

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Offeror or the Company nor is it a solicitation of any vote or approval in any jurisdiction.



Grand Full Development Limited

(創隆發展有限公司)

*(Incorporated in Hong Kong with
limited liability)*

Bloomage BioTechnology

Corporation Limited

華熙生物科技股份有限公司

*(Incorporated in the Cayman Islands
with limited liability)
(Stock Code: 00963)*

JOINT ANNOUNCEMENT

**(1) PROPOSAL FOR THE PRIVATISATION OF
BLOOMAGE BIOTECHNOLOGY CORPORATION LIMITED
BY THE OFFEROR**

**BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)**

(2) PROPOSED WITHDRAWAL OF LISTING

(3) RESUMPTION OF TRADING IN THE SHARES

AND

(4) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

Financial Adviser to the Offeror



華泰金融控股(香港)有限公司

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

THE PROPOSAL

The respective directors of the Offeror and the Company jointly announce that on 15 June 2017, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law.

The Scheme will provide that the Scheme Shares will be cancelled in exchange for HK\$16.30 in cash for each Scheme Share and that upon such cancellation the issued share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. Under the Scheme, the total consideration payable for cancellation of the Scheme Shares will be payable by the Offeror.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The Cancellation Price represents:

- a premium of approximately 13.99% over the closing price of HK\$14.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 23.39% over the average closing price of approximately HK\$13.21 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 24.43% over the average closing price of approximately HK\$13.10 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 30.30% over the average closing price of approximately HK\$12.51 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 35.16% over the average closing price of approximately HK\$12.06 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day; and

- a premium of approximately 233.33% over the audited consolidated net asset value per Share of approximately HK\$4.89 as at 31 December 2016.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Scheme becoming effective. Further, as part of the Proposal, and upon the Scheme having become effective, (1) Ms. Zhao will surrender the Zhao Shares for cancellation and the Company will allot and issue to the Offeror such number of new Shares as is equal to the number of the Zhao Shares cancelled, and (2) the Option Agreement shall terminate pursuant to the terms of the Termination Agreement and the Termination Fee shall be payable by AIM First to Wealthy Delight as compensation.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

The implementation of the Proposal and the Scheme will be conditional upon the fulfilment or waiver, as applicable, of all the Conditions as described in the paragraph headed “Conditions of the Proposal and the Scheme” below. All of the Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the Proposal and the Scheme will lapse.

SHAREHOLDING STRUCTURE AND THE SCHEME SHARES

As at the date of this joint announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares, and the Company has 364,831,334 Shares in issue.

As at the date of this joint announcement, the Offeror does not hold any Shares, the Offeror Concert Parties held in aggregate 183,720,000 Shares, representing approximately 50.36% of the issued share capital of the Company. The Shares held by the Offeror Concert Parties will not form part of the Scheme Shares. Accordingly, the Scheme Shares comprise 181,111,334 Shares, representing approximately 49.64% of the issued share capital of the Company. The Offeror Concert Parties will abstain from voting on the Scheme at the Court Meeting.

THE OPTION OFFER

As at the date of this joint announcement, there are 14,811,200 outstanding Share Options granted under the Share Option Scheme, each relating to one Share. Among the said Share Options, outstanding Share Options with respect to 12,478,900 new Shares have already vested as at the date of this joint announcement, outstanding Share Options with respect to 672,300 new Shares

are expected to vest on 30 October 2017 and outstanding Share Options with respect to 1,660,000 new Shares are expected to vest on 23 December 2017. Mr. Jin, an executive Director, has given the Mr. Jin Undertaking to the Offeror and the Company that he will not exercise any of the Jin Share Options from the date of the Mr. Jin Undertaking to the date on which the Proposal is completed or (as the case may be) to such time it is determined that the Proposal will not proceed, and that he will accept the Option Offer in respect of the Jin Share Options.

The exercise of the said outstanding Share Options granted under the Share Option Scheme (other than the Jin Share Options) in full would result in the issue of 7,861,200 new Shares, representing approximately 2.15% of the issued share capital of the Company as at the date of this joint announcement and approximately 2.11% of the issued share capital of the Company as enlarged by the issue of such new Shares.

As at the date of this joint announcement, none of the Offeror and the Offeror Concert Parties holds any Share Option.

As at the date of this joint announcement, the Company has 5,482,000 outstanding Share Options with an exercise price of HK\$4.422 per Share and 9,329,200 outstanding Share Options with an exercise price of HK\$16.652 per Share. The Offeror will make (or procure to be made on its behalf) an appropriate offer to the Optionholders to cancel every Share Option, vested and unvested, in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. The Option Offer will be calculated on a “see-through” basis, pursuant to which each Optionholder will be entitled to receive a sum for each Share Option equivalent to the amount calculated by deducting the exercise price per Share payable on exercise of the relevant Share Option from the Cancellation Price per Scheme Share under the Scheme.

IRREVOCABLE UNDERTAKINGS

The Ora Investment Undertaking

As at the date of this joint announcement, Ora Investment is the holder of 16,145,834 Shares and the Convertible Bonds. On 17 June 2017, Ora Investment executed the Ora Investment Undertaking in favour of the Offeror and the Company pursuant to which Ora Investment irrevocably undertook to the Offeror and the Company that from the date of the Ora Investment Undertaking to the date

on which the Proposal is completed or (as the case may be) to such time it is determined that the Proposal will not proceed, it will:

1. not exercise the rights attaching to any of the Convertible Bonds held by it to convert any of the Convertible Bonds into Shares;
2. not sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the Convertible Bonds or any interest therein; and
3. not accept, or give any undertaking (whether conditional or unconditional) to accept, or otherwise agree to, any offer made or proposed to be made in respect of the Convertible Bonds by the Offeror or any other person or otherwise make any of the Convertible Bonds available for acceptance.

As such, no offer will be made for the Convertible Bonds. No consideration or other benefit or any agreement, arrangement or understanding in respect thereof was or will be given to Ora Investment.

Neither the Offeror nor any of the Offeror Concert Parties are connected with Ora Investment or GIC.

The Mr. Jin Undertaking

As at the date of this joint announcement, Mr. Jin is the holder of the Jin Share Options and Wealthy Delight is the holder of the Warrants. On 16 June 2017, Mr. Jin and Wealthy Delight executed the Mr. Jin Undertaking in favour of the Offeror and the Company pursuant to which Mr. Jin (in the case of the Jin Share Options) and Wealthy Delight (in the case of the Warrants) irrevocably undertook to the Offeror and the Company that from the date of the Mr. Jin Undertaking to the date on which the Proposal is completed or (as the case may be) to such time it is determined that the Proposal will not proceed, he or it will:

1. not exercise the rights attaching to any of the Jin Share Options to subscribe for Shares;
2. not sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the Jin Share Options or any interest therein;
3. accept the Option Offer in respect of all of the Jin Share Options;

4. not exercise the rights attaching to any of the Warrants to subscribe for Shares;
5. not sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the Warrants or any interest therein;
6. not tender any or all of the Warrants to the Offeror during the offer period and will not accept the offer to cancel any Warrant even if such offer is made to it or otherwise make any of the Warrants available for acceptance; and
7. surrender and cancel the Warrants upon the Scheme becoming unconditional.

As the Warrants exercise price is higher than the Cancellation Price, no compensation or any agreement, arrangement or understanding in respect thereof will be payable to Wealthy Delight. As such, no offer will be made for the Warrants.

Mr. Jin and Ms. Zhao are Directors and business partners of companies which are outside the Group. Save as aforesaid, there is no relationship (including financial, business, family or other relationship(s)) between them.

No agreement, arrangement or understanding has been entered into or discussed with Directors as to whether they would remain as directors of the Board upon the Scheme being effective.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

On the basis of the Cancellation Price of HK\$16.30 per Scheme Share and 181,111,334 Scheme Shares in issue as at the date of this joint announcement, the Scheme Shares are in aggregate valued at approximately HK\$2,952.11 million. As at the date of this joint announcement, the Share Options, the Convertible Bonds and the Warrants are outstanding. Except for the outstanding Share Options, the Convertible Bonds and the Warrants, there are no other outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

Assuming that all Optionholders (other than Mr. Jin) exercise their outstanding Share Options to become Scheme Shareholders before the Record Date, the amount of cash required for the Scheme is approximately HK\$3,080.25 million and the amount of cash required for the Option Offer (in respect of the Jin Share Options only) is approximately HK\$3.68 million.

Assuming that none of the outstanding Share Options is exercised or lapses before the Record Date, the amount of cash required for the Scheme is approximately HK\$2,952.11 million and the amount of cash required for the Option Offer (in respect of all the outstanding Share Options including the Jin Share Options) is approximately HK\$65.12 million.

The maximum amount of cash required for the Scheme and the Option Offer on the basis described above would be approximately HK\$3,083.93 million. The Offeror intends to finance the cash required for the Scheme and the Option Offer from available loan facilities. Huatai Financial, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Scheme and the Option Offer.

Under the Scheme, the share capital of the Company will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares, and forthwith upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance to the Offeror at par of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

As at the date of this joint announcement, the Offeror does not own any Shares, but the Offeror Concert Parties hold Shares representing, in aggregate, approximately 50.36% of the issued Shares. Upon the Scheme having become effective, Ms. Zhao will surrender the Zhao Shares for cancellation and the Company will allot and issue to the Offeror such number of new Shares as is equal to the number of the Zhao Shares cancelled. Assuming no Share Options will be exercised before the Record Date, upon the Scheme having become effective, the Offeror will hold approximately 49.97% of the issued share capital of the Company, the Offeror Concert Parties will hold an aggregate of approximately 50.03% of the issued share capital of the Company, and accordingly the entire issued share capital of the Company will be held by the Offeror and the Offeror Concert Parties.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises the non-executive Director, namely Mr. Yau Wai Yan and the independent non-executive Directors, namely Ms. Zhan Lili, Mr. Li Junhong and Mr. Xue Zhaofeng, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting and to the Optionholders as to its views on acceptance of the Option Offer.

Ms. Zhao has a material interest in the Proposal and the Scheme and has not participated in any vote of the Board in relation to the Proposal and the Scheme. The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. A further announcement will be made by the Company after such appointment in accordance with the requirements of the Takeovers Code.

DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, inter alia, further details of the Proposal, the Scheme and the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Law and the rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer and the letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable regulations. A letter to the Optionholders will be despatched as far as practicable contemporaneously with the despatch of the Scheme Document.

WITHDRAWAL OF LISTING OF SHARES

As part of the Proposal and upon the Scheme becoming effective, it is anticipated that listing of the Shares on the Stock Exchange will be withdrawn. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Scheme becoming effective.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Scheme and the Proposal (nor any person who is subsequently acting in concert with it) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

TRADING HALT AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 1:00 p.m. on 15 June 2017 (Hong Kong time), pending the issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 20 June 2017 (Hong Kong time).

Shareholders and potential investors should exercise caution when dealing in the Shares and any options or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

WARNINGS

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal, the Scheme or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal and the Scheme will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal and the Scheme, including details of how to vote in favour of the Proposal and the Scheme. Any acceptance or other response to the Proposal and the Scheme should be made only on the basis of information in the Scheme Document or any other document by which the Proposal and the Scheme is made.

The availability of the Proposal and the Scheme to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Scheme Shareholders and Optionholders will be contained in the Scheme Document.

INTRODUCTION

On 15 June 2017, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange. The expected withdrawal of the listing of the Shares on the Stock Exchange is expected to take place immediately following the effective date of the Scheme.

If the Proposal is approved and implemented, under the Scheme, the share capital of the Company will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares and the Zhao Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled plus the number of the Zhao Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new

Shares so issued, credited as fully paid, to the Offeror. As part of the Proposal, and upon the Scheme having become effective, the Option Agreement shall also terminate pursuant to the terms of the Termination Agreement and the Termination Fee shall be payable by AIM First to Wealthy Delight.

The Offeror will also make (or procure to be made on its behalf) an appropriate offer to the Optionholders to cancel all outstanding Share Options, vested and unvested, in exchange for cash in accordance with Rule 13 of the Takeovers Code.

TERMS OF THE PROPOSAL AND THE OPTION OFFER

The Scheme

The Scheme will provide that the Scheme Shares will be cancelled and, in consideration thereof, each Scheme Shareholder will be entitled to receive HK\$16.30 in cash for each Scheme Share so cancelled.

Under the Scheme, the total consideration payable for the Scheme Shares will be payable by the Offeror.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The Cancellation Price of HK\$16.30 per Scheme Share represents:

- a premium of approximately 13.99% over the closing price of HK\$14.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 23.39% over the average closing price of approximately HK\$13.21 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 24.43% over the average closing price of approximately HK\$13.10 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 30.30% over the average closing price of approximately HK\$12.51 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;

- a premium of approximately 35.16% over the average closing price of approximately HK\$12.06 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day; and
- a premium of approximately 233.33% over the audited consolidated net asset value per Share of approximately HK\$4.89 as at 31 December 2016.

The Cancellation Price has been determined on a commercial basis after taking into account the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

The Zhao Shares

Ms. Zhao is the beneficial owner of the Zhao Shares as at the date of this joint announcement. Upon the Scheme having become effective, Ms. Zhao will surrender the Zhao Shares for cancellation and the Company will allot and issue to the Offeror such number of new Shares as is equal to the number of the Zhao Shares cancelled.

The Termination

On 22 May 2014, in order to incentivize Mr. Jin and encourage him to stay with the Company for a longer period and for Mr. Jin's continuous contribution to the Group, AIM First, Ms. Zhao (as warrantor for AIM First), Wealthy Delight and Mr. Jin (as warrantor for Wealthy Delight) entered into the Option Agreement pursuant to which, (i) AIM First granted a call option (the "**AIM First Call Option**") to Wealthy Delight exercisable from the date of the Option Agreement until 22 May 2019 (both days inclusive) to require AIM First to transfer an aggregate of 9,960,000 Shares, representing approximately 2.73% of the issued share capital of the Company as at the date of this joint announcement (subject to adjustment upon any consolidation or subdivision of Shares during the term of the Option Agreement) (the "**Option Shares**") or any part thereof held by AIM First to Wealthy Delight at HK\$5.8 per Share (subject to adjustment); and (ii) Wealthy Delight granted a call option to AIM First exercisable during the period commencing the date of completion of the transfer of the Option Shares until 22 May 2019 (both days inclusive) to require Wealthy Delight to transfer the Option Shares or any part thereof held by Wealthy Delight to AIM First at HK\$5.8 per Share (subject to adjustment upon any consolidation or subdivision of Shares during the term of the Option Agreement) on the condition that AIM First Call Option has been exercised by Wealthy Delight and Mr. Jin resigns as the chief executive officer of the Company due to personal reason(s). No other consideration was payable by either AIM First or Wealthy Delight pursuant to the Option Agreement. For details of the AIM First Call Option, please refer to the announcement of the Company dated 22 May 2014.

The AIM First Call Option has not been exercised by Wealthy Delight and on 16 June 2017, AIM First, Ms. Zhao (as warrantor for AIM First), Wealthy Delight and Mr. Jin (as warrantor for Wealthy Delight) entered into the Termination Agreement. Pursuant to the Termination Agreement, subject to and upon the Scheme having become effective, the Option Agreement shall terminate and the Termination Fee of HK\$104.58 million shall be payable by AIM First to Wealthy Delight as compensation upon the Scheme becoming effective. The Termination Fee has been calculated on a “see-through” basis, pursuant to which Wealthy Delight will be entitled to receive a sum for each Option Share equivalent to the amount calculated by deducting the transfer price of HK\$5.8 per Share from the Cancellation Price per Scheme Share under the Scheme.

The Option Offer

As at the date of this joint announcement, there are 14,811,200 outstanding Share Options granted under the Share Option Scheme, each relating to one Share. Among the said Share Options, outstanding Share Options with respect to 12,478,900 new Shares have already vested as at the date of this joint announcement, outstanding Share Options with respect to 672,300 new Shares are expected to vest on 30 October 2017 and outstanding Share Options with respect to 1,660,000 new Shares are expected to vest on 23 December 2017.

Mr. Jin, an executive Director, has given the Mr. Jin Undertaking to the Offeror and the Company that he will not exercise any of the Jin Share Options from the date of the Mr. Jin Undertaking to the date on which the Proposal is completed or (as the case may be) to such time it is determined that the Proposal will not proceed, and that he will accept the Option Offer in respect of all of the Jin Share Options.

The exercise of the said outstanding Share Options granted under the Share Option Scheme (other than the Jin Share Options) in full would result in the issue of 7,861,200 new Shares, representing approximately 2.15% of the issued share capital of the Company as at the date of this joint announcement and approximately 2.11% of the issued share capital of the Company as enlarged by the issue of such new Shares.

As at the date of this joint announcement, none of the Offeror and the Offeror Concert Parties holds any Share Option.

The Offeror will make (or procure to be made on its behalf) an appropriate offer to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share Options, vested and unvested, in exchange for cash. The Option Offer will be conditional upon the Scheme becoming effective.

The Option Offer will be calculated on a “see-through” basis, pursuant to which each Optionholder will be entitled to receive a sum for each Share Option equivalent to the amount calculated by deducting the exercise price per Share payable on exercise of the relevant Share Option from the Cancellation Price per Scheme Share under the Scheme.

As at the date of this joint announcement, the Company has 5,482,000 outstanding Share Options with an exercise price of HK\$4.422 per Share and 9,329,200 outstanding Share Options with an exercise price of HK\$16.652 per Share. The Offeror will make (or procure to be made on its behalf) an appropriate offer to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share Options in exchange for cash being an amount equal to HK\$11.878 for each outstanding Share Option with an exercise price of HK\$4.422 per Share and HK\$0.00001 for each outstanding Share Option with an exercise price of HK\$16.652 per Share.

Further information on the Option Offer will be set out in a letter to the Optionholders which will be despatched as far as practicable contemporaneously with the despatch of the Scheme Document.

In the event that any of the outstanding Share Options are exercised on or prior to the Record Date in accordance with the relevant provisions of the Share Option Scheme, any Shares issued as a result of the exercise of such outstanding Share Options will be subject to and eligible to participate in the Scheme.

IRREVOCABLE UNDERTAKINGS

The Ora Investment Undertaking

As at the date of this joint announcement, Ora Investment is the holder of 16,145,834 Shares and the Convertible Bonds. On 17 June 2017, Ora Investment executed the Ora Investment Undertaking in favour of the Offeror and the Company pursuant to which Ora Investment irrevocably undertook to the Offeror and the Company that from the date of the Ora Investment Undertaking to the date on which the Proposal is completed or (as the case may be) to such time it is determined that the Proposal will not proceed, it will:

1. not exercise the rights attaching to any of the Convertible Bonds held by it to convert any of the Convertible Bonds into Shares;
2. not sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the Convertible Bonds or any interest therein; and

3. not accept, or give any undertaking (whether conditional or unconditional) to accept, or otherwise agree to, any offer made or proposed to be made in respect of the Convertible Bonds by the Offeror or any other person or otherwise make any of the Convertible Bonds available for acceptance.

As such, no offer will be made for the Convertible Bonds. No consideration or other benefit or any agreement, arrangement or understanding in respect thereof was or will be given to Ora Investment.

Neither the Offeror nor any of the Offeror Concert Parties are connected with Ora Investment or GIC.

The Mr. Jin Undertaking

As at the date of this joint announcement, Mr. Jin is the holder of the Jin Share Options and Wealthy Delight is the holder of the Warrants. On 16 June 2017, Mr. Jin and Wealthy Delight executed the Mr. Jin Undertaking in favour of the Offeror and the Company pursuant to which Mr. Jin (in the case of the Jin Share Options) and Wealthy Delight (in the case of the Warrants) irrevocably undertook to the Offeror and the Company that from the date of the Mr. Jin Undertaking to the date on which the Proposal is completed or (as the case may be) to such time it is determined that the Proposal will not proceed, he or it will:

1. not exercise the rights attaching to any of the Jin Share Options to subscribe for Shares;
2. not sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the Jin Share Options or any interest therein;
3. accept the Option Offer in respect of all of the Jin Share Options;
4. not exercise the rights attaching to any of the Warrants to subscribe for Shares;
5. not sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the Warrants or any interest therein;
6. not tender any or all of the Warrants to the Offeror during the offer period and will not accept the offer to cancel any Warrant even if such offer is made to it or otherwise make any of the Warrants available for acceptance; and
7. surrender and cancel the Warrants upon the Scheme becoming unconditional.

As the Warrants exercise price is higher than the Cancellation Price, no compensation or any agreement, arrangement or understanding in respect thereof will be payable to Wealthy Delight. As such, no offer will be made for the Warrants.

Mr. Jin and Ms. Zhao are Directors and business partners of companies which are outside the Group. Save as aforesaid, there is no relationship (including financial, business, family or other relationship(s)) between them.

No agreement, arrangement or understanding has been entered into or discussed with Directors as to whether they would remain as directors of the Board upon the Scheme being effective.

Total Consideration and Financial Resources

On the basis of the Cancellation Price of HK\$16.30 per Scheme Share and 181,111,334 Scheme Shares in issue as at the date of this joint announcement, the Scheme Shares are in aggregate valued at approximately HK\$2,952.11 million. As at the date of this joint announcement, the Share Options, the Convertible Bonds and the Warrants are outstanding. Except for the outstanding Share Options, the Convertible Bonds and the Warrants, there are no other outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

Assuming that all Optionholders (other than Mr. Jin) exercise their outstanding Share Options to become Scheme Shareholders before the Record Date, the amount of cash required for the Scheme is approximately HK\$3,080.25 million and the amount of cash required for the Option Offer (in respect of the Jin Share Options only) is approximately HK\$3.68 million.

Assuming that none of the outstanding Share Options is exercised or lapses before the Record Date, the amount of cash required for the Scheme is approximately HK\$2,952.11 million, and the amount of cash required for the Option Offer (in respect of all the outstanding Share Options including the Jin Share Options) is approximately HK\$65.12 million, which is equal to the aggregate of (1) the see-through price of HK\$11.878 per Share Option multiplied by 5,482,000 outstanding Share Options with an exercise price of HK\$4.422 per Share and (2) the see-through price of HK\$0.00001 per Share Option multiplied by 9,329,200 outstanding Share Options with an exercise price of HK\$16.652 per Share.

The maximum amount of cash required for the Scheme and the Option Offer on the basis described above would be approximately HK\$3,083.93 million. The Offeror intends to finance the cash required for the Scheme and the Option Offer from

available loan facilities. Huatai Financial, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Scheme and the Option Offer.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Independent Shareholders;
- (c) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and the Zhao Shares, and (ii) the passing of an ordinary resolution by the Shareholders at an extraordinary general meeting of the Company to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and the Zhao Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares and the Zhao Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares and Zhao Shares cancelled as a result of the Proposal, credited as fully paid, for issuance to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;

- (e) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the issued share capital of the Company;
- (f) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal and the Scheme having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (g) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal and the Scheme remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal and the Scheme or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (h) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (j) since the date of this joint announcement there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or the Scheme); and

- (k) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets or undertakings of any member of the Group up to the date immediately preceding the effective date of the Scheme, in each case which is material and adverse in the context of the Group taken as a whole.

The Offeror reserves the right to waive Conditions (h), (i), (j) and/or (k) either in whole or in part, either generally or in respect of any particular matter. Conditions (a), (b), (c), (d), (e), (f) and (g) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the conditions. In respect of Conditions (f) to (g), as at the date of this joint announcement, the Offeror and the Company do not reasonably foresee any necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals required for the Proposal and the Scheme, save for the sanction of the Grand Court and the filing of the order of the Grand Court sanctioning the Scheme with the Registrar of Companies in the Cayman Islands.

When the Conditions are fulfilled or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Offeror Concert Parties, the Company and all the Scheme Shareholders. According to the Takeovers Code, the Scheme Document should be posted within 21 days of the date of this joint announcement but the Executive can be consulted if an extended period for the despatch of the Scheme Document is required to accommodate the timetable of the Grand Court. The Company intends to consult with the Executive in relation to such an extension. As of the date of this joint announcement, the Company has no indication as to what directions the Grand Court will make with respect to the Scheme and convening the Court Meeting but the Company will seek directions that the Scheme Document be despatched as soon as practicable. The extraordinary general meeting of the Company required in relation to the capital reduction will be convened in accordance with the Company's Memorandum and Articles of Association. The Company will issue update announcements as and when necessary once the directions are made by the Grand Court. A detailed indicative expected timetable for all steps required for the Proposal and the Scheme will also be included in the Scheme Document.

The implementation of the Option Offer will be conditional upon the Scheme becoming effective.

Warnings:

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this joint announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares, and the Company has 364,831,334 Shares in issue.

As at the date of this joint announcement, the Offeror does not hold any Shares, the Offeror Concert Parties held in aggregate 183,720,000 Shares, representing approximately 50.36% of the issued share capital of the Company, and the Scheme Shares, comprising 181,111,334 Shares, represent approximately 49.64% of the issued share capital of the Company.

As at the date of this joint announcement, the Share Options, the Convertible Bonds and the Warrants are outstanding. Except for the outstanding Share Options, the Convertible Bonds and the Warrants, there are no other outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

On the assumption that no outstanding Share Options are exercised before the Record Date and that there is no change in shareholdings of the Company, the table below sets out the shareholding structure of the Company as at the date of this joint announcement and immediately upon completion of the Proposal:

Shareholders	As at the date of this joint announcement		Upon completion of the Proposal	
	Number of Shares	Approx. %	Number of Shares ^{Note 4}	Approx. %
Offeror ^{Note 1}	—	—	182,311,334	49.97
Offeror Concert Parties				
Ms. Zhao ^{Note 1}	1,200,000	0.33	—	—
AIM First ^{Note 2}	<u>182,520,000</u>	<u>50.03</u>	<u>182,520,000</u>	<u>50.03</u>
Aggregate number of Shares of the Offeror and the Offeror Concert Parties	<u>183,720,000</u>	<u>50.36</u>	<u>364,831,334</u>	<u>100.00</u>
Directors				
Mr. Jin	5,413,750	1.48	—	—
Mr. Gong Anmin (Mr. Gong) ^{Note 3}	1,021,250	0.28	—	—
Ms. Wang Aihua	242,188	0.07	—	—
Mr. Yau Wai Yan	<u>242,188</u>	<u>0.07</u>	<u>—</u>	<u>—</u>
Aggregate number of Shares held by the Director Shareholders	<u>6,919,376</u>	<u>1.90</u>	<u>—</u>	<u>—</u>
Total number of Shares of the other Shareholders	<u>174,191,958</u>	<u>47.75</u>	<u>—</u>	<u>—</u>
Total	<u><u>364,831,334</u></u>	<u><u>100.00</u></u>	<u><u>364,831,334</u></u>	<u><u>100.00</u></u>

Notes:

1. The Offeror is wholly owned by Ms. Zhao, the chairman and an executive director of the Company. Upon the Scheme having become effective, Ms. Zhao will surrender the Zhao Shares for cancellation and the Company will allot and issue to the Offeror such number of new Shares as is equal to the number of the Zhao Shares cancelled.
2. AIM First is directly and wholly owned by Ms. Zhao.
3. Amongst the 1,021,250 Shares, Mr. Gong legally and beneficially holds 968,750 Shares and his spouse legally and beneficially holds 52,500 Shares. Mr. Gong is deemed to be interested in all the Shares held by his spouse for the purpose of Part XV of the SFO.
4. Under the Scheme, the issued share capital of the Company will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Forthwith upon such reduction, the same number of Shares will be issued to the Offeror under the Scheme.
5. The percentages of the Shares are rounded to the nearest 2 decimal places, and the total number of the percentages may not add up to 100% due to rounding.

Based on the above table, on the assumption that no outstanding Share Options are exercised before the Record Date and that there is no change in the issued share capital of the Company, following the effective date of the Scheme and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror will hold approximately 49.97% of the issued share capital of the Company, and the Offeror Concert Parties will hold an aggregate of approximately 50.03% of the issued share capital of the Company, and accordingly the entire issued share capital of the Company will be held by the Offeror and the Offeror Concert Parties.

On the assumption that all the 7,861,200 outstanding Share Options (being all the 14,811,200 outstanding Share Options minus the Jin Share Options) as at the date of this joint announcement will be exercised before the Record Date, and that there will be no other change in the issued share capital of the Company, the table below sets out the shareholding structure of the Company as at the date of this joint announcement and immediately upon completion of the Proposal:

Shareholders	As at the date of this joint announcement		Upon completion of the Proposal	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Offeror	—	—	190,172,534	51.03
Offeror Concert Parties				
Ms. Zhao	1,200,000	0.33	—	—
AIM First	<u>182,520,000</u>	<u>50.03</u>	<u>182,520,000</u>	<u>48.97</u>
Aggregate number of Shares of the Offeror and the Offeror Concert Parties	<u>183,720,000</u>	<u>50.36</u>	<u>372,692,534</u>	<u>100.00</u>
Directors				
Mr. Jin	5,413,750	1.48	—	—
Mr. Gong Anmin (Mr. Gong)	1,021,250	0.28	—	—
Ms. Wang Aihua	242,188	0.07	—	—
Mr. Yau Wai Yan	<u>242,188</u>	<u>0.07</u>	<u>—</u>	<u>—</u>
Aggregate number of Shares held by the Director Shareholders	<u>6,919,376</u>	<u>1.90</u>	<u>—</u>	<u>—</u>
Total number of Shares of the other Shareholders	<u>174,191,958</u>	<u>47.75</u>	<u>—</u>	<u>—</u>
Total	<u><u>364,831,334</u></u>	<u><u>100.00</u></u>	<u><u>372,692,534</u></u>	<u><u>100.00</u></u>

Based on the above table, on the assumption that all the 7,861,200 outstanding Share Options (being all the 14,811,200 outstanding Share Options minus the Jin Share Options) as at the date of this joint announcement will be exercised before the Record Date, and that there will be no other change in the issued share capital of the Company, following the effective date of the Scheme and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror will hold approximately 51.03% of the issued share capital of the Company, and the Offeror Concert Parties will hold an aggregate of approximately 48.97% of the issued share capital of the Company, and accordingly the entire issued share capital of the Company will be held by the Offeror and the Offeror Concert Parties.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises the non-executive Director, namely Mr. Yau Wai Yan and all the independent non-executive Directors, namely Ms. Zhan Lili, Mr. Li Junhong and Mr. Xue Zhaofeng, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting, and to the Optionholders as to its views on acceptance of the Option Offer.

Ms. Zhao has a material interest in the Proposal and the Scheme and has not participated in any vote of the Board in relation to the Proposal and the Scheme. The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

The Scheme Shareholders and the Optionholders are reminded to carefully read the Scheme Document and the letter of advice from the independent financial adviser to the Independent Board Committee contained therein before making a decision.

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. A further announcement will be made by the Company after such appointment in accordance with the requirements of the Takeovers Code.

REASONS FOR AND BENEFITS OF THE PROPOSAL AND THE OFFEROR'S INTENTION REGARDING THE GROUP

The Company plans to implement a series of long-term growth strategies, which may affect the Company's short-term growth profile and may result in divergence between

the Offeror's views on the Company's potential long-term value and investors' views on the Company's share price. Following the implementation of the Proposal, the Scheme and the Option Offer, the Offeror and the Company can make strategic decisions focused on long-term benefits, free from the pressure of market expectations, profit visibility and share price fluctuation associated with being a publicly listed company.

Since its listing in 2008, the Company's share price performance has not been satisfactory. As one of the world's largest producers of raw materials of hyaluronic acid (also known as hyaluronan, hyaluronic acid sodium, abbreviated as "HA"), the Company values its reputation. The Offeror considers that the depressed share price has had an adverse impact on the Company's reputation with customers, and therefore on its business, and also on employee morale. The implementation of the Proposal, the Scheme and the Option Offer could eliminate this adverse impact.

The liquidity of Shares has also been at a low level over a long period of time. The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 716,265 Shares per day, representing only approximately 0.20% of the issued Shares as at the date of this joint announcement. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and also make it difficult for Shareholders to dispose of a large number of Shares when any event that has an adverse impact on the Company's share price occurs.

The Proposal, the Scheme and the Option Offer are intended to provide the Scheme Shareholders and the Optionholders with an opportunity to realise their investment in the Company for cash at an attractive premium without having to suffer any illiquidity discount. The Cancellation Price of HK\$16.30 represents a premium of approximately 23.39%, 24.43%, 30.30% and 35.16% over each of the 10/30/60/120 trading days average closing prices of the Shares, respectively, up to and including the Last Trading Day. The Cancellation Price also represents a premium of approximately 268.61% over the exercise price per Share of HK\$4.422 under the Share Option Scheme.

In addition, the listing of Shares requires the Company to bear administrative, compliance and other listing-related costs and expenses; if these costs and expenses are eliminated, the funds saved could be used for the Company's business operations.

The Independent Board Committee will make recommendations to the Scheme Shareholders and the Optionholders on the Scheme and the Option Offer respectively, after considering the advice of the independent financial adviser.

Following the implementation of the Proposal, the Scheme and the Option Offer, the Offeror intends that the Group will continue to operate its business in its current state in the short term. As at the date of this joint announcement, the Offeror does not have any intention to (i) make any changes to the existing business of the Group (including any material redeployment of its fixed assets); or (ii) make any changes to the continued employment of the employees of the Group, as a result of the Proposal, the Scheme or the Option Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations, to explore opportunities arising from time to time for acquisitions, disposals and other structuring possibilities, and that the Company will continue to explore such opportunities as they arise from time to time, subject to compliance with any relevant rules and regulations.

INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability whose shares have been listed on the Main Board of the Stock Exchange since 2008. The Company is principally engaged in the development, manufacture and sales of raw materials and end products for a diversified range of HA, and is a leading provider of medical aesthetics products and services in the PRC and one of the world's largest producers of HA raw materials. The Group devotes to develop itself to be an integrated medical aesthetic solutions provider with HA as the core.

As at the date of this joint announcement, the Company is solvent and is not unable to pay its debts as they fall due and will not become unable to do so immediately after the date of this joint announcement.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong which is directly and wholly owned by Ms. Zhao, the chairman and an executive director of the Company. The Offeror was established for the purpose of the Proposal, the Scheme and the Option Offer and has not commenced any business activity since the date of incorporation.

INFORMATION ON THE OFFEROR CONCERT PARTIES

The Offeror is directly and wholly owned by Ms. Zhao. Accordingly, Ms. Zhao is acting in concert with the Offeror under the definition of "acting in concert" in the Takeovers Code. Ms. Zhao is the beneficial owner of 1,200,000 Shares as at the date of this joint announcement. Ms. Zhao, is also the chairman and an executive Director.

AIM First, a limited liability company incorporated in the British Virgin Islands, is the beneficial owner of 182,520,000 Shares as at the date of this joint announcement. AIM First is directly and wholly owned by Ms. Zhao. Accordingly, AIM First is acting in concert with the Offeror under the definition of “acting in concert” in the Takeovers Code. AIM First is principally engaged in the business of investment holding.

WITHDRAWAL OF LISTING OF SHARES

As part of the Proposal and upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Scheme becoming effective. The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Proposal and the Scheme will be included in the Scheme Document, which will also contain, inter alia, further details of the Proposal and the Scheme.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Scheme and the Proposal (nor any person who is subsequently acting in concert with it) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

Shareholders and potential investors should exercise caution when dealing in the Shares and any options or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

OVERSEAS SCHEME SHAREHOLDERS AND OPTIONHOLDERS

The making and implementation of the Scheme to Scheme Shareholders and the Option Offer to Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and

Optionholders are located. Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and Optionholders wishing to take any action in relation to the Scheme and the Option Offer respectively to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any acceptance by the Scheme Shareholders and the Optionholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers that those laws and regulatory requirements have been complied with.

SCHEME SHARES, MEETING OF SCHEME SHAREHOLDERS AND EXTRAORDINARY GENERAL MEETING OF THE COMPANY

As at the date of this joint announcement, Ms. Zhao holds an aggregate of 1,200,000 Shares representing approximately 0.33% of the issued share capital of the Company; and AIM First holds 182,520,000 Shares representing approximately 50.03% of the issued share capital of the Company. The Shares held by the Offeror Concert Parties will not form part of the Scheme Shares. Accordingly, the Scheme Shares comprise 181,111,334 Shares, representing approximately 49.64% of the issued share capital of the Company. The Offeror Concert Parties will abstain from voting on the Scheme at the Court Meeting.

Each of the Offeror and the Offeror Concert Parties will undertake to the Grand Court that they will be bound by the Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Scheme.

All Shareholders will be entitled to attend the extraordinary general meeting of the Company and vote on (i) the special resolution to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and the Zhao Shares, and (ii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and the Zhao Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares and the Zhao Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares and Zhao Shares cancelled as a result of the Proposal, credited as fully paid, for issuance to the Offeror. Ms. Zhao and AIM First will undertake that if the Scheme is approved at the Court Meeting, they will cast the votes in respect of those Shares held by them in favour of the resolutions to be proposed at the extraordinary general meeting of the Company.

COSTS OF THE SCHEME

If the Independent Board Committee or the independent financial adviser to the Independent Board Committee does not recommend the Proposal, the Scheme or the Option Offer, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

GENERAL

The Offeror has appointed Huatai Financial as its financial adviser in connection with the Proposal and the Option Offer.

Save for the Termination and the cancellation of the Zhao Shares and issue to the Offeror of such number of new Shares as is equal to the number of the Zhao Shares cancelled, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to Shares between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal and the Option Offer.

There are no agreements or arrangements to which the Offeror or any of the Offeror Concert Parties is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal and the Option Offer.

The Offeror or any of the Offeror Concert Parties have not borrowed or lent any Shares or any other securities of the Company as at the date of this joint announcement.

Save as set out below, none of the Offeror, any of the Offeror Concert Parties or Mr. Jin has dealt for value in any Shares, convertible securities, warrants, options or derivatives in respect of the securities of the Company in the six-month period prior to the date of this joint announcement:

- (a) On 22 May 2014, AIM First, Ms. Zhao (as warrantor for AIM First), Wealthy Delight and Mr. Jin (as warrantor for Wealthy Delight) entered into the Option Agreement. On 16 June 2017, AIM First entered into the Termination Agreement. Please refer the paragraph headed “The Termination” above in this joint announcement for further details.
- (b) Huatai Financial is the financial adviser to the Offeror in respect of the Proposal and the Option Offer. Accordingly, Huatai Financial and relevant members of the Huatai Financial Group are presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of “acting in concert” in the Takeovers

Code. Details of holdings or borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by the other parts of the Huatai Financial Group will be obtained as soon as possible after this joint announcement has been made, and if necessary a further announcement will be made, in accordance with Note 1 to Rule 3.5 of the Takeovers Code. The statements in this joint announcement as to holdings or borrowings or lendings of, or dealings in, or voting of Shares (or options, rights over Shares, warrants or derivatives in respect of them) by parties acting in concert with the Offeror under the Takeovers Code are subject to (if any) the holdings, borrowings, lendings or dealings (if any) of such members of the Huatai Financial Group.

As at the date of this joint announcement, there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties, or outstanding derivatives in respect of the securities of the Company entered into by the Offeror or the Offeror Concert Parties.

As at the date of this joint announcement, no irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties.

DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, inter alia, further details of the Proposal, the Scheme and the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Law and the Rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer and the letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to carefully read the Scheme Document containing such disclosures before casting any vote at (or providing any proxy in respect of) the Court Meeting or the extraordinary general meeting of the Company.

A letter to the Optionholders will be despatched as far as practicable contemporaneously with the despatch of the Scheme Document.

DISCLOSURE OF DEALINGS

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the offer period commencing on 19 June 2017.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them.

Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

TRADING HALT AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 1:00 p.m. on 15 June 2017 (Hong Kong time), pending the issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 20 June 2017 (Hong Kong time).

Shareholders and potential investors should exercise caution when dealing in the Shares and any options or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

WARNINGS

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal, the Scheme or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal and the Scheme will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal and the Scheme, including details of how to vote in favour of the Proposal and the Scheme. Any acceptance or other response to the Proposal and the Scheme should be made only on the basis of information in the Scheme Document or any other document by which the Proposal and the Scheme is made.

The availability of the Proposal and the Scheme to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Scheme Shareholders and Optionholders will be contained in the Scheme Document.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“AIM First”	AIM First Investments Limited, a company incorporated in the British Virgin Islands and directly and wholly owned by Ms. Zhao
“associates”	has the meaning ascribed to it in the Takeovers Code

“Board”	the board of Directors
“Cancellation Price”	the cancellation price of HK\$16.30 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961), as consolidated and revised, of the Cayman Islands
“Company”	Bloomage BioTechnology Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are currently listed on the Main Board of the Stock Exchange
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as set out in the paragraph headed “Conditions of the Proposal and the Scheme” of this joint announcement
“Convertible Bonds”	the 4% convertible bonds in the aggregate principal amount of HK\$465,000,000 issued by the Company due 2020 convertible into Shares at the initial conversion price of HK\$17.20 per Share, subject to adjustments
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at which the Scheme will be voted upon
“Directors”	the directors of the Company
“Director Shareholders”	namely Mr. Jin, Mr. Gong Anmin, Ms. Wang Aihua and Mr. Yau Wai Yan
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“GIC”	GIC Pte. Ltd., a private limited company incorporated under the laws of Singapore
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HA”	hyaluronic acid (also known as hyaluronan, hyaluronic acid sodium)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huatai Financial”	Huatai Financial Holdings (Hong Kong) Limited 華泰金融控股(香港)有限公司, the financial adviser to the Offeror in connection with the Proposal and the Option Offer. Huatai Financial is a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Huatai Financial Group”	Huatai Financial and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Takeovers Code) as Huatai Financial
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders in respect of, among others, the Proposal and the Scheme and to the Optionholders in respect of the Option Offer
“Independent Shareholders”	the Shareholders other than the Offeror and the Offeror Concert Parties and any other Shareholders who are interested in or involved in the Proposal, the Scheme and/or the Option Offer
“Jin Share Options”	an aggregate of 6,950,000 Share Options held by Mr. Jin, comprising 310,000 Share Options with an exercise price of HK\$4.422 per Share and 6,640,000 Share Options with an exercise price of HK\$16.652 per Share
“Last Trading Day”	15 June 2017, being the last half trading day for the Shares prior to the trading halt in the Shares prior to the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	31 January 2018 or such other date as agreed between the Company and the Offeror
“Mr. Jin”	Mr. Jin Xuekun, an executive Director
“Mr. Jin Undertaking”	the irrevocable undertaking dated 16 June 2017 executed by Mr. Jin and Wealthy Delight in favour of the Offeror and the Company with respect to the Jin Share Options and the Warrants, the material terms of which are set out in the paragraph headed “Irrevocable Undertakings — The Mr. Jin Undertaking” in this joint announcement
“Ms. Zhao”	Ms. Zhao Yan, the chairman and an executive director of the Company
“Offeror”	Grand Full Development Limited (創隆發展有限公司), a company incorporated in Hong Kong with limited liability
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including Ms. Zhao and AIM First
“Option Agreement”	the option agreement dated 22 May 2014 entered into by and among AIM First, Ms. Zhao (as warrantor for AIM First), Wealthy Delight and Mr. Jin (as warrantor for Wealthy Delight), the details of which are set out in the paragraph headed “The Termination” in this joint announcement
“Option Offer”	the offer to be made by or on behalf of the Offeror to the holders of the outstanding Share Options
“Optionholder(s)”	holder(s) of the Share Options
“Ora Investment”	Ora Investment Pte. Ltd., a private limited company incorporated under the laws of Singapore. It is an investment vehicle managed by GIC’s private equity and infrastructure group. GIC is one of the world’s leading sovereign wealth funds established in 1981 to manage Singapore’s foreign reserves

“Ora Investment Undertaking”	the irrevocable undertaking dated 17 June 2017 executed by Ora Investment in favour of the Offeror and the Company with respect to the Convertible Bonds held by Ora Investment, the material terms of which are set out in the paragraph headed “Irrevocable Undertakings — The Ora Investment Undertaking” in this joint announcement
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposal”	the proposal for (1) the privatisation of the Company by the Offeror by way of the Scheme and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares, (2) the cancellation of the Zhao Shares and issue to the Offeror of such number of new Shares as is equal to the number of the Zhao Shares cancelled, (3) the Termination, and (4) the withdrawal of the listing of the Shares on the Stock Exchange, on the terms and subject to the conditions set out in this joint announcement
“Record Date”	the appropriate record date to be announced for determining entitlements under the Scheme
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of all the Scheme Shares and the issue of such number of new Shares as is equal to the number of Scheme Shares cancelled
“Scheme Document”	the scheme document of the Company and the Offeror to be issued to all Shareholders containing, inter alia, further details of the Proposal and the Scheme together with the additional information specified in the paragraph of this joint announcement headed “Despatch of Scheme Document” above

“Scheme Share(s)”	Share(s) other than those held by the Offeror and the Offeror Concert Parties
“Scheme Shareholder(s)”	holders of Scheme Shares as at the Record Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option(s)”	the share options granted under the Share Option Scheme from time to time. As at the date of this joint announcement, there are 14,811,200 outstanding Share Options
“Share Option Scheme”	the share option scheme adopted by the Company on 3 September 2008
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“Termination”	the termination of the Option Agreement upon the terms and subject to the conditions set out in the Termination Agreement
“Termination Agreement”	the conditional termination agreement dated 16 June 2017 entered into by and among AIM First, Ms. Zhao (as warrantor for AIM First), Wealthy Delight and Mr. Jin (as warrantor for Wealthy Delight) in relation to the Termination, the material terms of which are set out in the paragraph headed “The Termination” in this joint announcement
“Termination Fee”	a compensation of HK\$104.58 million payable by AIM First to Wealthy Delight pursuant to the terms of the Termination Agreement
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities

“Warrants”	the 16,600,000 outstanding unlisted warrants issued by the Company to Wealthy Delight which each entitles Wealthy Delight to subscribe for one Share at the exercise price of HK\$16.652 per Share initially (subject to adjustment) during the relevant period
“Wealthy Delight”	Wealthy Delight Group Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Jin
“Zhao Shares”	1,200,000 Shares held by Ms. Zhao as at the date of this joint announcement

By Order of the Board of
Grand Full Development Limited
(創隆發展有限公司)
Zhao Yan
Director

By Order of the Board of
Bloomage BioTechnology Corporation Limited
華熙生物科技有限公司
Gong Anmin
Director

Hong Kong, 19 June 2017

As at the date of this joint announcement, the sole director of the Offeror is Ms. Zhao.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the Directors are:

Executive Directors:
Ms. Zhao Yan
Mr. Jin Xuekun
Mr. Gong Anmin
Ms. Wang Aihua

Non-executive Director:
Mr. Yau Wai Yan

Independent non-executive Directors:
Ms. Zhan Lili
Mr. Li Junhong
Mr. Xue Zhaofeng

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The exchange rate adopted in this joint announcement for illustration purpose only is RMB1.00 = HK\$1.15. Such conversion should not be construed as a representation that the currency could actually be converted into HK\$ at that rate or at all.