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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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China Grand Pharmaceutical and Healthcare Holdings Limited

遠大醫藥健康控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00512)

- (1) GENERAL MANDATE TO ISSUE SHARES;
(2) RE-ELECTION OF RETIRING DIRECTORS;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of China Grand Pharmaceutical and Healthcare Holdings Limited to be held at Unit 3302, The Center, 99 Queen's Road Central, Hong Kong on 1 June 2018 at 11:00 a.m. or any adjournment thereof is set out on pages 8 to 10 of this circular.

A form of proxy for use at the annual general meeting of China Grand Pharmaceutical and Healthcare Holdings Limited is enclosed with this circular. Whether or not you are able to attend and vote at such meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon and return the same to China Grand Pharmaceutical and Healthcare Holdings Limited's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the annual general meeting or any adjournment thereof should you so wish.

* For identification purpose only

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DEFINITIONS

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

| | |
|---------------------------|---|
| “Annual General Meeting” | the annual general meeting of the Company to be held at Unit 3302, The Center, 99 Queen’s Road Central, Hong Kong on 1 June 2018 at 11:00 a.m. notice of which is set out on pages 8 to 10 of this circular |
| “associates” | has the same meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | any day on which the Stock Exchange is open for the business of dealing in securities listed thereon |
| “Bye-laws” | the bye-laws of the Company, as amended from time to time |
| “Company” | China Grand Pharmaceutical and Healthcare Holdings Limited, a company incorporated in Bermuda with limited liability and its securities are listed on the Stock Exchange |
| “Companies Act” | the Companies Act 1981 of Bermuda (as amended) |
| “connected person” | has the same meaning ascribed to it under the Listing Rules |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Issue Mandate” | a general and unconditional mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and deal with Shares in the manner as set out in the ordinary resolution number 4 of the notice of Annual General Meeting |
| “Latest Practicable Date” | 19 April 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Notice” | the notice convening the AGM as set out on pages 8 to 10 of this circular |

DEFINITIONS

| | |
|------------------|---|
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | the share(s) of HK\$0.01 each in the capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

The English transliteration of the Chinese name(s) in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

LETTER FROM THE BOARD



China Grand Pharmaceutical and Healthcare Holdings Limited

遠大醫藥健康控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00512)

Executive Directors:

Mr. Liu Chengwei (Chairman)
Mr. Hu Bo (Deputy Chairman)
Dr. Shao Yan (Chief Executive Officer)
Dr. Niu Zhanqi

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

Ms. So Tosi Wan, Winnie
Mr. Lo Kai Lawrence
Dr. Pei Geng

Principal place of business

in Hong Kong:
Unit 3302, The Center
99 Queen's Road Central
Hong Kong

25 April 2018

To the Shareholders

Dear Sir or Madam,

**(1) GENERAL MANDATE TO ISSUE SHARES;
(2) RE-ELECTION OF RETIRING DIRECTORS;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting to be held at Unit 3302, The Center, 99 Queen's Road Central, Hong Kong on 1 June 2018 at 11:00 a.m.. These include resolutions relating to (i) the general mandate for the issue of new Shares; (ii) re-elect the retiring Directors; and (iii) re-appoint the auditors of the Company.

2. GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will be proposed that the Directors be granted a general and unconditional mandate to allot, issue and deal with new Shares up to a maximum of 20 per cent of the issued share capital of the Company as at the date of passing of the relevant resolution.

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LETTER FROM THE BOARD

As at the Latest Practicable Date, there was a total of 2,306,984,531 Shares in issue. Subject to the passing of the resolution granting the Issue Mandate and on the basis that no further Shares are issued before the Annual General Meeting, the Company will be allowed to issue a maximum of 461,396,906 Shares.

3. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to bye-law 87(1), one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company and shall then be eligible to offer themselves for re-election. Mr Liu Chengwei, Mr. Hu Bo and Mr. Lo Kai Lawrence will retire and, being eligible, offer themselves for re-election at the Annual General Meeting.

Pursuant to the code provisions as set out in the Appendix 14 Corporate Governance Code and Corporate Governance Report to the Listing Rules, the further appointment of an independent non-executive director who has served more than 9 years should be subject to a separate resolution to be approved by the Shareholders. Mr. Lo Kai Lawrence has served the Company for more than 9 years. The reasons why the Board believes Mr. Lo Kai Lawrence is still independent and should be reelected are set out as below.

Details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting are as follows:

Mr. Liu Chengwei, aged 44, was appointed as executive director of the Company in July 2008. Mr. Liu is the Chairman of the Company and is a director of Grand Pharm (China) Limited and Xi'an Beilin Pharmaceutical Company Limited# (西安碑林藥業股份有限公司), which both are subsidiaries of the Company. Mr. Liu has over 10 years of financial and management experience in the PRC. Mr. Liu is also a director of the China Grand Enterprise Incorporation ("**China Grand**") (a substantial shareholder of the Company, holds interests of 1,504,304,515 Shares as at the Latest Practicable Date) and a supervisor of Huadong Medicine Company Limited, ("**Huadong Medicine**"), which is listed on the Shenzhen Stock Exchange (stock code: 000963). Huadong Medicine is owned as to approximately 41.77% by China Grand as at the Latest Practicable Date, and is therefore a connected person (as defined in the Listing Rules) of the Company. Mr. Liu worked for General Electric Company's China subsidiaries for 5 years before joining China Grand in 2001. Mr. Liu holds a bachelor degree in International Economics from Peking University and a master degree in Business Administration from China Europe International Business School.

Mr. Liu is appointed for a term of one year and is renewable automatically for successive terms of one year after the expiry of the term of appointment, unless terminated by not less than three months' notice in writing served by either party and is subject to retirement by rotation and re-election in accordance with the Bye-laws. Mr. Liu will be entitled to receive HK\$50,000 per annum as director's remuneration which is determined by reference to his duties and responsibilities within the Company, the Company's remuneration policy and the market salary range for the position.

LETTER FROM THE BOARD

Saved as disclosed above, as at the Latest Practicable Date (i) Mr. Liu did not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company; (ii) he did not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO; (iii) he did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iv) he did not hold other positions with the Company and its subsidiaries.

Saved as disclosed above, there is no information in relation to Mr. Liu's re-election that is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of holders of securities of the Company.

Mr. Hu Bo, aged 33, was appointed as executive director of the Company in July 2008. Mr. Hu has over 10 years of experience in network project management and property management. Mr. Hu is currently the senior business director of a real estate company in the PRC. Mr. Hu holds a bachelor degree in Applied Science & Engineering, Electrical Engineering from University of Toronto and a master degree in Business Administration from New York Institute of Technology. Mr. Hu is a nephew of Mr. Hu Kaijun, who controls and ultimately and beneficially owns the China Grand and his spouse Ms. Chau Tung owns 41,020,000 Shares.

Mr. Hu is appointed for a term of one year and is renewable automatically for successive terms of one year after the expiry of the term of appointment, unless terminated by not less than three months' notice in writing served by either party and is subject to retirement by rotation and re-election in accordance with the Bye-laws. Mr. Hu will be entitled to receive HK\$50,000 per annum as director's remuneration which is determined by reference to his duties and responsibilities within the Company, the Company's remuneration policy and the market salary range for the position.

Saved as disclosed above, as at the Latest Practicable Date (i) Mr. Hu did not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company; (ii) he did not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO; (iii) he did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iv) he did not hold other positions with the Company and its subsidiaries.

Saved as disclosed above, there is no information in relation to Mr. Hu's re-election that is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of holders of securities of the Company.

Mr. Lo Kai, Lawrence, aged 61, was appointed as independent non-executive director of the Company in June 2008. Mr. Lo has over 25 years of experience in wealth and asset management business. Currently, he is currently senior group managing director of Manson Group Holdings Limited (stock code: 00273) and is responsible for wealth and asset management activities. Prior to that, Mr. Lo worked in various companies including UBP Asia Limited, BSI-Generali Asia, BNP Paribas Asset Management Asia and Banque Paribas and was responsible for wealth management and asset management activities. Mr. Lo holds a Master of Science degree in Economics at London School of Economics and Political Science.

LETTER FROM THE BOARD

Mr. Lo is appointed for a term of one year and is renewable automatically for successive terms of one year after the expiry of the term of appointment, unless terminated by not less than three months' notice in writing served by either party and is subject to retirement by rotation and re-election in accordance with the Bye-laws. Mr. Lo will be entitled to receive HK\$60,000 per annum as director's remuneration which is determined by reference to his duties and responsibilities within the Company, the Company's remuneration policy and the market salary range for the position.

Saved as disclosed above, as at the Latest Practicable Date (i) Mr. Lo did not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company; (ii) he did not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO; (iii) he did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iv) he did not hold other positions with the Company and its subsidiaries.

Mr. Lo met the independence guidelines as set out in Rule 3.13 of the Listing Rules and the Company has received his annual written independence confirmation and considered him to be independent. Mr. Lo has served on the Board as independent non-executive director for more than 9 years. In view of Mr. Lo's extensive experience in the commercial field, the Board believes that he is capable to provide constructive contributions and objective view to the Board. Therefore, the Board considers Mr. Lo is still independent and should be re-elected.

Saved as disclosed above, there is no information in relation to Mr. Lo's re-election that is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of holders of securities of the Company.

4. ANNUAL GENERAL MEETING

A notice of the Annual General Meeting is set out on pages 8 to 10 of this circular. At the Annual General Meeting, in addition to the ordinary business of the meeting, resolutions will be proposed to approve (i) the general mandate for the issue of new Shares; (ii) re-election of retiring Directors; and (iii) re-appoint the auditors of the Company.

A form of proxy for use at the Annual General Meeting is enclosed herewith. Whether or not you are able to attend and vote at the Annual General Meeting, please complete the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish and in such case the proxy form shall be deemed to be revoked.

LETTER FROM THE BOARD

5. POLL VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39 of the Listing Rules, all votes of Shareholders at a general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote at the Annual General Meeting pursuant to Bye-laws 66(1)(a). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder will be required to abstain from voting on any resolutions to be approved at the AGM.

6. RESPONSIBILITY STATEMENT

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

7. RECOMMENDATION

The Directors are of the opinion that the proposed grant of the Issue Mandate, the proposed re-election of retiring Directors and the proposed re-appointment of the auditors of the Company are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of Annual General Meeting.

8. MISCELLANEOUS

The English text of this circular and the accompanying proxy form shall prevail over the Chinese text in case of inconsistency.

Yours faithfully,
By order of the Board of
China Grand Pharmaceutical and Healthcare Holdings Limited
Liu Chengwei
Chairman

NOTICE OF ANNUAL GENERAL MEETING



China Grand Pharmaceutical and Healthcare Holdings Limited

遠大醫藥健康控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00512)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of China Grand Pharmaceutical and Healthcare Holdings Limited (the “**Company**”) will be held at Unit 3302, The Center, 99 Queen’s Road Central, Hong Kong on 1 June 2018 at 11:00 a.m. for the following purposes:

1. To adopt the audited financial statements together with the report of the directors and the report of the auditors for the year ended 31 December 2017.
2.
 - (a) To re-elect Mr. Liu Chengwei as an executive Director;
 - (b) To re-elect Mr. Hu Bo as an executive Director;
 - (c) To re-elect and retain Mr. Lo Kai Lawrence as an independent non-executive Director, who has served more than 9 years in the Company; and
 - (d) To authorise the board of Directors to fix their remuneration.
3. To re-appoint HLB Hodgson Impey Cheng Limited as auditors to hold office until the conclusion of the next annual general meeting and to authorise the board of Directors to fix their remuneration.

ORDINARY RESOLUTIONS

As special business to consider and, if thought fit, pass the following resolutions as ordinary resolutions, with or without modification:

4. **“THAT:**
 - (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

(ii) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in sub-paragraph (i) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares; (c) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company from time to time; or (d) an issue of shares under any option scheme or similar arrangement for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares, shall not exceed 20% of the aggregate of the nominal amount of the issued share capital of the Company at the date of passing of this resolution, and the said approval shall be limited accordingly; and

(iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; or
- (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

Yours faithfully,

By order of the Board of

China Grand Pharmaceutical and Healthcare Holdings Limited

Liu Chengwei

Chairman

Hong Kong, 25 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. The register of members will be closed from Tuesday, 29 May 2018 to Friday, 1 June 2018 both days inclusive, during which period no transfer of shares can be registered. In order to qualify to attend the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 28 May 2018.
3. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Where there are joint holders of a share of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, that one of such holders so presents whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Annual General Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In relation to proposed resolution no. 2 above, Mr. Liu Chengwei, Mr. Hu Bo and Mr. Lo Kai Lawrence will retire from their offices of Director at the Annual General Meeting and, being eligible, offer themselves for re-election.