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Bloomage BioTechnology Corporation Limited

華熙生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00963)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF THE 2016 PROPERTY LEASING AGREEMENT**

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF THE 2016 PROPERTY LEASING AGREEMENT

Reference is made to the announcements of the Company dated 18 January 2013 and 4 January 2016 in relation to, among other things, the 2016 Property Leasing Agreement.

Pursuant to the 2016 Property Leasing Agreement, Bloomage Hyinc, an indirect wholly owned subsidiary of the Company, agreed to renew the 2013 Property Leasing Agreement and to lease from Bloomage Property the Property as office for a term from 1 January 2016 to 31 December 2016.

The Board announces that on 30 December 2016 (after trading hours of the Stock Exchange), Bloomage Hyinc and Bloomage Property entered into the Renewed 2016 Property Leasing Agreement for renewal of the 2016 Property Leasing Agreement. Pursuant to the Renewed 2016 Property Leasing Agreement, Bloomage Hyinc agreed to renew the 2016 Property Leasing Agreement and to lease from Bloomage Property the Property as office for a term from 1 January 2017 to 31 December 2017.

LISTING RULES IMPLICATIONS

Bloomage Property is ultimately owned as to 100% by Ms. Zhao, the chairman, controlling shareholder, and an executive Director of the Company. As such, Bloomage Property is a connected person of the Company. Accordingly, the Renewed 2016 Property Leasing Agreement and the transactions contemplated thereunder constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios for the transactions contemplated under the Renewed 2016 Property Leasing Agreement are less than 5%, the transactions contemplated under the Renewed 2016 Property Leasing Agreement is subject to the reporting, annual review and announcement requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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The Board announces that on 30 December 2016 (after trading hours of the Stock Exchange), Bloomage Hyinc and Bloomage Property entered into the Renewed 2016 Property Leasing Agreement for renewal of the 2016 Property Leasing Agreement.

Details of the Renewed 2016 Property Leasing Agreement are set out below:

Date

30 December 2016 (after trading hours of the Stock Exchange)

Parties

- (i) Bloomage Hyinc, an indirect wholly-owned subsidiary of the Company (as lessee); and
- (ii) Bloomage Property (as lessor).

Subject Matter

Pursuant to the Renewed 2016 Property Leasing Agreement, Bloomage Hyinc agreed to renew the 2016 Property Leasing Agreement and to lease from Bloomage Property the Property as office with a gross area of approximately 1,371.11 square meters at a monthly rent of RMB562,155.10 (being RMB410 per square metre), payable by Bloomage Hyinc on the 25th to 28th day of each calendar month during the term of the Renewed 2016 Property Leasing Agreement. Bloomage Hyinc shall also pay related monthly management fees at the monthly rate of RMB45,246.63 (being RMB33 per square metre) to the designated property management company, an independent third party.

The warranty money paid by Bloomage Hyinc to Bloomage Property pursuant to the 2016 Property Leasing Agreement shall be fully refunded without interest to Bloomage Hyinc within thirty (30) days from the expiry of the term of the Renewed 2016 Property Leasing Agreement.

Term

The Renewed 2016 Property Leasing Agreement has a fixed term from 1 January 2017 to 31 December 2017 (both days inclusive).

Historical transaction amount and annual cap

The historical figures for the rent payable by Bloomage Hyinc under the 2013 Property Leasing Agreement and the 2016 Property Leasing Agreement are set out as follows:

Period	Historical transaction amount
Year ended 31 December 2013	RMB 6,252,261.60
Year ended 31 December 2014	RMB 6,252,261.60
Year ended 31 December 2015	RMB 6,252,261.60
Year ended 31 December 2016	RMB 6,745,861.20

The annual cap for the rent payable by Bloomage Hyinc under the Renewed 2016 Property Leasing Agreement for the period from 1 January 2017 to 31 December 2017 (both days inclusive) shall be RMB6,745,861.20, taking into account the monthly rent under the Renewed 2016 Property Leasing Agreement.

Basis of annual cap

The rent payable by Bloomage Hyinc in respect of the leasing of the Property contemplated under the Renewed 2016 Property Leasing Agreement was determined by Bloomage Hyinc and Bloomage Property after arm's length negotiations with reference to the prevailing market rates for comparable properties in the relevant neighborhood.

Reasons for and benefits of the Renewed 2016 Property Leasing Agreement

The Group has been leasing the Property from Bloomage Property as office under the 2013 Property Leasing Agreement and the 2016 Property Leasing Agreement. Due to the expiry of the lease under the 2016 Property Leasing Agreement on 31 December 2016, the Group entered into the Renewed 2016 Property Leasing Agreement to renew the lease for the Property for a term from 1 January 2017 to 31 December 2017. The Directors are of the view that the renewal of the lease of the Property under the Renewed 2016 Property Leasing Agreement will help the Group to maintain stability of its operations and it is in the interests of the Group in terms of cost and time to enter into the Renewed 2016 Property Leasing Agreement instead of finding and relocating to a new premises.

The Directors (including independent non-executive Directors) are of the view that the Renewed 2016 Property Leasing Agreement was entered into on normal commercial terms in the ordinary and usual course of business of the Group, and the Renewed 2016 Property Leasing Agreement and the transactions contemplated thereunder (including the annual cap) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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As all the applicable percentage ratios for the transactions contemplated under the Renewed 2016 Property Leasing Agreement are less than 5%, the transactions contemplated under the Renewed 2016 Property Leasing Agreement is subject to the reporting, annual review and announcement requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

To the best knowledge, information and belief of the Company having made all reasonable enquiries, as at the date of this announcement, none of the Directors, save for Ms. Zhao, have any material interests in the Renewed 2016 Property Leasing Agreement and transactions contemplated thereunder. As such, no Director, save for Ms. Zhao, is required to abstain from voting on the relevant board resolutions to approve the Renewed 2016 Property Leasing Agreement.

INTERNAL CONTROL FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel and management of the Group will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable. The independent non-executive Directors would continue to review the transactions contemplated under the relevant continuing connected transaction and its auditors would also conduct an annual review on the pricing terms and annual cap thereof. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the relevant continuing connected transaction have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the development, manufacture and sale of a diversified range of hyaluronic acid raw materials and end products. Bloomage Hyinc is a company established in the PRC with limited liability and is principally engaged in the sale of diversified medical devices. As at the date of this announcement, Bloomage Hyinc is an indirect wholly-owned subsidiary of the Company.

INFORMATION OF BLOOMAGE PROPERTY

Bloomage Property is a company established in the PRC with limited liability and is principally engaged in leasing and sale of properties, property management and public parking services. As at the date of this announcement, Bloomage Property is ultimately owned as to 100% by Ms. Zhao.

DEFINITIONS

Unless otherwise stated, capitalised terms in this announcement shall have the following meanings:

“2013 Property Leasing Agreement”	the leasing agreement dated 18 January 2013 and entered into between Bloomage Hyinc and Bloomage Property regarding the leasing of the Property for a term from 1 January 2013 to 31 December 2015;
“2016 Property Leasing Agreement”	the leasing agreement dated 4 January 2016 and entered into between Bloomage Hyinc and Bloomage Property regarding the leasing of the Property for a term from 1 January 2016 to 31 December 2016;
“Bloomage Hyinc”	Beijing Bloomage Hyinc Technology Company Limited (北京華熙海御科技有限公司) (formerly known as 北京華熙海御健康科技有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Bloomage Property”	Beijing Bloomage Central Property Management Co., Ltd. (北京華熙中環物業管理有限公司), a company established in the PRC and ultimately owned as to 100% by Ms. Zhao;

“Board”	board of Directors;
“Company”	Bloomage BioTechnology Corporation Limited (華熙生物科技有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the same meaning as ascribed to this term under the Listing Rules;
“controlling shareholder(s)”	has the same meaning as ascribed to this term under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Ms. Zhao”	Ms. Zhao Yan (趙燕), a controlling shareholder of the Company, the chairman of the Company and an executive Director;
“percentage ratios”	has the same meaning as ascribed to this term under the Listing Rules;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);
“Property”	the premises located at 23/F, Block D, Central International Trade Centre, Chaoyang District, Beijing, the PRC (北京市朝陽區中環世貿中心D座23層);
“Renewed 2016 Property Leasing Agreement”	the leasing agreement dated 30 December 2016 and entered into between Bloomage Hyinc and Bloomage Property regarding the leasing of the Property for a term from 1 January 2017 to 31 December 2017;

“RMB” Renminbi, the lawful currency of the PRC;
“Stock Exchange” The Stock Exchange of Hong Kong Limited; and
“%” per cent.

In this announcement, the English names of the PRC entities or enterprises are translation of their Chinese names solely for the purpose of illustration. In the event of any inconsistency, the Chinese names shall prevail.

By order of the Board
Bloomage BioTechnology Corporation Limited
Zhao Yan
Chairman

Hong Kong, 30 December 2016

As at the date of this announcement, the executive directors are Ms. Zhao Yan, Mr. Jin Xuekun, Mr. Gong Anmin and Ms. Wang Aihua; the non-executive director is Mr. Yau Wai Yan; the independent non-executive directors are Ms. Zhan Lili, Mr. Li Junhong and Mr. Xue Zhaofeng.