and obtained an letter of intent from the Connected Customer dated 19 November 2019 for the year ending 31 December 2019 and adjusted the Annual Cap for the year ending 31 December 2019 from RMB 32.0 million as disclosed in the announcement dated 23 September 2019 to RMB15.0 million. We have further discussed with the management of the Company and were given to understand that the Company remains its expectation that the Annual Cap for the year ending 31 December 2019 will be achievable. The company further disclosed that the commencement date of the transaction contemplated under the Service Agreement will be at around mid-December 2019.

如董事會信函所述，所提出的年度上限是根據以下因素確定的，包括（1）在服務協議下的集團和相關客戶之間的實際交易金額的歷史數字，其中連續交易的收入截至二零一七年十二月三十一日約為人民幣2420萬元，二零一八年十二月三十一日為人民幣約2180萬元；（2）由於最近的整體經濟放緩，來自關聯客戶的預期需求和公司審慎的銷售預測；（3）本集團由獨立客戶貢獻的預計收入增長；及（4）截至二零一九年十二月三十一日止年度的修訂年度上限將於十二月實現，而有關客戶亦已於二零一九年十一月十九日向本公司發出業務意向書，其預期銷售額將於截至二零一九年十二月三十一日止年度與本公司進行。

在評估建議年度上限的公平性和合理性時，我們與公司管理層討論了這些基礎，並瞭解到，截至二零一七年十二月三十一日和二零一八年十二月三十一日，關聯客戶還向公司發出了業務意向書，其預期銷售金額高於年度上限，每年年初與公司一起執行。然而，該公司拒絕了部分客戶的業務，主要是由於之前的對截至二零一七年十二月三十一日和二零一八年十二月三十一日的百分比上限設定，因此該公司與關聯客戶之間的關聯交易僅分別約為2420萬元人民幣和人民幣2180萬元。自二零一九年一月一日至最新可行日期，本集團與關聯客戶之間未達成任何交易。

由於股東特別大會日期的延遲以及持續關聯交易需於股東特別大會上獨立股東批准後才會生效，公司進一步詢問了關聯客戶，並於二零一九年十一月十九日取得關聯客戶就截至二零一九年十二月三十一日年度的意向書，並將截至二零一九年十二月三十一日年度的上限由二零一九年九月二十三日公告披露的3200萬元人民幣調整為1500萬元人民幣。我們已與該公司管理層進一步討論，並瞭解到該公司仍期望在截至二零一九年十二月三十一日的年度內達到年度上限。公司進一步披露，服務協議項下預期交易的開始日期將在二零一九年十二月中旬左右。

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

獨立財務顧問函件

The Company further advised that in view of (i) the delay in renewal of the Service Agreement and (ii) the proposed Annual Cap for the remaining month ending 31 December 2019, the Connected Customer has also issued letter of intent of business to the Company on 19 November 2019 with its anticipated sales amount to be conducted with the Company for the year ending 31 December 2019. On top of that, the Company expected that it would be able to maintain a growth trend on its revenue for the year ended 31 December 2019 and onward since (i) the recent increase in the overall revenue from independent third parties of approximately RMB12.4 million or 64.8%; and (ii) the new PMS services entered for a new medicine, a levetiracetam injection launched in 2019. As advised by the management of the Company, levetiracetam injection is a new medical injection mainly used for anti-epileptic purpose and has recently been approved in the PRC. The Group expected that the revenue generated from the PMS service for the levetiracetam injection would be one of the catalysts to the revenue growth of Group for the years ended 31 December 2019 and the two years ending 31 December 2021.

For our due diligence purpose, we have obtained and reviewed (i) the letter of intent of business issued by the Connected Customer to the Company for 2017, 2018 and 2019; (ii) the consolidated management accounts of the Connected Customer for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2019, and found that the anticipated sales amount as stated on the letter of intent are achievable and are sufficient to support the Annual Caps, and that the Connected Customer had marketing expenses higher than the anticipated sales amount for the two years ended 31 December 2017 and 2018; and (iii) the correspondences from the Company to the Connected Customer in regard to the turn down of business due to the annual percentage cap for the years ended 31 December 2017 and 2018. We noted that the proposed transaction amounts in the letter of intent of business at the beginning of 2017 and 2018 from the Connected Customer are higher than the actual transaction amount for the years ended 31 December 2017 and 2018 as well as the proposed Annual Caps.

We have further obtained and reviewed the approval documents from the PRC government in relation to the launch of the levetiracetam injection and the service agreement for the PMS services for the levetiracetam injection. We also understand from the public research that the hospital sale of levetiracetam in the PRC has recorded a CAGR of approximately 25.0% from approximately RMB1.08 billion in 2012 to approximately RMB3.28 billion in 2017 in the PRC according to PCB (药物综合数据库).

公司進一步告知，鑒於（1）服務協議延期續簽和（2）截至二零一九年十二月三十一日的剩餘月份的建議年度上限，關聯客戶還於二零一九年十一月十九日向公司發出了業務意向書，其預計將與公司進行截至二零一九年十二月三十一日年度的銷售額。除此之外，該公司預計它將能夠保持其收入的增長趨勢，截至二零一九年十二月三十一日和以後的，因為（1）最近來自獨立方的收入增加了約1240萬元，即增長約64.8%；以及（2）新的PMS服務進入一種新的藥物，左乙拉西坦於二零一九年上市。根據公司管理層的建議，左乙拉西坦注射液是一種新的藥物注射劑，主要用於抗癲癇，最近在中國獲得批准。本集團預計，左乙拉西坦注射劑PMS服務產生的收入將是本集團截至二零一九年十二月三十一日和截至二零二一年十二月三十一日兩年收入增長的原因之一。

出於盡職調查的目的，我們獲得並審查了（1）關聯客戶向公司發出的二零一七年、二零一八年和二零一九年業務意向書；（2）關聯客戶截至二零一七年十二月三十一日和二零一八年十二月三十一日以及截至二零一九年六月三十日的六個月的合併管理帳戶，發現意向書所述的預期銷售金額是可實現的，且足以支持年度上限，且關聯客戶的行銷費用高於截至二零一七年十二月三十一日和二零一八年十二月三十一日的兩年預期銷售金額；以及（3）本公司就截至二零一七年十二月三十一日及二零一八年十二月三十一日的年度百分比上限導致的業務減少向關聯客戶發出的信函。我們注意到，關聯客戶在二零一七年初和二零一八年初的業務意向書中的建議交易金額高於截至二零一七年十二月三十一日和二零一八年十二月三十一日的實際交易金額以及建議的年度上限。

我們進一步獲得並審查了中國政府關於左乙拉西坦注射劑上市的批准檔以及左乙拉西坦注射劑PMS服務協議。我們並從公共研究中瞭解到，根據藥物綜合資料庫，左乙拉西坦的醫院銷售額已從二零一二年約10.8億元人民幣，增加到二零一七年約32.8億元人民幣，約為25%人民幣的年複合增長率。

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

獨立財務顧問函件

In view of (i) letter of intent of issued by the Connected Customer showing sufficient anticipated sales to support the proposed Annual Cap; (ii) the recent increase in overall revenue from independent third parties of approximately RMB124 million or 64.8%; and (iii) the new PMS services entered for the levetiracetam injection, of which hospital sale of levetiracetam in the PRC has recorded a 25% CAGR from 2012 to 2017; we are of the view that the proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned. However, as the proposed Annual Caps related to future events and are based upon assumptions that may or may not remain valid for three years ending 31 December 2021, we express no opinion as to how closely the actual service income pursuant to the Service Agreement shall correspond to the proposed Annual Caps.

Proposed annual percentage cap

As stated in the letter from the board, an annual percentage cap of 39.0% is set for FY2019, FY2020 and FY2021. In view of the fluctuations that may occur in the service transactions between Connected Customer and the independent customers, the Company and the Connected Customer would make bilateral transaction adjustment on monthly basis. When the forecasted transaction amount with the connected parties is expected to reach the set percentage cap 37% of total revenue (being the threshold of the 39% annual percentage cap), the Company and the Connected Customer will make bilateral transaction adjustment as discussed below.

Internal control polices over the Annual Caps and percentage cap

We have obtained the connected transaction guidelines of the Company which stipulate the procedures to be complied with in conducting connected transactions (the "Guidelines"), and noted that the company conducts monthly review to monitor the amount of continuing connected transactions. As disclosed in the Letter from the Board, when the monthly review shows that the forecasted continuing connected transactions percentage reach 37% of total revenue (being the threshold set for monitoring the 39% annual percentage cap), the finance department would report to the management. The management of the Company together with the operation department would discuss to adjust and reduce the number of products, number of hospitals and activities to be carried out under the Service, and submit to the independent non-executive director for approval. Once approved, the Company will notify the Connected Customer in written notice in advance and would, normally, adjust the Services from the month after the notification. And thus, no service fees will be charged on the sales from those products or from those hospitals terminated. The service fees from the Connected Customer will then be reduced, i.e. the relevant sales amount of the Connected Customer from the hospitals or products terminated will not be counted

鑒於 (1) 由關聯客戶發出的意向書，顯示了足夠的預期銷售額，以支持建議年度上限；(2) 最近獨立第三方總收入大約增加了1240萬元人民幣，即增長約64.8%；從二零一二年到二零一七年，左乙拉西坦的銷售額年複合增長率為25%；我們認為，就公司和獨立股東而言，建議的年度上限是公平合理的。但是，由於建議的年度上限與未來事件有關，並且基於可能在二零二一年十二月三十一日之前的三年內仍然有效或可能無效的假設，我們對服務協議規定的實際服務收入與建議的年度上限的對應程度不發表意見。

議年度百分比上限

如董事會信函所述，二零一九財年、二零二零財年和二零二一財年的年度百分比上限為39.0%。針對關聯客戶與獨立客戶之間的服務交易可能出現的波動，本公司與關聯客戶將按月進行雙邊交易調整。當與關聯方的預計交易金額預計達到總收入37%的設定上限（即每年39%的上限）時，本公司和關聯客戶將進行如下所述的雙邊交易調整。

年度上限和百分比上限的內部控制政策

我們已獲得本公司的《關聯交易指引》，該指引規定了進行關聯交易應遵守的程式（“指引”），並指出本公司每月進行一次審查，以監控持續的關聯交易金額。如董事會信函所披露，當月度審查顯示預測的持續關聯交易百分比達到總收入的37%時（為監控39%的年度百分比上限設定的門檻），財務部將向管理層報告。公司管理層將與運營部門討論調整和減少服務下的產品數量、醫院數量和活動，並提交獨立非執行董事批准。一旦獲得批准，公司將提前書面通知關聯客戶，通常從通知後一個月起調整服務。因此，這些終止的產品或醫院的銷售將不收取服務費。關聯客戶的服務費用隨之減少，即關聯客戶在終止醫院或產品的相關銷售金額不計入公司服務費用的計算。然後，關聯客戶將安排其他供應商為部分產品或醫院提供服務。本公司管理層進一步告知，關聯客戶已同意不向本公司追償，且在雙邊調整（如服務調整或減少）的情況下，本公司無需提供服務，與遵守建議的年度上限或年度百分比上限有關。如果第三方提供此類服務，公司無需承擔任何義務。

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

獨立財務顧問函件

in calculation of the service fees of the Company. The connected customer will then arrange other suppliers to provide services for part of the products or hospitals. It is further advised by the management of the Company that the Connected Customer has agreed not to pursue any compensation from the Company and the Company are not required to provide service in the case of the bilateral adjustment, e.g. the adjustment or reduction of service, in relation to compliance with the proposed Annual Caps or annual percentage cap. The Company does not have to bear obligation if third party provides such services.

At the same time, since the services to the third parties would continue, the proportion of connected transaction would reduce subsequently. Furthermore, the Company will revise the annual caps as well as re-comply with the applicable provisions of the GEM Listing Rules governing continuing connected transactions in case if the Annual Cap or percentage cap was found to be exceeded at the month end.

For our due diligence purpose, we have obtained and reviewed the monthly report from the company for the two years ended 31 December 2017 and 2018 and noted information included in the report included current month sales, and forecast sales of the next three months. The Company had monitored the transaction amount with the Connected Customer to ensure the transaction amount did not exceed the previous annual cap and annual percentage cap. We also understood that the Company will conduct random supervision on the execution of the adjustments and transactions with the Connected Customer Subsidiaries to ensure the adjustments are reasonably and effectively executed and is in accordance with the requirements stipulated in the Guidelines. In this process, the finance department will spot check in the middle of the month, to inspect whether there is any activity carried out for the products of the Connected Customer Subsidiaries in the hospitals. The random supervision by the finance department, whom is not involved in the operation of the adjustments and transactions, could provide further assurance to prevent the proposed Annual Cap and percentage cap from being exceeded.

In light of the above, the Directors are of the view and we concur that the internal control policies and the corresponding supervision are reasonable measures to detect and prevent the actual transaction amount from exceeding the proposed Annual Caps and percentage cap.

GEM Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 20.51 to 20.57 of the GEM Listing Rules pursuant to which (i) the values of the transactions under the Service Agreement must be restricted by the proposed Annual Caps for the period concerned under the Service Agreement; (ii) the terms of the transactions under the Service Agreement must be reviewed by the independent non-executive Directors

同時，由於繼續向第三方提供服務，關聯交易的比例隨之降低。此外，若在月末發現超過年度上限或百分比上限，本公司將修訂年度上限，並重新遵守《創業板上市規則》中有關持續關連交易的適用規定。

出於盡職調查的目的，我們獲得並審查了公司截至二零一七年十二月三十一日和二零一八年十二月三十一日的兩年期月度報告，報告中包含的資訊包括本月銷售額和未來三個月的預測銷售額。

公司已監控與關聯客戶的交易金額，以確保交易金額不超過以前的年度上限和年度百分比上限。我們還瞭解到，公司將對與關聯客戶子公司的調整和交易的執行情況進行隨機監督，以確保調整合理有效地執行，並符合指引規定的要求。在這一過程中，財務部將在月中抽查，以檢查醫院是否有針對關聯客戶子公司產品的活動。財務部不參與調整和交易的運作，其隨機監督可進一步確保防止超過建議的年度上限和百分比上限。

鑒於上述情況，董事會認為，內部控制政策和相應的監督是發現和防止實際交易額超過建議年度上限和百分比上限的合理措施。

創業板上市規則含義

董事會確認，本公司應遵守《創業板上市規則》第20.51至20.57條的規定，根據該等規定，(1) 服務協議項下交易的價值必須受到服務協議項下相關期間建議年度上限的限制；(2) 服務協議項下交易的條款必須由獨立非執行董事每年審查一次；(3) 獨立非執行董事對服務協議項下交易條款的年度審查的詳細情況必須包括在公司隨後公佈的年度報告中以及財務帳戶。

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

獨立財務顧問函件

annually; (iii) details of independent non-executive Directors' annual review on the terms of the transactions contemplated under the Service Agreement must be included in the Company's subsequent published annual reports and financial accounts.

Furthermore, it is also required by the GEM 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 transactions contemplated under the Service Agreement (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group; (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 the total amounts of the transactions contemplated under the Service Agreement are anticipated to exceed the annual caps, or that there are any proposed material amendment to the terms of the Service Agreement, as confirmed by the Directors, the Company shall re-comply with the applicable provisions of the GEM Listing Rules governing continuing connected transactions.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) Service Agreement, the proposed Annual Caps and the percentage cap are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the Service Agreement are in the interests of the Company and the Shareholders as a whole and conducted in the ordinary and usual course of business of the Group. 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 Service Agreement, and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Gary Mui
Chief Executive Officer

Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the finance and investment banking industries.

此外，《創業板上市規則》還要求，公司審計師必須向董事會提交一封信，確認是否有任何事項引起其注意，使其相信服務協議項下擬進行的交易（1）未經董事會批准；（2）在所有重大方面，交易涉及上市發行人集團提供商品或服務，未根據上市發行人集團的定價政策；（3）在所有重大方面，均未根據有關交易的協議簽訂；（4）超過年度限額。

如果服務協議項下預期的交易總額預計超過年度上限，或經董事會確認，服務協議條款有任何建議的重大修訂，公司應重新遵守《創業板上市規則》關於持續關聯交易的適用規定。

推薦建議

考慮到上文提及的因素和理由，吾等認為(i)對獨立董事而言，服務協議及年度上限和百分比上限是符合正常商業條款並且是公平合理；(ii)協議項下的交易是符合公司和股東整體利益，並在貴集團的日常及一般業務中執行。因此，吾等推薦獨立董事委員會去建議獨立股東及吾等亦推薦獨立股東在股東特別大會上投票贊成與此相關的議案。

此致
代表
力高企業融資有限公司
Gary Mui
首席執行官

Gary Mui先生是註冊證券及期貨事務監察委員會的註冊人士及力高企業融資有限公司的負責人，根據《證券及期貨條例》（香港法第571章）執行第6類（公司財務建議）監管活動。他在金融和投资银行业有超过20年的经验。

APPENDIX--GENERAL INFORMATION

附錄--一般資料

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTOR' S INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 taken or deemed to have under such provisions of the SFO), or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

1. 責任聲明

本通函根據創業板上市規則之規定而提供有關本公司之資料,由董事共同及個別承擔全部責任。董事在作出一切合理查詢後,確認就彼等所深知及確信,本通函所載之資料在所有重大方面均屬準確完整且無誤導或欺詐成份,且本通函並無遺漏其他事實,以致本通函之任何內容或本通函有所誤導。

2. 本公司或其任何相聯法團之權益披露及淡倉

於最後實際可行日期,董事及本公司最高行政人員於本公司或其任何相聯法團(按證券及期貨條例第XV部之涵義)之股份、相關股份及債權證中,擁有(a)須根據證券及期貨條例第XV部第7及8分部規定知會本公司及聯交所之權益及淡倉(包括彼等根據該證券及期貨條例之條文擁有或被視為擁有之權益及淡倉);或(b)須登記於本公司根據證券及期貨條例第352條存置之登記冊的權益及淡倉;或(c)須根據創業板上市規則第5.46至5.67條,知會本公司及聯交所之權益及淡倉如下:

APPENDIX--GENERAL INFORMATION 附錄--一般資料

Long positions

好倉：

Name	Type of interests	Capacity	Number of shares in which interested (other than under equity derivatives)	Number of shares in which interested under physically settled equity derivatives (Note 4)	Total number of shares	Approximate percentage of interest (%)
姓名	權益類別	身份	持有權益之股份數目 (股本衍生工具除外)	根據實物結算股本衍生工具持有權益之股份數目 (Note 4)	股份總數	權益概約百分比 (%)
William Xia GUO William Xia Guo	Personal 個人	Beneficial owner 實益擁有人	113,001,941	9,150,000	122,151,941	12.30
William Xia GUO William Xia Guo	Corporate 公司	Interests of a controlled Corporation (Note 1) 受控制法團權益(附註1)	348,828,873	—	348,828,873	35.14
William Xia GUO William Xia Guo	Corporate 公司	Interests of a controlled Corporation (Note 2) 受控制法團權益(附註2)	149,432,583	—	149,432,583	15.05
William Xia GUO William Xia Guo	Corporate 公司	Interests of a controlled Corporation (Note 3) 受控制法團權益(附註3)	91,915,181	—	91,915,181	9.26
Maria Xuemei SONG 宋雪梅	Personal 個人	Beneficial owner 實益擁有人	924,500	1,636,000	2,560,500	0.26
Mr. Michael SU 蘇毅	Personal 個人	Beneficial owner 實益擁有人	-	220,000	220,000	0.02
甄嶺 Bin Hui NI	Personal 個人	Beneficial owner 實益擁有人	-	100,000	100,000	0.01
Bin Hui NI 倪彬暉	Personal 個人	Beneficial owner 實益擁有人	-	100,000	100,000	0.01

Note 1: Winsland Agents Limited is 100% directly held by Mr. William Xia GUO.

附註1: 受控制法團Winsland Agents Limited 由William Xia GUO先生直接持有100%股權

Note 2: The controlled corporation, Venturepharm Holdings Inc., is 47.63 % directly held by Mr. William Xia GUO and 49.00 % held by Mr. William Xia GUO through Winsland Agents Limited, his wholly and beneficially owned company incorporated in the British Virgin Islands.

附註2: 受控制法團Venturepharm Holdings Inc.由William Xia GUO先生直接持有47.63%股權，以及由William Xia GUO先生透過Winsland Agents Limited (於英屬處女群島註冊成立，由GUO先生全資實益擁有)持有49.00%股權。

Note 3: The controlled corporation, Bright Excel Assets Limited, is 100 % beneficially owned by Venturepharm Holdings Inc.

附註3: 受控制法團Bright Excel Assets Limited全部股權由Venturepharm Holdings Inc.實益擁有。

Note 4: Various interests of the Directors pursuant to physically settled equity derivatives are through share options granted.

附註4: 董事於實物結算股本衍生工具項下之多項權益為透過根據股權計劃授出之購股權持有。

3. PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which/who had 5% or more interests in the Shares and the underlying Shares as recorded in the register kept under section 336 of the SFO were as follows:

3. 根據證券及期貨條例第XV部第2及3分部的條文應予披露的擁有權益或淡倉的人士及主要股東

於最後實際可行日期，就本公司任何董事或行政總裁所知或以其他方式所獲悉，下列法團或人士（不包括本公司董事或行政總裁）於本公司股份或相關股份中擁有須根據證券及期貨條例第336條規定備存之登記冊所載5%或以上權益：

APPENDIX--GENERAL INFORMATION

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Name 名稱	Capacity 身份	Number of shares 股份數目	Approximate percentage of interests 權益概約百分比
Winsland Agents Limited (Note 1)	Beneficial owner	348,828,873	35.14
Venturepharm Holdings Inc. (Note 2)	Beneficial owner	149,432,583	15.05
Venturepharm Holdings Inc. (Note 3)	Interests of controlled corporation	91,915,181	9.26
Bright Excel Assets Limited (Note 3)	Beneficial owner	91,915,181	9.26
William Xia GUO (Notes 1, 2, 3, 4)	Beneficial owner and interests of Controlled corporations	712,328,578	71.75
Winsland Agents Limited (附註1)	實益擁有人	348,828,873	35.14
Venturepharm Holdings Inc. (附註2)	實益擁有人	149,432,583	15.05
Venturepharm Holdings Inc. (附註3)	受控制法團權益	91,915,181	9.26
Bright Excel Assets Limited (附註3)	實益擁有人	91,915,181	9.26
William Xia Guo (附註1、2、3、4)	實益擁有人及受控制法團權益	712,328,578	71.75

Note 1: Winsland Agents Limited is 100% directly held by Mr. William Xia GUO. The shares include 77,500,000 shares granted under the 2014 Convertible Notes. Noteholder has converted all Convertible Notes to ordinary share of 77,500,000 shares on 31 December 2016. There will be no Convertible Notes of the Company held by the Noteholder after the Conversion.

附註1: Winsland Agents Limited 由William Xia GUO先生直接持有100%股權。股權包括根據2014可轉換債券所涉及的77,500,000股。於二零一六年十二月三十一日，Winsland Agents Limited將全部可轉換債券轉換成77,500,000股本公司的普通股。可轉換債券的持有人將不再擁有本公司的可轉換債券。

Note 2: Venturepharm Holdings Inc. is 47.63% directly held by Mr. William Xia GUO and 49% held by Mr. William Xia GUO through Winsland Agents Limited, his wholly and beneficially owned company incorporated in the British Virgin Islands.

附註2: Venturepharm Holdings Inc.分別由William Xia GUO先生直接持有47.63%股權，以及由William Xia GUO先生透過 Winsland Agent Limited (於英屬處女群島註冊成立，由郭先生全資實益擁有) 持有49%股權。

Note 3: The controlled corporation, Bright Excel Assets Limited, is 100 % beneficially owned by Venturepharm Holdings Inc.

附註3: 受控制法團 Bright Excel Assets Limited 全部股權由 Venturepharm Holdings Inc.實益擁有。

Note 4: Apart from shares held through Venturepharm Holdings Inc., and Winsland Agents Limited, the interests of 9,150,000 shares which are granted to him under the Share Option Scheme are beneficially owned by Mr. William Xia GUO.

附註4: 除透過Venturepharm Holdings Inc.和Winsland Agents Limited持有之股份外，William Xia GUO先生實益擁有9,150,000股股份權益，是根據購股權計劃授予彼之購股權所涉及9,150,000股股份。

Saved as disclosed above, as at the Latest Practicable Date, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations or persons (other than a Director or the chief executive of the Company) had any interest or short position in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

除上文披露者外，於最後實際可行日期，就本公司任何董事或行政總裁所知，概無其他法團或人士（董事或本公司最高行政人員除外）於本公司股份或相關股份中擁有須根據證券及期貨條例第336條規定備存之登記冊所載之權益或淡倉。

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

4. 董事之服務合約

於最後可行日期，概無董事與本公司或本集團任何其他成員公司訂立或擬訂立任何服務合約（將於一年內屆滿或可於一年內由雇主終止而毋須賠償（法定補償除外）之合約除外）。

APPENDIX--GENERAL INFORMATION

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5. COMPETING BUSINESS INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or Controlling Shareholder or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, save for Mr. William Xia GUO' s interest in the Service Agreement, no contract or arrangement of significance in relation to the Group' s business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

None of the Directors nor expert has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 December 2018, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

8. MISCELLANEOUS

(a) The registered office of the Company is located at Vistra (Cayman) Limited P.O. Box 31119 Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman.

(b) The head office and principal place of business of the Company is Unit B, 19/F, Times Media Centre, 133 Wanchai Road, Wanchai, Hong Kong.

(c) The branch share registrar and transfer office in Hong Kong of the Company is Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen' s Road East, Hong Kong.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

5. 董事於競爭業務之利益

於最後實際可行日期,董事、控股股東或彼等各自之緊密聯繫人概無於任何與本集團的業務構成競爭或可能構成競爭之業務中擁有任何權益,該等人士亦無於本集團擁有或可能擁有任何其他利益衝突。

6. 訴訟

於最後可行日期,本集團任何成員公司概無涉及任何重大訴訟、仲裁或索償,而就董事所知,本集團任何成員公司亦無待決或面臨之重大訴訟或申索。

7. 資產或合約的權益

於最後實際可行日期,除服務協議中郭夏先生之權益外,概無董事直接或間接擁有重大權益並於最後實際可行日期仍然存續且對本公司或其附屬公司為參與方之本集團業務屬重大的任何合約或安排。

自二零一八年十二月三十一日起至最后实际可行日期(包括当日)止期间(即本集團最近公佈的經審核財務報表之編制日期),无任何董事或专家收购、处置或租赁,或拟收购、处置或租赁之任何資產中擁有任何直接或間接權益。

8. 其他事項

(a) 本公司註冊辦事處地址位於Vistra (Cayman) Limited P.O. Box 31119 Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman。

(b) 本公司總部及主要營業地點位於香港灣仔灣仔道133號卓凌中心19樓B室。

(c) 本公司之香港股份過戶登記分處為卓佳標準有限公司,地址為香港皇后大道東183號合和中心54樓。

9. 專家及同意書

於本通函發表意見或建議之專家專業資格如下:

APPENDIX--GENERAL INFORMATION
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Name	名稱
Lego Corporate Finance Limited	力高企業融資有限公司
Qualification	資格
A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO.	根據證券及期貨條例可從事第1類（證券 交易）及、第6類（就機構融資提供意見）等受規管活動之持牌法團
As at the Latest Practicable Date, the expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.	於最後可行日期，上述專家已就本通函之刊發書面同意以本通函刊載之形式及文義引述其名稱及轉載其函件(如本通函所載),且迄今並無撤回同意書。
As at the Latest Practicable Date, the expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which have been, since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made up, acquired, disposed of or leased to any member of the Group, or were proposed to be acquired, disposed of or leased to any member of the Group.	於最後實際可行日期，上述專家概無於本集團任何成員公司持有任何股份，亦無任何權利(無論是否可依法強制執行)認購或提名他人認購本集團任何成員公司之證券。於本集團任何成員公司自二零一八年十二月三十一日(即本集團最近期公佈的經審核財務報表之編製日期)以來所收購、出售或租賃或建議收購、出售或租賃之任何資產中擁有任何直接或間接權益。
10.MATERIAL ADVERSE CHANGE	10.重大不利變動
As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group as at 10, the date to which the latest published audited financial statements of the Group were made up.	董事認為，於最後實際可行日期，於10日(即本集團最近期公佈的經審核財務報表之編製日期)以來，本集團之財務或經營狀況並無任何重大不利變動。
11. DOCUMENTS AVAILABLE FOR INSPECTION	11.備查文件
Copies of the following documents are available for inspection at the registered office of the Company in Hong Kong at Unit B, 19/F, Times Media Centre, 133 Wanchai Road,Wanchai, Hong Kong during normal business hours on any business day from the date of this circular up to and inclusive of not less than 14 days.	下列文件副本可於本通函日期起14日（包括當日）止期間任何營業日之通常辦公時間內，於本公司主要營業地點，香港灣仔灣仔道133號卓凌中心19樓B室可供查閱：
(1)The 2019 Service Agreement;	(1)二零一九年服務協議；
(2)The letter from the board committee;	(2)載於本通函的董事會函件；
(3)The letter from the Independent Financial Adviser;and	(3)載於本通函的獨立財務顧問函件；
(4)The letter of consent from the expert referred to in the paragraph headed "EXPERT AND CONSENT" in this Appendix.	(4)本附錄「專家及同意書」一節所述之每位專家同意書；

NOTICE OF EGM
股東特別大會通告



CHINA HEALTH GROUP INC.

中國醫療集團有限公司

(Carrying on business in Hong Kong as “萬全醫療集團”)
(以「萬全醫療集團」名稱在香港經營業務)

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島注册成立之有限公司)

(Stock Code: 08225)

(股份代號: 08225)

NOTICE OF EGM
股東特別大會通告

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of China Health Group Inc. (the “Company”) will be held at Boda building, 28 Beiqing Road, Life Science Park, Zhongguancun, Changping District, Beijing, China at 10:00 a.m. on 27 December 2019 for the purpose of considering and, if thought fit, passing the following resolutions:

1. “THAT:

a. the Service Agreement is hereby approved;

茲通告中國醫療有限公司（「本公司」）謹訂於二零一九年十二月二十七日（星期五）上午十時正假座北京市昌平區中關村生命科學園北清路28號博達大廈舉行股東特別大會，藉以考慮並酌情通過下列決議案：

1. 「動議：

a. 批准服務協議；

NOTICE OF EGM
股東特別大會通告

b. the proposed annual caps, both annual cap and percentage cap, in relation to the transactions contemplated under the Service Agreement for the period from the date of the extraordinary general meeting and ending 31 December 2021 be and are hereby approved; and

c. any one Director be and is hereby authorised to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give implement and effect to the Service Agreement and the transactions contemplated thereunder." ; and

By order of the Board
China Health Group Inc.
William Xia GUO
Chairman

Hong Kong, on 9 December 2019

Registered office:

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion Hibiscus Way,
802 West Bay Road,
Grand Cayman
KY1 - 1205
Cayman Island

Principal place of business and head office in Hong Kong:

Unit B, 19/F.
Times Media Centre
133 Wanchai Road, Wanchai Hong Kong

b. 批准於股東特別大會之日起至二零二一年十二月三十一日止期間，服務協議項下擬進行之交易之建議年度上限，包括年度金額上限以及年度比例上限；及

c. 謹此授權任何一名董事進行彼等認為必需、適合的一切有關行動及事宜，從而使該服務協議及其項下擬進行的交易實行并生效。

承董事會命
中國醫療集團有限公司
主席
郭夏

香港，二零一九年十二月九日

註冊辦事處:

開曼群島
大開曼島
西灣道802號
芙蓉路 宏閣
郵箱31119
KY1-1205
Vistra (Cayman) Limited

香港主要營業地點及總辦事處:

香港
灣仔灣仔道133號
卓凌中心
19樓B室

NOTICE OF EGM 股東特別大會通告

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his, her or its behalf in accordance with the Articles of Association of the Company. A proxy needs not be a shareholder of the Company.

2. Where there are joint registered holders of any share of the Company, any one of such joint holders may vote, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

3. To be valid, a form of proxy and, if such form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of such power of attorney or authority must be deposited with the Company's Hong Kong branch share Registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or at any adjournment thereof.

4. Shareholders of the Company or their proxies shall produce documents of their proof of identity when attending the meeting.

5. The transfer books and register of members of the Company will be closed from 20 December 2019 to 27 December 2019, both days inclusive, for the purpose of determining Shareholders' entitlements to attend and vote at the EGM. In order to qualify for the right to attend and vote at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar at Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 19 December 2019.

As at the date hereof, the Board comprises two executive directors, being Mr. William Xia GUO and Dr. Maria Xuemei SONG; one non-executive director, being Mr. Michael SU; and three independent non-executive directors, being Mr. Rui QIU, and Dr. Bin Hui NI and Mr. Ling ZHEN.

This circular, for which the directors of the Company (the "Directors") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of securities of the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, conform that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in all material respects and not misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the GEM website with the domain name of www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.chgi.net

附註:

1. 任何有權出席上述通告之大會及於會上投票之本公司股東，均有權根據本公司之細則委派一名或多名代表代其出席大會及投票。受委代表毋須為本公司股東。

2. 倘為任何股份的聯名登記持有人，則其中任何一名持有人均可親身或由受委代表就該等股份於大會上投票，猶如其為唯一有權投票者；惟倘超過一名聯名持有人親身或由受委代表出席大會，則只有於股東名冊內排名首位並出席大會的其中一名聯名持有人方有權就該等股份投票。

3. 代表委任表格須簽署表格之授權書或其他授權文件(如有)或經由公證人簽署證明之相關副本，須於大會指定舉行時間 48 小時前送交本公司之香港股份過戶登記處分處卓佳證券登記有限公司，地址為香港灣仔皇后大道東 183 號合和中心 54 樓，方為有效。

4. 本公司股東或其受委代表出席大會時須出示身份證明文件。

5. 為了確定出席並於上述股東特別大會投票的股東資格，本公司股東名冊及過戶登記冊上記載的資料將於二零一九年十二月二十至二零一九年十二月二十七日(包括首尾兩天)期間暫停過戶及股東登記。為符合出席及投票之資格，所有股份過戶文件同有關股票須於二零一九年十二月十五日下午四點三十分前送達本公司之香港股份過戶登記處分處卓佳證券登記有限公司，地址為香港灣仔皇后大道東 183 號合和中心 54 樓，方為有效。

於本公佈日期，董事會執行董事兩名，分別為郭夏先生(本公司之主席)、宋雪梅博士；非執行董事一名，為蘇毅先生；獨立非執行董事三名，分別為仇銳先生、倪彬暉博士及甄嶺先生。

本通函由各董事共同及個別對此負全責，乃遵照聯交所《創業板證券上市規則》之規定而提供有關本公司之資料。本公司各董事經作出一切合理查詢後，確認就彼等所知並所信：(1) 本公佈所載資料在各重大方面均屬準確及完整，且無誤導成分；(2) 並無遺漏任何其他事實致使本公佈所載任何內容產生誤導；及(3) 本公佈內表達之一切意見乃經審慎周詳之考慮方作出，並以公平合理基準和假設為依據。

本公佈將於創業板網址 www.hkgem.com 之「最新公司公告」網頁登出，由登出日期起計為期七日，並於本公司網址 www.chgi.net 網頁登出。