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

If you have sold or transferred all your shares in Bloomage BioTechnology Corporation Limited (the “Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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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)

CONNECTED TRANSACTION INVOLVING ISSUE OF MANAGEMENT SUBSCRIPTION SHARES TO CONNECTED PERSONS

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



PLATINUM
Securities

A letter from the Board is set out on pages 5 to 18 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on page 19 of this circular. A letter from Platinum Securities Company Limited, the Independent Financial Advisor, containing its advice to the Independent Board Committee and the independent shareholders of the Company is set out on pages 20 to 35 of this circular.

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held at 23/F, Block D, Central International Trade Centre, No. 6A, Jianguomenwai Avenue, Chaoyang District, Beijing, the People’s Republic of China on 17 December 2015 at 10:30 a.m is set out on pages 43 to 44 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

2 December 2015

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DEFINITIONS

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

“Aggregate Subscription Consideration”	HK\$116,250,000, the aggregate subscription consideration under the Management Subscription Agreements, being the Management Subscription Price of HK\$12 per Management Subscription Share multiplied by the total number of Management Subscription Shares
“Announcement”	the announcement of the Company dated 6 November 2015 in relation to, among others, the entering into of the Management Subscription Agreements and the Management Loan Agreements
“Board”	the board of Directors
“Business Day(s)”	a day other than Saturday, Sunday and public holiday on which banks are open for general business in Hong Kong
“Company”	Bloomage BioTechnology Corporation Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Connected Subscribers”	Mr. Jin and Ms. Wang, being executive Directors and connected persons of the Company under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at 23/F, Block D, Central International Trade Centre, No. 6A, Jianguomenwai Avenue, Chaoyang District, Beijing, the People’s Republic of China on 17 December 2015 at 10:30 a.m. for the purpose of considering and, if thought fit, approving the issue of the Management Subscription Shares under the Specific Mandate and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

DEFINITIONS

“General Mandate”	the general mandate granted to the Directors by an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 18 June 2015 to allot, issue and deal with the Shares and to make or grant offers, agreements and options which may require Shares to be issued, allotted or dealt with, which is subject to the limit of 20% of the aggregate nominal amount of the share capital of the Company as at the date of such meeting
“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
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the issue of the Management Subscription Shares under the Specific Mandate and the transactions contemplated thereunder
“Independent Financial Advisor” or “Platinum Securities”	Platinum Securities Company Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial advisor appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the issue of the Management Subscription Shares under the Specific Mandate and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are allowed to vote on the resolutions approving the issue of the Management Subscription Shares under the Specific Mandate and the transactions contemplated thereunder
“Investor”	Ora Investment Pte. Ltd., a private limited company incorporated under the laws of Singapore
“Investor Bond Subscription Price”	HK\$465,000,000, a price equal to 100 per cent of the principal amount of the Investor CBs
“Investor CBs”	the 4% per annum five year term convertible bonds in the aggregate principal amount of HK\$465,000,000 issued by the Company to the Investor on 20 November 2015 convertible to the Investor Conversion Shares pursuant to the Investor Subscription Agreement

DEFINITIONS

“Investor Conversion Price”	the initial price of HK\$17.20, subject to adjustments as set out and in accordance with the terms and conditions of the Investor CBs
“Investor Conversion Shares”	a total of 27,034,883 new Shares to be allotted and issued by the Company to the Investor upon the exercise of the conversion rights attaching to the Investor CBs
“Investor Subscription”	the subscription of the Investor CBs and the Investor Subscription Shares by the Investor pursuant to the Investor Subscription Agreement
“Investor Subscription Agreement”	the subscription agreement entered into between the Company and the Investor on 5 November 2015, details of the transaction were announced by the Company in the announcement dated 5 November 2015
“Investor Subscription Price”	HK\$12.00 per Investor Subscription Share
“Investor Subscription Shares”	the total of 16,145,834 new Shares allotted and issued by the Company to the Investor at the completion of the Investor Subscription on 20 November 2015
“Latest Practicable Date”	30 November 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	The loan in the aggregate principal amount of HK\$98,812,500 made by the Company to the Subscribers under the Management Loan Agreements
“Management Loan Agreements”	a total of 23 Management Loan Agreements entered into between the Company and each Subscriber all on 6 November 2015, the terms of each Management Loan Agreement are substantially similar save and except for the respective Loan amount
“Management Subscriptions”	the respective subscriptions of the Management Subscription Shares by the Subscribers pursuant to the Management Subscription Agreements

DEFINITIONS

“Management Subscription Agreements”	a total of 23 Management Subscription Agreements entered into between the Company and each of the Subscriber all on 6 November 2015, the terms of which are substantially similar, save and except for the numbers of Management Subscription Shares being subscribed by each of the Subscribers respectively
“Management Subscription Completion”	completion of the Management Subscriptions in accordance with the terms of the respective Management Subscription Agreement
“Management Subscription Price”	HK\$12.00 per Management Subscription Share
“Management Subscription Shares”	9,687,500 Shares, being the aggregate number of Shares to be allotted and issued to the Subscribers at Management Subscription Completion
“Mr. Jin”	Mr. Jin Xuekun (金雪坤), an executive Director and a Connected Subscriber
“Ms. Wang”	Ms. Wang Aihau (王愛華), an executive Director and a Connected Subscriber
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.01 in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Specific Mandate”	the specific mandate proposed to be granted to the Board to allot and issue the Management Subscription Shares pursuant to the terms of the Management Subscription Agreements to be sought from the Independent Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	a total of 23 senior management personnel of the Group including the Connected Subscribers who are Directors, for details of the Subscribers, please refer to the sub-section headed “Details of the Subscribers and Management Subscriptions” in this circular
“Voluntary Announcement”	the voluntary announcement published by the Company on 4 November 2015 with details of the Management Subscriptions and the Loan
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Zhao Yan
Mr. Jin Xuekun
Ms. Liu Aihua
Ms. Wang Aihua

Non-Executive Director:

Mr. Guo Jiajun

Independent Non-Executive Directors:

Ms. Zhan Lili
Mr. Hai Wen
Mr. Li Junhong

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

Suites 2001-2006, 20th floor
Jardine House
1 Connaught Place
Central
Hong Kong

2 December 2015

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION INVOLVING ISSUE OF
MANAGEMENT SUBSCRIPTION SHARES TO
CONNECTED PERSONS**

INTRODUCTION

Reference is made to the Announcement of the Company on 6 November 2015 (before trading hours) in respect of, among other things, the entering into of the Management Subscription Agreements between the Company and each of the Subscribers (including the Connected Subscribers), pursuant to which, each of the Subscribers conditionally agreed to subscribe for, and the Company

LETTER FROM THE BOARD

conditionally agreed to allot and issue, an aggregate of 9,687,500 Management Subscription Shares, in cash, at the Aggregate Subscription Consideration of HK\$116,250,000, being the Management Subscription Price of HK\$12 per Management Subscription Share multiplied by the number of Management Subscription Shares.

The Management Subscription Shares will be issued under the Specific Mandate to be sought at the EGM and is therefore subject to the Independent Shareholders' approval.

The Connected Subscribers, Mr. Jin and Ms. Wang, are executive Directors and therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the issue of the Management Subscription Shares to the Connected Subscribers constitute connected transactions for the Company under Chapter 14A of the Listing Rules and as a result they are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further details of the issue of the Management Subscription Shares under the Specific Mandate and the transactions contemplated thereunder; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders and (iv) a notice of the EGM.

THE MANAGEMENT SUBSCRIPTION AGREEMENTS

On 6 November 2015, the Company and each of the Subscribers (including the Connected Subscribers) entered into the respective Management Subscription Agreements, pursuant to which, each of the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, an aggregate of 9,687,500 Management Subscription Shares, in cash, at the Aggregate Subscription Consideration of HK\$ 116,250,000, being the Management Subscription Price of HK\$12 per Management Subscription Share multiplied by the number of Management Subscription Shares. The principal terms of the Management Subscription Agreements are set out as follows:

1. **Date**

6 November 2015

2. **Parties**

- (a) the Company (as issuer); and
- (b) the Subscribers (each as a subscriber).

LETTER FROM THE BOARD

3. Details of the Subscribers and Management Subscriptions

Pursuant to the respective Management Subscription Agreements, each of the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, such number of Management Subscription Shares at such total subscription amount and the approximate percentage of the total Management Subscription Shares as set out against his/her name as follows:

	Subscriber	Position	Subscription amount (HK\$)	Number of Management Subscription Shares	Approximate percentage of the total Management Subscription Shares (%)
1	Mr. Jin*	Executive Director and Chief Executive Officer	58,125,000	4,843,750	50.00
2	Ms. Wang*	Executive Director	2,906,256	242,188	2.50
3	Gong Anmin (弓安民)	Chief Financial Officer	11,625,000	968,750	10.00
4	Hu Ning (胡寧)	Deputy General Manager	4,650,000	387,500	4.00
5	He Fred Fan	Director of Business Development	4,650,000	387,500	4.00
6	Fu Qin (傅勤)	Director of Sales	3,487,500	290,625	3.00
7	Li Zhi (李智)	Director of International Business	3,487,500	290,625	3.00
8	Ma Qing (馬慶)	Marketing Director	2,906,256	242,188	2.50
9	Chen Yitao (陳宜濤)	Product Director	2,906,256	242,188	2.50
10	Yau Wai Yan (邱偉仁)	Finance Director	2,906,256	242,188	2.50
11	Fan Yuan (樊媛)	Senior Product Manager	2,325,000	193,750	2.00
12	Ren Ruihua (任瑞華)	Human Resources Manager	2,034,372	169,531	1.75
13	Xun Kelin (尋克林)	Regional Sales Director	1,743,744	145,312	1.50
14	Li Zhen (李振)	Director of Investor Relations	1,743,744	145,312	1.50
15	Li Chunfan (李春帆)	Finance Manager	1,453,116	121,093	1.25

LETTER FROM THE BOARD

	Subscriber	Position	Subscription amount (HK\$)	Number of Management Subscription Shares	Approximate percentage of the total Management Subscription Shares (%)
16	Yang Dan (楊丹)	Director of Sales	1,162,500	96,875	1.00
17	Zhang Chunli (張春莉)	Director of Research and Development	1,162,500	96,875	1.00
18	Li Hang (李航)	Product Director	1,162,500	96,875	1.00
19	Xu Donghui (徐東暉)	Regional Sales Manager	1,162,500	96,875	1.00
20	Zhang Lingyi (張凌翼)	Regional Sales Manager	1,162,500	96,875	1.00
21	Jin Lei (金磊)	Regional Sales Manager	1,162,500	96,875	1.00
22	Zhao Bo (趙波)	Regional Sales Manager	1,162,500	96,875	1.00
23	Li Changjiang (李長江)	Finance Manager	1,162,500	96,875	1.00
		Total:	<u>116,250,000</u>	<u>9,687,500</u>	<u>100.00</u>

* Connected Subscribers

4. Conditions Precedent

Management Subscription Completion is conditional upon satisfaction of the following conditions:

- (a) the Listing Committee granting the listing of, and permission to deal in, the Management Subscription Shares;
- (b) in respect of the relevant Management Subscription Agreements with the Subscribers (save for the Connected Subscribers), the Management Subscription Completion with respect to such Subscribers (save for the Connected Subscribers) and the Management Subscription Completion with respect to the Connected Subscribers shall occur simultaneously;
- (c) the Specific Mandate having been approved by the Independent Shareholders at the EGM; and

LETTER FROM THE BOARD

- (d) the warranties given by the Subscribers under their respective Management Subscription Agreements remaining true, accurate, and not misleading and there being no omission of relevant facts.

If the conditions to the Management Subscription Completion (other than conditions in paragraphs (a) and (c) above) are not fulfilled on or before 31 January 2016 (or such other date as may be notified in writing by the Company to the Subscribers), or if the conditions in paragraphs (b) and (d) above are not fulfilled or waived on or before the date of the Management Subscription Completion, the Management Subscription Agreements and the rights and obligations of the parties thereto shall terminate and be of no further effect, save and except for the rights and obligations that have accrued prior to the relevant effective termination date, which shall continue to be of force and effect.

5. Completion

Management Subscription Completion will take place on the tenth Business Day after the satisfaction of the last of the conditions set out above or waiver thereof (other than the conditions in paragraphs (a) and (c) above) (or such other date as may be notified in writing by the Company to the Subscribers).

On the date of the Management Subscription Completion, each of the Subscribers shall pay to the Company in cash the full amount of the consideration for the subscription of their respective Management Subscription Shares, and the Company shall promptly issue the share certificates representing the respective Management Subscription Shares to each Subscribers.

6. Lockup undertaking by the Subscribers

Each of the Subscribers undertakes to the Company that, neither he/she nor any person acting on his/her behalf will, for a period of 180 days from the date of the Management Subscription Completion (both dates inclusive), offer, sell, transfer, pledge, contract to sell or otherwise dispose of any interest in any Management Subscription Shares or other instruments representing interests in the Management Subscription Shares.

7. Management Subscription Price

The Management Subscription Price of HK\$12 per Management Subscription Share represents:

- (a) a discount of approximately 13.42% to the closing price of HK\$13.86 per Share as quoted on the Stock Exchange on 4 November 2015 being the date of the Voluntary Announcement;
- (b) a discount of approximately 20.63% to the closing price of HK\$15.12 per Share as quoted on the Stock Exchange on 5 November 2015, being the last trading day immediately prior to the date of the Management Subscription Agreements;

LETTER FROM THE BOARD

- (c) a discount of approximately 14.29% to the average closing price of approximately HK\$14.00 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Management Subscription Agreements;
- (d) a discount of approximately 14.29% to the average closing price of approximately HK\$14.00 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Management Subscription Agreements; and
- (e) a discount of approximately 7.55% to the average closing price of approximately HK\$12.98 per Share as quoted as the Stock Exchange for the last thirty consecutive trading days immediately prior to the date of the Management Subscription Agreements.

The Management Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to, among others, the current market conditions, the business prospects of the Group and recent trading performance of the Shares. Having considered the foregoing and the terms of the Management Subscription Agreements (save and except for the Management Subscription Agreements entered into with the Connected Subscribers), the Directors consider that the Management Subscription Price is fair and reasonable.

The aggregate nominal value of the Management Subscription Shares is HK\$96,875.

8. Management Subscription Shares

Pursuant to the Management Subscription Agreements, the Management Subscription Shares, if fully issued and allotted, represent (i) approximately 2.76% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 2.69% of the issued share capital of the Company as enlarged by the allotment and issue of the Management Subscription Shares.

SPECIFIC MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Management Subscription Shares, regardless of whether such Management Subscription Shares are to be allotted and issued to the Connected Subscribers, will be allotted and issued by the Company under the Specific Mandate. The Management Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Management Subscription Shares.

LISTING RULES IMPLICATIONS

The Management Subscription Shares will be issued under the Specific Mandate to be sought at the EGM and is therefore subject to the Independent Shareholders' approval.

LETTER FROM THE BOARD

The Connected Subscribers, Mr. Jin and Ms. Wang, are executive Directors and therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the issue of the Management Subscription Shares to the Connected Subscribers constitute connected transactions for the Company under Chapter 14A of the Listing Rules and as a result they are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

MANAGEMENT LOAN AGREEMENTS

On 6 November 2015, the Company and each of the Subscribers entered into the Management Loan Agreements, pursuant to which the Company conditionally agreed to grant the Loan in the aggregate principal amount of HK\$98,812,500 to the Subscribers, representing approximately 85% of the Aggregate Subscription Consideration, upon and subject to the terms and conditions set out therein. The principal terms of the Management Loan Agreements are set out as follows:

1. **Date**

6 November 2015

2. **Parties**

- (a) the Company (as lender); and
- (b) the Subscribers (each as a borrower).

3. **Conditions Precedent**

Drawdown of the respective loan pursuant to each of the Management Loan Agreements is conditional upon fulfillment or waiver thereof of the conditions to the Management Subscription Completion.

4. **Drawdown**

- (a) Each of the Subscribers may issue a written notice to the Company requesting for drawdown of his/her part of the Loan within 10 Business Days after fulfillment of the conditions to drawdown of the Loan as described above.
- (b) Upon receipt by the Company of the relevant notice from any Subscriber requesting for drawdown of the Loan, the Company shall apply the proceeds of the Loan for the subscription of the Management Subscription Shares.

LETTER FROM THE BOARD

5. Principal Amount of the Loan

Pursuant to the respective Management Loan Agreements, the Company conditionally agreed to grant the Loan to each of the Subscribers in such principal amount as set out against his/her name as follows:

	Subscriber	Principal Amount of the Loan (HK\$)
1.	Mr. Jin*	49,406,250.00
2.	Ms. Wang*	2,470,317.60
3.	Gong Anmin (弓安民)	9,881,250.00
4.	Hu Ning (胡寧)	3,952,500.00
5.	He Fred Fan	3,952,500.00
6.	Fu Qin (傅勤)	2,964,375.00
7.	Li Zhi (李智)	2,964,375.00
8.	Ma Qing (馬慶)	2,470,317.60
9.	Chen Yitao (陳宜濤)	2,470,317.60
10.	Yau Wai Yan (邱偉仁)	2,470,317.60
11.	Fan Yuan (樊媛)	1,976,250.00
12.	Ren Ruihua (任瑞華)	1,729,216.20
13.	Xun Kelin (尋克林)	1,482,182.40
14.	Li Zhen (李振)	1,482,182.40
15.	Li Chunfan (李春帆)	1,235,148.60
16.	Yang Dan (楊丹)	988,125.00
17.	Zhang Chunli (張春莉)	988,125.00
18.	Li Hang (李航)	988,125.00
19.	Xu Donghui (徐東暉)	988,125.00
20.	Zhang Lingyi (張凌翼)	988,125.00
21.	Jin Lei (金磊)	988,125.00
22.	Zhao Bo (趙波)	988,125.00
23.	Li Changjiang (李長江)	988,125.00
	Total:	<u>98,812,500.00</u>

* Connected Subscribers

6. Interest Rate

- (a) Except as provided under paragraph (d) below, interest on the Loan shall accrue at 2% per annum.
- (b) Unless otherwise demanded and notified by the Company, interest on the Loan shall be payable annually.

LETTER FROM THE BOARD

- (c) If the Subscribers dispose of any of the Management Subscription Shares in part or in whole, they should repay the principal together with accrued interest within 10 Business Days from such disposal.
- (d) If the Subscribers is no longer engaged or employed by the Group before the third anniversary of the date of the relevant Loan drawdown, the principal together with the accrued interest at the rate specified below shall be repaid to the Company within 10 Business Days of his or her departure:
 - (i) if any Subscriber is no longer engaged or employed by the Group before the first anniversary of the relevant Loan drawdown date, interest on the Loan shall accrue at 6% per annum from the date of drawdown until the actual repayment date;
 - (ii) if any Subscriber is no longer engaged or employed by the Group between the day immediately after the first anniversary and the second anniversary of the relevant Loan drawdown date, interest on the Loan shall accrue at 5% per annum from the date of drawdown until the actual repayment date; and
 - (iii) if any Subscriber is no longer engaged or employed by the Group between the day immediately after the second anniversary and the third anniversary of the relevant Loan drawdown date, interest on the Loan shall accrue at 3% per annum from the date of drawdown until the actual repayment.

The interest on the Loan was arrived at after arm's length negotiations between the Company and the Subscribers with reference to, among others, the prevailing market lending rate.

7. **Mandatory Repayment**

- (a) Each of the Subscribers shall repay the whole or any part of the principal amount outstanding under his/her part of the Loan, together with the accrued and unpaid thereof on demand by the Company.
- (b) If any Subscriber is no longer engaged or employed by any member of the Group, such Subscriber shall, to the extent that there are amounts outstanding under the Loan, repay all such amounts together with accrued interest to the Company within 10 Business Days of the cessation of his/her engagement or employment (as the case may be).

8. **Voluntary Repayment**

Each of the Subscribers shall have the right to make early repayment of the whole or any part of the principal amount outstanding under his/her part of the Loan, together with the interest accrued thereof by giving a written notice to the Company of no less than 10 Business Days.

LETTER FROM THE BOARD

9. Reporting Obligations

- (a) Each of the Subscribers shall, on or prior to 31 December in each year and for so long as there are amounts outstanding under his/her part of the Loan, notify the Company in writing of any purchase and sale of any Shares by him/her and/or changes to the number of Shares held by him/her.
- (b) In respect of the Connected Subscribers, he/she shall, in the next Business Day following any purchase or sale of any Shares and/or changes to the number of Shares held by him/her, notify the Company in writing of the same and make the necessary disclosures as required under the Listing Rules.

FUNDING OF THE LOAN

The Loan shall be funded by the internal resources of the Company.

REASONS FOR AND BENEFIT OF THE MANAGEMENT SUBSCRIPTION AND THE PROVISION OF LOAN

It is the intention and objective of the Company to incentivize and reward each of the Subscribers who has throughout his/her service shown tremendous contribution to the Group and is considered by the Board to be vital to the success and the long-term growth of the Group. Accordingly, (i) the issue and allotment of the Management Subscription Shares to the Subscribers; and (ii) the provision of the Loan by the Company to the Subscribers, which will enable them to use the proceeds of the Loan to pay for the subscription money to subscribe for the Management Subscription Shares, will in each case, enable the Company to achieve such objective.

Having considered the foregoing reason and that the terms of the Management Subscription Agreements and the Management Loan Agreements, respectively, are on normal commercial terms:

- (a) with regard to the Management Subscription Agreement entered into with the Connected Subscribers, the Directors (other than the independent non-executive Directors who will form their view after being advised by the Independent Financial Advisor) consider that the entering into of such Management Subscription Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (b) with regard to the Management Subscription Shares issued to the Subscribers other than the Connected Subscribers and the grant of the Loan, the Directors consider that the entering into of the Management Subscription Agreements with the Subscribers other than the Connected Subscribers, the Management Loan Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

USE OF PROCEEDS

The net proceeds from the Management Subscriptions, (i) netting off applicable expenses, are estimated to be approximately HK\$115,355,000, representing a net price of approximately HK\$11.91 per Management Subscription Share; and (ii) netting off the Loan to the Subscribers of HK\$98,812,500 and other applicable expenses, are estimated to be approximately HK\$16,542,500, which would be used by the Company for working capital and general corporate purposes, including administrative expenses of the Group.

ISSUE OF CONVERTIBLE BONDS AND SUBSCRIPTION SHARES UNDER GENERAL MANDATE

On 5 November 2015, the Company and the Investor entered into the Investor Subscription Agreement, pursuant to which the Company conditionally agreed to issue and the Investor conditionally agreed to subscribe for (i) the Investor CBs in the aggregate principal amount of HK\$465,000,000 at the Investor Bond Subscription Price; and (ii) 16,145,834 Investor Subscription Shares at the aggregate subscription consideration of HK\$193,750,008, being the Investor Subscription Price of HK\$12.00 per Investor Subscription Share multiplied by the number of Investor Subscription Shares.

As at the Latest Practicable Date, the Company had a total of 350,582,334 Shares in issue. Completion of the Investor Subscription took place on 20 November 2015, and a total of 16,145,834 Investor Subscription Shares were allotted and issued to the Investor and the Investor CBs were fully subscribed by the Investor.

The Investor Subscription Shares were allotted and issued, and the Investor Conversion Shares (assuming conversion of the Investor CBs) will be allotted and issued, by the Company under the General Mandate. Pursuant to the General Mandate, the Directors were granted the power to allot, issue and deal with additional Shares up to a limit of 20% of the aggregate nominal value of the issued share capital of the Company as at 18 June 2015, which amounted to 66,728,300 Shares.

USE OF PROCEEDS

At completion of the Investor Subscription on 20 November 2015, the net proceeds received by the Company from the Investor Subscription were approximately HK\$652.7 million. The Company intends to use the net proceeds from the Investor Subscription as follows: (a) approximately 85% for future potential mergers and acquisitions of world-leading products, in order for the Group to transform gradually from a supplier of a single injection product to multiple products with complementary functions and diversified treatment methods and solutions, and to extend its business from the area of plastic surgery to the provision of a comprehensive skin maintenance and protection solutions and expanding channels through the building of an organic linking platform to integrate consumers, medical beauty institutions and product suppliers within the medical beauty industry; and (b) 15% for capital expenditures and general working capital purposes of the Company, including expansion of the existing end-product business of the Group outside of mainland China. As of the Latest Practicable Date, the Group has plans to expand its end-product business into the Asia-Pacific region.

LETTER FROM THE BOARD

As at the Latest Practicable Date, other than the acquisition by the Company of 37.32% of the issued share capital of V Plus SA at the consideration of EUR 59 million as disclosed in the Company's announcement dated 15 July 2015, and a joint venture company formed on 24 July 2015 between the Company and Medytox Inc., a Korean pharmaceutical enterprise, the Company has been having on-going discussions with potential business partners and customers for strategic co-operation opportunities, but has not entered into or concluded any binding agreement or arrangement in respect of potential mergers and acquisitions.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 350,582,334 Shares in issue. To the best of the knowledge of the Directors, the shareholding structure of the Company (a) as at the Latest Practicable Date; (b) immediately after the issue of the Management Subscription Shares following Management Subscription Completion; and (c) immediately after the issue of the Investor Conversion Shares (assuming that all of the Investor CBs are converted in full and there are no other changes to the issued share capital of the Company) and the Management Subscription Shares are as follows:

Shareholders	As at the Latest Practicable Date		Immediately after the issue of the Management Subscription Shares		Immediately after the issue of the Investor Conversion Shares and the Management Subscription Shares	
	Shares	% (approx.)	Shares	% (approx.)	Shares	% (approx.)
Ms. Zhao Yan (<i>Note 1</i>)	183,720,000	52.40	183,720,000	51.00	183,720,000	47.44
Mr. Jin*	570,000	0.16	5,413,750	1.50	5,413,750	1.40
Ms. Wang*	0	0.00	242,188	0.07	242,188	0.06
Subscribers other than						
Connected Subscribers	202,500	0.06	4,804,062	1.33	4,784,062	1.24
Investor	16,145,834	4.61	16,145,834	4.48	43,180,717	11.15
Public Shareholders	<u>149,944,000</u>	<u>42.77</u>	<u>149,944,000</u>	<u>41.62</u>	<u>149,944,000</u>	<u>38.71</u>
	<u>350,582,334</u>	<u>100.00</u>	<u>360,269,834</u>	<u>100.00</u>	<u>387,304,717</u>	<u>100.00</u>

* Connected Subscribers

Note 1: Ms. Zhao Yan, the chairman of the Company and an executive Director, is the legal owner of 1,200,000 Shares and the sole and beneficial owner in respect of 100 percent of the issued share capital of AIM First Investments Limited, which is the beneficial owner of 182,520,000 Shares, of which 9,960,000 Shares are subject to a third party purchase option granted to Wealthy Delight Group Limited, a company wholly-owned by Mr. Jin.

EGM AND PROXY ARRANGEMENT

An EGM will be convened at which resolution(s) will be proposed to approve the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate).

LETTER FROM THE BOARD

Pursuant to 13.39(4) of the Listing Rules, all votes of the Shareholders at a general meetings must be taken by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

To the best of the Directors' information, belief and knowledge, save for the following Subscribers (including the Connected Subscribers) and their associates who shall abstain from voting in the proposed resolutions approving the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate), none of the Shareholders is required to abstain from voting on any of the resolutions to be proposed at the EGM. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The following sets out the Subscribers who shall abstain from voting in the proposed resolutions approving the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate), the number of Shares held by them and their respective approximate shareholding percentages in the Company as at the Latest Practicable Date. The Subscribers (other than the Subscribers set out below) do not hold any Shares as at the Latest Practicable Date; however, if any such Subscribers shall hold any Shares from the Latest Practicable Date to the date of the EGM, such Subscriber shall also abstain from voting in the proposed resolutions approving the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Subscriber	No. of Shares	Approximate percentage of shareholding in the Company (%)
1. Mr. Jin*	570,000	0.16
2. Fu Qin (傅勤)	20,000	0.01
3. Li Zhi (李智)	70,000	0.02
4. Yau Wai Yan (邱偉仁)	20,000	0.01
5. Fan Yuan (樊媛)	12,500	0.00
6. Li Zhen (李振)	52,500	0.01
7. Li Chunfan (李春帆)	27,500	0.01

* Connected Subscriber

A notice convening the EGM is set out on pages 43 to 44 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

The Independent Board Committee comprising all the independent non-executive Directors, which comprises Ms. Zhan Lili, Mr. Hai Wen and Mr. Li Junhong, has been formed to advise the

LETTER FROM THE BOARD

Independent Shareholders as to the fairness and reasonableness of the terms of the Management Subscription Agreements with the Connected Subscribers and the issue of the Management Subscription Shares to the Connected Subscribers pursuant thereto under the Specific Mandate.

Platinum Securities has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

The letter from the Independent Board Committee is set out on page 19 of this circular and the letter from the Independent Financial Advisor containing its advice is set out on pages 20 to 35 of this circular.

ADDITIONAL INFORMATION

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

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 19 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the proposed resolutions to approve the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate); and (ii) the letter from Platinum Securities set out on pages 20 to 35 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Management Subscription Agreements and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account the advice of Platinum Securities, the Independent Financial Advisor, considers that the terms of the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the approval of the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate).

The Board considers that the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. The Board considers that the resolution proposed in the notice of EGM is in the best interests of the Company and the Shareholders as a whole and therefore recommends you to vote in favour of the relevant resolutions to be proposed at the EGM.

Yours faithfully,
For and on behalf of the Board
Bloomage BioTechnology Corporation Limited
Zhao Yan
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

2 December 2015

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION INVOLVING ISSUE OF
MANAGEMENT SUBSCRIPTION SHARES TO
CONNECTED PERSONS**

We have been appointed to form an independent board committee to consider and advise you on the terms of the Management Subscription Agreements and the transactions thereunder (including the grant of the Specific Mandate), details of which are set out in the circular issued by the Company to the Shareholders dated 2 December 2015 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and letter of advice from the Independent Financial Advisor set out on pages 5 to 18 and pages 20 to 35 of the Circular respectively, and the additional information set out in the appendices to the Circular.

Having taken into account the terms of the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate), and the principal factors and reasons considered by the Independent Financial Advisor, we concur with the view of the Independent Financial Advisor and consider that the terms of the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EGM in respect of the approval of the Management Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Yours faithfully,

For and on behalf of the Independent Board Committee

Ms. Zhan Lili
*Independent non-executive
Director*

Mr. Hai Wen
*Independent non-executive
Director*

Mr. Li Junhong
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the text of the letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.



PLATINUM Securities Company Limited

21/F LHT Tower
31 Queen's Road Central
Hong Kong

Telephone (852) 2841 7000
Facsimile (852) 2522 2700
Website www.platinum-asia.com

2 December 2015

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION INVOLVING ISSUE OF MANAGEMENT SUBSCRIPTION SHARES TO CONNECTED PERSONS

INTRODUCTION

We refer to our engagement as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the connected transaction involving issue of Management Subscription Shares to connected persons (the “Connected Transaction”). Details of the Connected Transaction are contained in the letter from the Board as set out in the circular of the Company dated 2 December 2015 (the “Circular”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the Independent Financial Advisor, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the transactions contemplated under the Management Subscription Agreements are in the ordinary and usual course of business of the Group and whether the terms of the Management Subscription Agreements and the transactions contemplated thereunder have been agreed on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and to give independent advice to the Independent Board Committee.

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things: i) the Management Subscription Agreements; ii) Announcement; iii) Voluntary Announcement; iv) the audited 2014 annual report of the Company (the “2014 Annual Report”); and v) the unaudited 2015 interim report of the Company (the “2015 Interim Report”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Directors and/or management of the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Directors and/or management of the Company which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Connected Transaction.

We are independent from, and are not associated with the Company or any other party to the Connected Transaction, or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the Connected Transaction. We will receive a fee from the Company for our role as the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the Connected Transaction. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Connected Transaction or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Ms. Zhan Lili, Mr. Hai Wen and Mr. Li Junhong, has been established to advise the Independent Shareholders as to whether the transactions contemplated under the Management Subscription Agreements are in the ordinary and usual course of business of the Group and whether the terms of the Management Subscription Agreements and the transactions contemplated thereunder have been agreed on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background and reasons for the Management Subscriptions

1.1 *Information on the Group*

The Group is principally engaged in the development, manufacture and sale of a diversified range of hyaluronic acid (“HA”) products. HA is widely used as a direct ingredient or an excipient in

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

pharmaceutical, cosmetic and healthcare products. HA end products include orthopedic injections, ophthalmic solutions, eye drops, ophthalmic surgery viscoelastic agent, injection cosmetic filler products, surgical anti-adhesion products, skin care products and healthcare products. Its shares were listed on The Stock Exchange on 3 October 2008.

The following table summarises the audited financial information of the Group for the two years ended 31 December 2014 and the unaudited financial information of the Group for the six months ended 30 June 2015, as extracted from the 2014 Annual Report and the 2015 Interim Report respectively.

Consolidated statement of profit or loss

	For the year ended 31 December 2013	For the year ended 31 December 2014	For the six Months ended 30 June 2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Revenue	375,180	481,301	312,002
- HA raw materials*	286,634	320,286	210,391
- HA end products*	86,759	160,012	100,309
- Others*	1,787	1,003	1,302
Profit (loss) for the year/period	94,397	162,066	99,687
- attributable to equity shareholders of the Company	94,398	162,067	99,688
- attributable to non-controlling interests	(1)	(1)	(1)

* The segment turnover are referred to revenue to segment reporting

Consolidated statement of financial position

	As at 31 December 2013	As at 31 December 2014	As at 30 June 2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Restricted cash	36,000	15,803	230,000
Cash and cash equivalents	169,429	187,840	305,840
Bank loan	36,000	—	220,437
Net assets value	564,345	752,507	859,502

From the above table, we note that the Group recorded total revenue of approximately RMB481.3 million for the year ended 31 December 2014, representing an increase of approximately 28.3% from 2013. Out of total revenue in 2014, approximately RMB320.3 million was contributed by raw

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

materials business, approximately RMB160.0 million was derived from end products business, representing a steady growth of approximately 11.7% and a rapid growth of approximately 84.4%, respectively, from 2013. The profit attributable to equity shareholders of the Company was approximately RMB162.1 million for the year ended 31 December 2014, representing an increase of approximately 71.7% from 2013. With reference to the 2014 Annual Report and as advised by the management of the Company, better performance for the year ended 31 December 2014, in term of improved revenue and profit for the year attributable to equity shareholders of the Company, was primarily attributable to (i) overall recovery of world's economy, (ii) robust growth in the PRC cosmetics raw materials industry and e-commerce, (iii) expansion of emerging channels and markets for raw materials, and (iv) rapid expansion of the consumer groups of injection products and the penetration of their coverage, resulting the great demand from young women for improvement of lineament.

According to 2015 Interim Report, the Group achieved remarkable results in the first half of 2015. The Group recorded total revenue of approximately RMB312.0 million for the six months ended 30 June 2015. Out of the total revenue for the six months ended 30 June 2015, approximately RMB210.4 million was derived from raw materials business and approximately RMB100.3 million from end products business. The Group recorded profit attributable to equity shareholders of the Company of approximately RMB99.7 million.

The Group has cash and cash equivalents of approximately RMB305.8 million and restricted cash of approximately RMB230.0 million as at 30 June 2015, as compared to approximately RMB187.8 million and RMB15.8 million as at 31 December 2014. According to 2015 Interim report, such changes were mainly due to net cash inflows from operating activities, placement of restricted cash with a bank for issuance of banker's acceptance bills and new bank loan raised. The Group recorded secured bank loan of approximately RMB220.4 million as at 30 June 2015, which will be due in 3 years. The loan was classified as current liability as the loan agreement contains clauses which give the lender the right to demand immediate repayment if the Group fails the bank's annual credit assessment. As discussion with the management, they are of the opinion that the Group is in a strong and healthy financial position and has sufficient working capital to support its operations and meet its foreseeable capital expenditures.

1.2 Information on the Connected Subscribers

With reference to the letter from the Board, the Connected Subscribers include (i) Mr. Jin (an executive Director and chief executive officer) and (ii) Ms. Wang (an executive Director).

1.3 Reasons for and benefits of the Management Subscriptions by Connected Subscribers and use of proceeds

With reference to the letter of the Board, it is the intention and objective of the Company to incentivize and reward the Subscribers who has throughout their service shown tremendous contribution to the Group and is considered by the Board to be vital to the success and the long-term growth of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Directors are of the view that the Management Subscriptions will provide an incentive to retain or otherwise maintain on-going relationships with the Subscribers whose contributions are or will be beneficial to the long-term growth and development of the Group.

Reference is made to (i) the announcement of the Company dated 29 October 2013 in relation to issue of unlisted warrants (the “Warrants”) to a company wholly owned by Mr. Jin and grant of share options (the “2013 Options”) to Mr. Jin; and (ii) the announcement of the Company dated 24 December 2012 in relation to grant of share options (the “2012 Options”) to Mr. Jin, Ms. Wang and another two Directors. We note that Mr. Jin has already been entitled to the Warrants, the 2013 Options and the 2012 Options and Ms. Wang is entitled to the 2012 Options, however, we are of the view that the Management Subscriptions, unlike share options or warrants, will result in actual ownership of the Shares and provide a more direct and ongoing financial connection between the Subscribers and the Company. While all the Directors, officers and employees of the Company can participate in the Company’s existing stock option plan, a share option may never be exercised by the holder and there is no financial commitment by the holder of the share option until after the exercise the share option at some point in the future. An option holder, who receives the share option without the payment of consideration at the time it is granted, may choose to never exercise the share option.

Given the above, we consider that the reasons for the Management Subscriptions by the Connected Subscribers are justifiable and the Management Subscriptions by the Connected Subscribers are in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Management Subscription Agreements

The table below summarises the major terms of the Management Subscription Agreements:

Date:

6 November 2015

Parties:

- (i) the Company
- (ii) the Subscribers

Management Subscription Shares

The details and names of the Subscribers (including Connected Subscribers) and the number of Management Subscription Shares to be subscribed by the Subscribers (including Connected Subscribers) under the Management Subscription Agreements are set out under the sub-section headed “Details of the Subscribers and Management Subscriptions” of the letter of the Board. As advised by the Directors, the allocation of number of Management Subscription Shares to be subscribed by each Subscriber was determined on an arm’s length basis between the Company and with each Subscriber.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Conditions Precedent

Management Subscription Completion is conditional upon satisfaction of the following conditions:

- (a) the Listing Committee granting the listing of, and permission to deal in, the Management Subscription Shares;
- (b) in respect of the relevant Management Subscription Agreements with the Subscribers (save for the Connected Subscribers), the Management Subscription Completion with respect to such Subscribers (save for the Connected Subscribers) and the Management Subscription Completion with respect to the Connected Subscribers shall occur simultaneously;
- (c) the Specific Mandate having been approved by the Independent Shareholders at the EGM; and
- (d) the warranties given by the Subscribers under their respective Management Subscription Agreements remaining true, accurate, and not misleading and there being no omission of relevant facts.

If the conditions to the Management Subscription Completion (other than conditions in paragraphs (a) and (c) above) are not fulfilled on or before 31 January 2016 (or such other date as may be notified in writing by the Company to the Subscribers), or if the conditions in paragraphs (b) and (d) above are not fulfilled or waived on or before the date of the Management Subscription Completion, the Management Subscription Agreements and the rights and obligations of the parties thereto shall terminate and be of no further effect, save and except for the rights and obligations that have accrued prior to the relevant effective termination date, which shall continue to be of force and effect.

Lockup undertaking by the Subscribers

With reference to the letter of the Board, each of the Subscribers undertakes to the Company that, neither he/she nor any person acting on his/her behalf will, for a period of 180 days from the date of the Management Subscription Completion (both dates inclusive), offer, sell, transfer, pledge, contract to sell or otherwise dispose of any interest in any Management Subscription Shares or other instruments representing interests in the Management Subscription Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Management Subscription Price

The Management Subscription Price of HK\$12 per Management Subscription Share represents:

- (a) a discount of approximately 13.42% to the closing price of HK\$13.86 per Share as quoted on the Stock Exchange on 4 November 2015 being the date of the Voluntary Announcement;
- (b) a discount of approximately 20.63% to the closing price of HK\$15.12 per Share as quoted on the Stock Exchange on 5 November 2015, being the last trading day (the “Last Trading Day”) immediately prior to the date of the Management Subscription Agreement;
- (c) a discount of approximately 14.29% to the average closing price of approximately HK\$14.00 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Management Subscription Agreement;
- (d) a discount of approximately 14.29% to the average closing price of approximately HK\$14.00 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Management Subscription Agreement; and
- (e) a discount of approximately 7.55% to the average closing price of approximately HK\$12.98 per Share as quoted as the Stock Exchange for the last thirty consecutive trading days immediately prior to the date of the Management Subscription Agreements.

As advised by the Directors, the Management Subscription Price was arrived at after arm’s length negotiations between the Company and the Subscribers with reference to, among others, the current market conditions, the business prospects of the Group and recent trading performance of the Shares. With reference to announcement of the Company dated 5 November 2015 regarding the issue of convertible bonds and subscription shares to Ora Investment Pte. Ltd., the subscription price offered to Ora Investment Pte. Ltd. is HK\$12 per share, which is same as the Management Subscription Price. The Directors consider that the Management Subscription Price is fair and reasonable under the current market conditions and in light of the recent price performance of the Shares and the liquidity of the Shares.

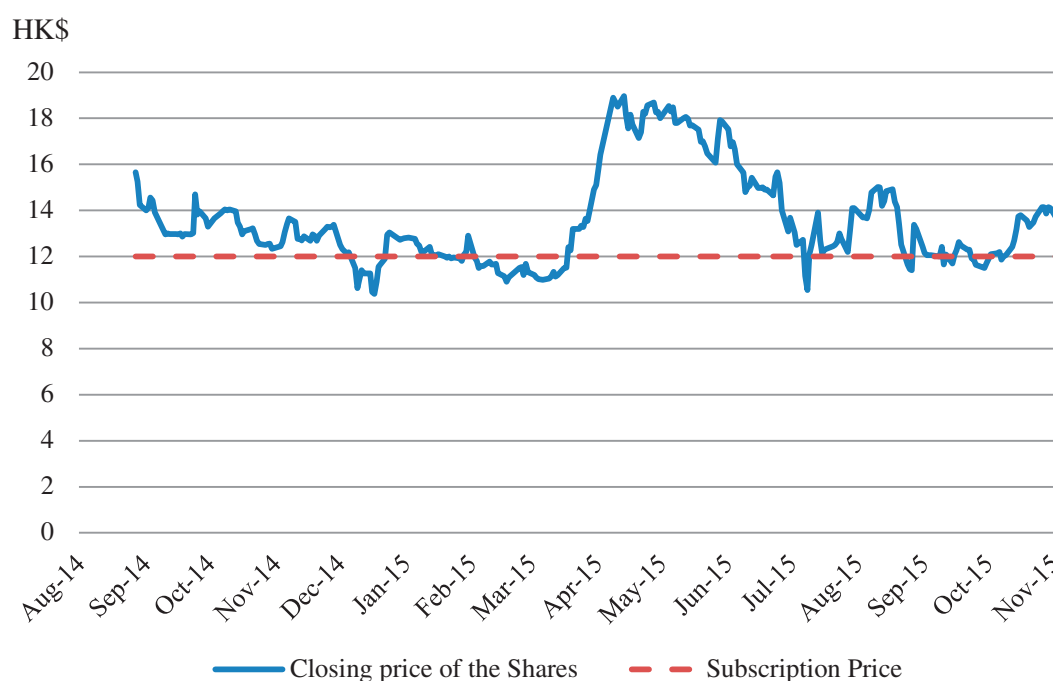
LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

To further assess the fairness and reasonableness of the Management Subscription Price, we set out the following analyses for illustrative purpose:

Review of share prices

The diagram demonstrating the daily closing price of the Shares as quoted on the Hong Kong Stock Exchange during the period commencing from 27 August 2014 up to and including the Last Trading Day (the “Review Period”), being approximate one year period prior to and including the Last Trading Day, which is commonly used for analysis purpose, is shown as follows:

Historical closing price of the Shares



Source: The Hong Kong Stock Exchange's web-site (www.hkex.com.hk)

As shown by the above diagram, the daily closing prices of the Shares ranged from HK\$10.38 per Share to HK\$18.96 per Share during the Review Period. The Management Subscription Price of HK\$12 is within the range of the lowest and highest closing prices of the Shares as quoted on the Hong Kong Stock Exchange during the Review Period, and represented a premium of approximately 15.6% over the lowest closing price of HK\$10.38 recorded in 17 December 2014 and a discount of approximately 36.7% to the highest closing price of HK\$18.96 recorded in 13 April 2015. We noted that the daily closing prices of the Shares had been relatively stable before it surged since 6 March 2015 and reached its peak of HK\$18.96 on 13 April 2015. Following the temporary surge in the daily closing prices of the Share, the daily closing prices of the Share fluctuate during the period from 14 April 2015 to the Last Trading Day.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Comparable Transactions analysis

As part of our analysis, we have also identified transactions regarding subscription of new ordinary shares (excluding domestic shares) by (a) connected person(s) during the period from 1 May 2015 up to the Last Trading Day, being the recent period around the time the Management Subscriptions were proposed, for comparison purpose, as announced by companies listed on the Main Board of the Stock Exchange (the “Comparable Transactions”).

The Comparable Transactions have been selected exhaustively based on the above criteria, and have been identified, to the best of our endeavours, in our research through public information.

As the Comparable Transactions involve subscription of new ordinary shares (excluding domestic shares) by (a) connected person(s), we believe these Comparable Transactions would provide a benchmarking comparison for our analysis as factors taken into account in determining the subscription price of the shares issued under such transactions provide an indication of the premium over/discount to the market price of the relevant shares. The six months period provides relevant samples of Comparable Transactions for the purpose of our analysis because these transactions were announced close to the date of the Management Subscription Agreements, under similar market conditions.

We note that the companies involved in the Comparable Transactions are not engaged in the same principal business of the Company and they are of different market capitalizations, the targets involved are of different nature and size, and the terms of issuance of the consideration shares of each of the transactions may be subject to their respective circumstances such as different financial standing or business performance. However, since the Comparable Transactions were transacted at a time close to the date of the Management Subscription Agreements under similar market conditions, we are of the view that the Comparable Transactions, although not to be used in isolation in determining the fairness and reasonableness of the Management Subscription Price, nevertheless can provide a general reference basis to the Independent Shareholders as they can reflect recent market trends of the terms used in issuing shares as full or partial settlement of consideration. As such we consider that the Comparable Transactions are fair and representative samples.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Comparable Transactions analysis on the Management Subscription Price

Date of Announcement	Company Name	Ticker	Premium/(discount) of the subscription price over/(to) the average closing price of		
			Last trading day prior to/ on the date of the relevant announcement/ agreement	Last 5 consecutive trading days prior to/ on the date of the relevant announcement/ agreement	Last 10 consecutive trading days prior to/ on the date of the relevant announcement/ agreement
17-May-15	China Rundong Auto Group Limited	1365 HK	(15.00%)	(13.73%)	(14.24%)
20-May-15	China City Railway Transportation Technology Holdings Company Limited	1522 HK	(36.94%)	(37.24%)	(36.98%)
22-May-15	China NT Pharma Group Company Limited	1011 HK	(15.84%)	(19.13%)	(13.89%)
28-May-15	Huiyin Household Appliances (Holdings) Co., Ltd.	1280 HK	(9.23%)	(5.85%)	(1.67%)
31-May-15	Sunshine Oilsands Ltd.	2012 HK	(19.40%)	(16.70%)	(13.79%)
24-Jun-15	TCL Multimedia Technology Holdings Limited	1070 HK	(17.49%)	(15.03%)	(15.92%)
05-Aug-15	Shanghai Tonva Petrochemical Co., Ltd.	1103 HK	(4.76%)	(15.79%)	(13.04%)
07-Aug-15	Daiwa Associate Holdings Limited	1037 HK	(74.12%)	(71.11%)	(69.74%)
30-Aug-15	CT Environmental Group Limited	1363 HK	0.98%	10.61%	8.79%
24-Sep-15	Petro-king Oilfield Services Limited	2178 HK	14.49%	10.96%	12.22%
25-Sep-15	China Everbright Bank Company Limited	6818 HK	42.75%	44.01%	43.58%
26-Oct-15	Chinasoft International Limited	354 HK	(14.11%)	(15.41%)	(15.41%)
26-Oct-15	Tesson Holdings Limited	1201 HK	(27.27%)	(16.32%)	(8.36%)
02-Nov-15	Redco Properties Group Limited	1622 HK	(16.10%)	(16.10%)	(17.81%)
05-Nov-15	Harmonic Strait Financial Holdings Limited	33 HK	(28.57%)	(28.06%)	(28.06%)
		Maximum	42.75%	44.01%	43.58%
		Minimum	(74.12%)	(71.11%)	(69.74%)
		Average	(14.71%)	(13.66%)	(12.29%)
		Median	(15.84%)	(15.79%)	(13.89%)
	Management Subscription Price		(20.63%)	(14.29%)	(14.29%)

As shown in the table above, the subscription prices of the Comparable Transactions ranged from: (i) a discount of approximately 74.12% to a premium of approximately 42.75% to/over the respective closing prices of their shares on the last trading days prior to/on the date of the announcement/agreement in relation to the relevant share subscription (the “Comparable Transactions Range I”), with an average of a discount of approximately 14.71% (the “Comparable Transactions Average I”) and a median of a discount of approximately 15.84% (the “Comparable Transactions Median I”); (ii) a discount of approximately 71.11% to a premium of approximately 44.01% to/over the average closing prices of their shares on the last five consecutive trading days prior to/on the date of the announcement/agreement in relation to the relevant share subscription (the “Comparable Transactions Range II”), with an average of a discount of approximately 13.66% (the “Comparable

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Transactions Average II”) and a median of a discount of approximately 15.79% (the “Comparable Transactions Median II”); and (iii) a discount of approximately 69.74% to a premium of approximately 43.58% to/over the average closing prices of their shares on the last ten consecutive trading days prior to/on the date of the announcement/agreement in relation to the relevant share subscription (the “Comparable Transactions Range III”), with an average of a discount of approximately 12.29% (the “Comparable Transactions Average III”) and a median of a discount of approximately 13.89% (the “Comparable Transactions Median III”).

The Management Subscription Price represents a discount of 20.63% to the closing price of the Shares on the last trading day prior to the date of the Management Subscription Agreements (the “Management Subscription Price Discount I”), a discount of 14.29% to the average closing price of the Shares on last five consecutive trading days immediately prior to the date of the Management Subscription Agreements (the “Management Subscription Price Discount II”) and a discount of 14.29% to the average closing price of the Shares on last ten consecutive trading days immediately prior to the date of the Management Subscription Agreements (the “Management Subscription Price Discount III”).

We note that (i) the Management Subscription Price Discount II is larger than the Comparable Transactions Average II but smaller than the Comparable Transactions Median II; (ii) although the Management Subscription Price Discount I is larger than each of the Comparable Transactions Average I and the Comparable Transactions Median I, but within the Comparable Transactions Range I; and (iii) although the Management Subscription Price Discount III is larger than each of the Comparable Transactions Average III and the Comparable Transactions Median III, but within the Comparable Transactions Range III. We are of the view that the Management Subscription Price is generally in line with market practice by issuing subscription shares at a discount of approximately 10% to 30% to the relevant closing price of the shares. Therefore, we consider that the Management Subscription Price is fair and reasonable to the Company and the Shareholders as a whole.

Considerations in relation to the Management Loan Agreements

With reference to Announcement, the Company and each of the Subscribers (including Connected Subscribers) entered into the Management Loan Agreements, pursuant to which the Company conditionally agreed to grant the loans in the aggregate principal amount of approximately HK\$98.8 million to the Subscribers, which will enable them to use the proceeds of the loans to pay for Management Subscriptions.

As advised by the management of the Company, it is the Company’s intention and objective to incentivize and reward the Subscribers. The proceeds of the Loan to Subscribers under the Management Loan Agreements are solely for the payments of Management Subscription Shares, and cannot be used for other purposes. The Directors consider that the loans provide incentives to Subscribers and will allow the Group to retain talents for the future development of the Group. We understand from the management of the Company that the Directors have considered several methods of providing incentives to the Subscribers, including lump sum cash bonuses, remuneration increment, as well as Management Loan Agreements together with Management Subscriptions. After careful consideration of the alternatives, the Directors consider the existing incentive arrangement to be the most appropriate one, given that the Management Loan Agreements together with Management

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Subscriptions will enable the Company to avoid cash outflows of the Group at Management Subscription Completion while allowing added incentives to the Subscribers to continuing make contribution to the Group. In addition, the Company reserves the right to request the Subscribers to repay the loan on demand. The Directors are of the view that the economic benefits of the Management Loan Agreements together with Management Subscriptions are dependent on the future performances of the Group and hence the Subscribers can only benefit when the Company and Shareholders are also in a position to benefit.

As stated in the Circular, the Connected Subscribers represent two Directors out of total 23 Subscribers. We note that there is no difference between the terms of loans offered to the Connected Subscribers and the other Subscribers. The interest rate for the Management Loan Agreements shall accrue at 2% per annum except that if the Subscribers are no longer engaged or employed by the Group before the third anniversary of the date of the relevant Loan drawdown, the principal together with the accrued interest at the rate specified below shall be repaid to the Company within 10 Business Days of his or her departure: (i) if any Subscriber is no longer engaged or employed by the Group before the first anniversary of the relevant Loan drawdown date, interest on the Loan shall accrue at 6% per annum from the date of drawdown until the actual repayment date; (ii) if any Subscriber is no longer engaged or employed by the Group between the day immediately after the first anniversary and the second anniversary of the relevant Loan drawdown date, interest on the Loan shall accrue at 5% per annum from the date of drawdown until the actual repayment date; and (iii) if any Subscriber is no longer engaged or employed by the Group between the day immediately after the second anniversary and the third anniversary of the relevant Loan drawdown date, interest on the Loan shall accrue at 3% per annum from the date of drawdown until the actual repayment. The principal amounts of loans to the two Connected Subscribers are approximately HK\$49.4 million and HK\$2.5 million respectively.

When considering the reasonableness of interest rates of loans to the Connected Subscribers under the Management Loan Agreements, we have looked at the current Hong Kong interest rate for personal loans charged by different commercial banks. The annual percentage rates (“APR”) shown in the table below as at Latest Practicable Date are base on a payback period of 36 months which have been identified for both scenarios concerning the loan amounts of HK\$50 million and HK\$2 million offered by lenders;

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Recent average market interest rate for personal loan in Hong Kong*

Banks	<i>Paybak period: 36 months</i>	
	Loan Amount: HK\$50 million APR(%)	Loan Amount: HK\$2 million APR(%)
China Construction Bank	3.50	3.50
Standard Chartered	3.86	3.86
HSBC	3.09	3.09
Hang Seng Bank	3.03	3.03
DBS	3.11	3.11
Fubon Bank	5.13	5.13
China Citic Bank International	3.03	3.03
Wing Lung Bank	2.80	2.80
OCBC Wing Hang Bank	4.87	4.87
Citibank	—	3.74
Maximum	5.13	5.13
Minimum	2.80	2.80
Average	<u>3.60</u>	<u>3.62</u>

Interest rate for Management Subscription: 2% per annum

* Assume the personal debtor has a favourable credit record.

Source: *HongKongLoan.com*

As illustrated in the table above, for personal loans with principal amounts of HK\$50 million, the APR offered by commercial banks in Hong Kong is from 2.80% to 5.13%, while the average APR is approximately 3.60%. For personal loans with principal amounts of HK\$2 million, the APR offered by commercial banks in Hong Kong is from 2.80% to 5.13%, while the average APR is approximately 3.62%. Besides, we have also looked at the Hong Kong prime lending rate (the “HKD Prime Rate”), which is the average rate of interest charged on loans by commercial banks to private individuals and companies, and note that the current HKD Prime Rate as at the Latest Practicable Date is 5% per annum. We note that the interest rate for Management Loan Agreements is lower than overall market interest rate. However, we consider that the Management Loan Agreements have an interest rate adjustment mechanism, which would entice the Subscribers to stay employed with the Group to avoid higher interest charges. We consider that by adding such interest rate adjustment mechanism, the overall interest rate level for Management Loan Agreement is generally in line with the prevailing interest rate charged in Hong Kong, and such arrangement is in the interests of the Company and the Shareholders to keep the Subscribers with the Group and could supplement the Management Subscriptions in serving the purpose of incentivizing and rewarding the Subscribers and aligning the interests of the Subscribers with Shareholders as a whole.

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With our further understanding from the management of the Company, although the Loan to Subscribers are without collaterals, the Company has established an internal control system to monitor the Subscribers' utilisation of the Loan to make sure the proceeds of loans are used exclusively for its designated purpose as stated in Management Loan Agreements, i.e. payments for Management Subscriptions. Besides, the status of Management Subscriptions of the Connected Subscribers will be reviewed annually by independent non-executive Directors and the Company's auditor, which further enhance the monitoring on the conditions of Management Loan Agreements together with Management Subscriptions by the Connected Subscribers. Even in the event of any kinds of default incurred from Management Loan Agreements, the Company would take remedial action by expropriating of relative remunerations and bonus that payable to the defaulters, which as a penalty as to minimize and cover the losses for such default to the Company.

Therefore, we are in the opinion that entering into the Management Loan Agreements together with Management Subscriptions is fair and reasonable and in the interests of the Company and the Shareholders as a whole. We have drawn the Independent Board Committee's attentions to the detailed terms of Management Loan Agreements together with Management Subscriptions, our analysis and opinion on the Connected Transaction.

In light of (i) each of the Subscribers undertakes to the Company for a lockup period of 180 days; (ii) Management Subscription Price is fair and reasonable after considering the recent Share prices and the Comparable Transactions; and (iii) entering into the Management Loan Agreements is fair and reasonable and in the interests of the Company and the Shareholders as a whole, we are of the view that the terms of the Management Subscription Agreements are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and its Shareholders as a whole.

3. Financial effects of the Management Subscriptions

3.1 *Effect on net assets value*

As discussed with the Group's management, assuming that the net Management Subscription Price is HK\$11.91 per Management Subscription Share, the Management Subscriptions (including the Management Subscriptions by the Connected Subscribers) are expected to generate net proceeds of approximately HK\$115.3 million and increase the issued capital and reserve of the Company by approximately HK\$115.3 million. Upon Management Subscription Completion and assuming there is no other change to the balance sheet items since 30 June 2015 save for the changes caused by the Management Subscriptions, the net assets value of the Group will be increased by the amount of the net proceeds from the Management Subscriptions.

It should be noted that the aforementioned analyses do not consider the effect of Loan provided to Subscribers (including Connected Subscribers) under the Management Loan Agreements for payments of Management Subscription Shares. By taking into account the loans provided to Subscribers, the net proceeds from Management Subscriptions would be approximately HK\$16.5 million, representing the net proceeds from Management Subscriptions of approximately HK\$115.3 million netting off the Loan to the Subscribers of HK\$98.8 million. Upon Management Subscription

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Completion and taking into account the effects of Loan to Subscribers, the net assets value of the Group will be increased by approximately HK\$115.3 million in total (including the net proceeds from Management Subscriptions of approximately HK\$16.5 million and the Loan to Subscribers of approximately HK\$98.8 million).

3.2 *Effect on working capital*

As discussed with the Group's management, the net proceeds will be recognised as cash and equity. Hence, the cash position and the current assets of the Group will be increased by the net proceeds of the Management Subscriptions and that the gearing ratio of the Group will be decreased.

It should be noted that the aforementioned analyses are estimation for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon Management Subscription Completion.

4. **Dilution effects of the Management Subscriptions**

Details of the changes of shareholding structure as a result of the Management Subscriptions are set out in the section headed "Changes in the Shareholding Structure of the Company" of the Letter from the Board. As set out in the letter from the Board, and based on the information shown on the website of the Stock Exchange as at the Latest Practicable Date, upon the Management Subscription Completion only (including the Management Subscriptions by the Connected Subscribers), the shareholding of the Independent Shareholders (including Ms. Zhao, Investor and other shareholders other than those who are interested in the Management Subscriptions) will be diluted from approximately [99.78%] before the Management Subscription Completion to approximately [97.10%] immediately after the Management Subscription Completion. Nonetheless, in view of (i) the reasons for and the possible benefits of the Management Subscriptions by the Connected Subscribers to the Company, details of which are set out under the section under "Reasons for and benefits of the Management Subscriptions by the Connected Subscribers and the use of proceeds" of this letter; and (ii) the terms of the Management Subscription Agreements being fair and reasonable, we are of the view that the aforementioned level of dilution to the shareholding interests of the Independent Shareholders is acceptable.

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RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinion that the terms of the Management Subscription Agreements are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Management Subscriptions are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Management Subscriptions.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited
Li Lan
Director and Co-head of Corporate Finance

Mr. Li Lan is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Platinum Securities Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over nine years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

(i) Long position in Shares and the underlying Shares

Name	Capacity/Nature of interests	Number of Shares Interested	Approximate percentage of the Company's total issued share capital
Ms. Zhao Yan	Interest of a controlled corporation (<i>Note 2</i>)	182,520,000 (L) (<i>Note 1</i>)	52.06%
	Interest of a controlled corporation (<i>Note 6</i>)	9,960,000 (L)	2.84%
	Interest of a controlled corporation (<i>Note 6</i>)	9,960,000 (S) (<i>Note 1</i>)	2.84%
	Beneficial owner (<i>Note 2</i>)	1,200,000 (L)	0.34%
Ms. Liu Aihua	Interest of a controlled corporation (<i>Note 3</i>)	4,544,000 (L)	1.30%
	Beneficial owner (<i>Note 3 and 4</i>)	2,190,000 (L)	0.62%
Mr. Guo Jiajun	Beneficial owner (<i>Note 4</i>)	700,000 (L)	0.20%
Ms. Wang	Beneficial owner (<i>Note 4</i>)	680,000 (L)	0.19%
	Beneficial owner (<i>Note 7</i>)	242,188 (L)	0.07%

Name	Capacity/Nature of interests	Number of Shares Interested	Approximate percentage of the Company's total issued share capital
Mr. Jin	Interest of a controlled corporation (<i>Note 5</i>)	16,600,000 (L)	4.73%
	Beneficial owner(<i>Note 4</i>)	12,363,750 (L)	3.53%
	Interest of a controlled corporation (<i>Note 6</i>)	9,960,000 (L)	2.84%
	Interest of a controlled corporation (<i>Note 6</i>)	9,960,000 (L)	2.84%

Notes:

- (1) The letter "L" denotes a long position in the shares of the Company and the letter "S" denotes a short position in the shares of the Company.
- (2) Ms. Zhao is the legal owner of 1,200,000 Shares and the sole and beneficial owner in respect of 100 percent of the issued share capital of AIM First Investments Limited ("**AFI**") which is the beneficial owner of 182,520,000 Shares, of which 9,960,000 Shares are subject to a third party purchase option granted to Wealthy Delight Group Limited ("**Wealthy Delight**"). Ms. Zhao is the sole director of AFI. Mr. Jin is the sole director of Wealthy Delight.
- (3) These 4,544,000 Shares are held by Forever Shining Holdings Limited ("**Forever Shining**"), which is owned as to 42.86% by Ms. Liu Aihua. Therefore, Ms. Liu Aihua is deemed, or taken to be, interested in all the Shares which are beneficially owned by Forever Shining for the purpose of the SFO. Ms. Liu Aihua is interested as a grantee of options to subscribe 2,190,000 Shares under the share option scheme of the Company
- (4) On 24 December 2012, 2,190,000, 700,000, 680,000 and 310,000 share options were granted to Ms. Liu Aihua, Mr. Guo Jiajun, Ms. Wang Aihua and Mr. Jin Xuekun, respectively, pursuant to the share option scheme of the Company. On 29 October 2013, 6,640,000 share options were granted conditionally to Mr. Jin pursuant to the share option scheme of the Company, and the grant was approved by the independent Shareholders at the extraordinary general meeting held on 23 December 2013. On 6 November 2015, Mr. Jin entered into the relevant Management Subscription Agreement with the Company, pursuant to which Mr. Jin conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 4,843,750 Shares. Mr. Jin holds 570,000 Shares through his individual securities account.
- (5) These 16,600,000 warrants were held by Wealthy Delight which is wholly-owned by Mr. Jin. Therefore, Mr. Jin is deemed, or taken to be, interested in all the warrants beneficially owned by Wealthy Delight for the purpose of the SFO.
- (6) On 22 May 2014, AFI had granted a call option to Wealthy Delight ("**AFI Call Option**") exercisable during the period from 22 May 2014 to 22 May 2019 to require AFI to transfer an aggregate of 9,960,000 Shares or any part thereof held by AFI (the "**Option Shares**") to Wealthy Delight at HK\$5.8 per Share (the "**Transfer Price**"); and Wealthy Delight had granted a call option to AFI exercisable during the period commencing on the completion date of the transfer of the relevant Option Shares under the AFI Call Option and ending on 22 May 2019 to require Wealthy Delight to transfer the Option Shares or any part thereof held by Wealthy Delight to AFI at the Transfer Price on the condition that AFI 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).

- (7) On 6 November 2015, Ms. Wang entered into the relevant Management Subscription Agreement with the Company, pursuant to which Ms. Wang conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 242,188 Shares.

(ii) *Long position in the ordinary shares of associated corporation*

Name of Director	Name of associated corporation	Capacity	Number of securities held	Approximate percentage of shareholding
Ms. Zhao Yan	AFI	Beneficial owner	50,000	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) **Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO**

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity/ Nature of interests	Number of Shares Interested	Approximate percentage of the Company's total issued share capital
AFI (<i>Note 2 and 6</i>)	Beneficial owner	182,520,000(L)	52.06%
		(<i>Note 1</i>)	
		9,960,000(L)	2.84%
Mr. Wang Yi (<i>Note 3</i>)	Interest of spouse	9,960,000(S)	2.84%
		(<i>Note 1</i>)	
		183,720,000(L)	52.40%
		9,960,000(L)	2.84%
		9,960,000(S)	2.84%

Name	Capacity/ Nature of interests	Number of Shares Interested	Approximate percentage of the Company's total issued share capital
Wealthy Delight Group Limited (<i>Note 4 and 6</i>)	Beneficial owner	16,600,000(L)	4.73%
		9,960,000(L)	2.84%
		9,960,000(S)	2.84%
Ms. Zhang Lanying (<i>Note 5</i>)	Interest of spouse	28,963,750(L)	8.26%
		9,960,000(L)	2.84%
		9,960,000(S)	2.84%
GIC Private Limited (<i>Note 7</i>)	Interest in controlled corporation	16,145,834(L)	4.61%
		27,034,883(L)	7.71%
GIC Special Investments Pte. Ltd. (<i>Note 7</i>)	Interest in controlled corporation	16,145,834(L)	4.61%
		27,034,883(L)	7.71%
GIC (Ventures) Pte. Ltd. (<i>Note 7</i>)	Interest in controlled corporation	16,145,834(L)	4.61%
		27,034,883(L)	7.71%
Investor (<i>Note 8</i>)	Beneficial owner	16,145,834(L)	4.61%
		27,034,883(L)	7.71%

Notes:

- (1) The letter "L" denotes a long position in the shares of the Company and the letter "S" denotes a short position in the shares of the Company.
- (2) AFI is wholly-owned by Ms. Zhao. Ms. Zhao is the sole director of AFI.
- (3) Mr. Wang Yi is the spouse of Ms. Zhao Yan. Under the SFO, Mr. Wang Yi is deemed, or taken to be, interested in all the Shares and underlying Shares in which Ms. Zhao is interested.
- (4) On 27 December 2013, 16,600,000 warrants of the Company were granted to Wealthy Delight conferring the right to subscribe for 16,600,000 Shares by the holder of such warrants. Mr. Jin is the sole director of Wealthy Delight.
- (5) Ms. Zhang Lanying is the spouse of Mr. Jin. Under the SFO, Ms. Zhang Lanying is deemed, or taken to be, interested in all the Shares and underlying Shares in which Mr. Jin is interested.
- (6) On 22 May 2014, AFI had granted a call option to Wealthy Delight ("AFI Call Option") exercisable during the period from 22 May 2014 to 22 May 2019 to require AFI to transfer an aggregate of 9,960,000 shares of the Company or any part thereof held by AFI (the "Option Shares") to Wealthy Delight at HK\$5.8 per share (the "Transfer Price"); and Wealthy Delight had granted a call option to AFI exercisable during the period commencing on the completion date of the transfer of the relevant Option Shares under the AFI Call Option and ending on 22 May 2019 to require Wealthy Delight to transfer the Option Shares or any part thereof held by Wealthy Delight to AFI at the Transfer Price on the condition that AFI 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).
- (7) As at the Latest Practicable Date, GIC Private Limited is deemed to be interested in 43,180,717 Shares as a result of its indirect holding such Shares through GIC Special Investments Pte. Ltd., GIC (Ventures) Pte. Ltd. and the Investor, respectively, each of which are its wholly-owned subsidiaries. GIC Private Limited directly holds the entire issued share capital of GIC Special Investments Pte. Ltd., which in turn holds the entire issued share capital of GIC (Ventures) Pte. Ltd., and the Investor is wholly-owned by GIC (Ventures) Pte. Ltd.

- (8) As at the Latest Practicable Date, the Investor is the legal owner of 16,145,834 Shares. On 20 November 2015, the Investor subscribed for, and the Company issued to the Investor, the Investor CBs, which are convertible to 27,034,883 new Shares to be allotted and issued by the Company to the Investor upon the exercise of the conversion rights attaching to the Investor CBs.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), subject to retirement by rotation and re-election pursuant to the articles of association of the Company and the Listing Rules.

4. EXPERT'S QUALIFICATION AND CONSENT

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

Name	Qualification
Platinum Securities Company Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities pursuant to the SFO

The Independent Financial Advisor has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it respectively appears.

As at the Latest Practicable Date, the Independent Financial Advisor did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Advisor did not have, directly or indirectly, any interest in any assets which had since 31 December 2014 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. COMPETING BUSINESS INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in business which competes, or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited financial statements of the Company were made up.

7. LITIGATION

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

8. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited accounts of the Group were made up, and up to the Latest Practicable Date.
- (b) Save for the Management Subscription Agreements entered into with the Connected Subscribers, none of the Directors was materially interested in any contract, save the service contracts, or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The company secretary of the Company is Mr. Loong Ping Kwan. Mr. Loong is a practising solicitor admitted in Hong Kong and is a founder and a partner of Messrs. Loong and Yeung in Hong Kong. Loong & Yeung is the legal advisors of the Company as to Hong Kong laws
- (d) The principal share registrar and transfer office of the Company is Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is at Suites 2001-2006, 20/F, Jardine House, 1 Connaught Place, Central, Hong Kong.
- (f) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited.
- (g) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the office of the Company at Suites 2001-2006, 20/F, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the EGM:

- (a) the Management Subscription Agreements;

- (b) the letter from the Independent Board Committee, the text of which is set out on page 19 in this circular;
- (c) the letter of advice from Platinum Securities, the text of which is set out on pages 20 to 35 in this circular;
- (d) the consent letter of Platinum Securities referred to in the section headed “Expert’s Qualification and Consent” in this appendix; and
- (e) this circular.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of the shareholders of Bloomage BioTechnology Corporation Limited (the “**Company**”) will be held at 23/F, Block D, Central International Trade Centre, No. 6A, Jianguomenwai Avenue, Chaoyang District, Beijing, the People’s Republic of China on 17 December 2015 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the management subscription agreements dated 6 November 2015 (the “**Management Subscription Agreements**”) entered into between the Company and each of the Subscribers (as defined in the circular of the Company dated 2 December 2015 (the “**Circular**”)) as set out the Circular be and are hereby approved and confirmed;
- (b) the allotment and issue of the Management Subscription Share (as defined in the Circular) to the Subscribers in accordance with the terms of the Management Subscription Agreements and the transactions contemplated thereunder be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in his/her opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Management Subscription Agreements and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the allotment and issue of Management Subscription Share(s).”

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

NOTICE OF EGM

Executive Directors:

Ms. Zhao Yan
Mr. Jin Xuekun
Ms. Liu Aihua
Ms. Wang Aihua

Non-Executive Director:

Mr. Guo Jiajun

Independent Non-Executive Directors:

Ms. Zhan Lili
Mr. Hai Wen
Mr. Li Junhong

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Principal Place of Business
in Hong Kong:*

Suites 2001-2006, 20th floor
Jardine House
1 Connaught Place
Central
Hong Kong

2 December 2015

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon.
3. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
4. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.