

MARKET MISCONDUCT TRIBUNAL

IN THE MATTER OF THE LISTED SECURITIES OF BLOOMAGE BIOTECHNOLOGY CORPORATION LIMITED (EX-STOCK CODE: 963)

NOTICE TO THE MARKET MISCONDUCT TRIBUNAL PURSUANT TO SECTION 252(2) OF AND SCHEDULE 9 TO THE SECURITIES AND FUTURES ORDINANCE (CAP 571)

Whereas it appears to the Securities and Futures Commission (the “**Commission**”) that market misconduct within the meaning of section 270 of Part XIII of the Securities and Futures Ordinance (Cap 571) (the “**SFO**”) has or may have taken place in relation to the securities of Bloomage BioTechnology Corporation Limited (華熙生物科技股份有限公司) (“**Bloomage**”) formerly listed on the Main Board of the Stock Exchange of Hong Kong Limited (“**SEHK**”) (ex-stock code: 963), the Market Misconduct Tribunal is hereby required to conduct proceedings and determine:

- (1) Whether any market misconduct in the nature of insider dealing or otherwise has taken place;
- (2) The identity of any person who has engaged in the market misconduct found to have been perpetrated; and
- (3) The amount of any profit gained or loss avoided as a result of the market misconduct found to have been perpetrated.

Person Suspected to Have Perpetrated Market Misconduct

- (i) Wu Kam Shing (“**Mr Wu**”)

Statement for Institution of Proceedings

1. Bloomage was a company whose shares were listed on the Main Board of SEHK (then with stock code 963) from 3 October 2008 to 1 November 2017, when its listing was withdrawn following a scheme of privatisation.

2. At all material times, Mr Wu was the Executive Deputy General Manager of Business Finance in the Wholesale and Cross-border Banking Group (“**WBG**”) in China CITIC Bank International Limited (“**CITIC Bank**”).
3. In or around March 2017, WBG started working on a loan transaction (the “**Loan**”) to finance Grand Full Development Limited (“**Grand Full**”) to make an offer to privatise Bloomage (the “**Privatisation**”).
4. Grand Full was at all material times wholly owned by Ms Zhao Yan, who was also the chairperson and an executive director of Bloomage owning, directly or indirectly, no less than 50.36% of the issued shares of Bloomage.
5. On 10 and 22 May 2017, meetings of the Credit Committee of CITIC Bank were held to, *inter alia*, discuss the Loan. The Loan was approved at the meeting on 22 May 2017.
6. On 15 June 2017, trading in Bloomage shares was suspended pending the issue of an announcement containing price sensitive information. The closing price of the shares on that day was HK\$14.3 per share.
7. On 19 June 2017, Bloomage and Grand Full issued a joint announcement regarding the Privatisation.
8. Grand Full proposed to privatise Bloomage by way of a scheme of arrangement where all shares in Bloomage other than those held by Grand Full and its related parties would be cancelled in exchange for HK\$16.30 per share payable by Grand Full.
9. On 20 June 2017, trading in Bloomage shares resumed. Bloomage’s share price rose from the previous closing price of HK\$14.3 per share to close at HK\$15.38 per share.

The inside information

10. The information that Grand Full had approached CITIC Bank for, and that CITIC Bank would or that its bankers were proposing to grant, the Loan to finance the Privatisation (the “**Information**”) was specific information about Bloomage and its listed securities.
11. The Information was not generally known to persons who were accustomed, or would have been likely, to deal in the shares of Bloomage until 19 June 2017 (when Bloomage and Grand Full issued their joint announcement), but would if generally known to them before then have been likely to materially affect the price of Bloomage shares.
12. The Information was accordingly “inside information” within the meaning of section 245(2) of the SFO.

Mr Wu's possession of the inside information

13. Mr Wu had the Information by reason that:
 - (a) He was the Executive Deputy General Manager of Business Finance in WBG within CITIC Bank;
 - (b) He attended meetings within WBG where the Loan and the Privatisation were mentioned;
 - (c) He received, was copied on, and had access to emails and other documents of CITIC Bank which mentioned Grand Full and the Loan.

Mr Wu was a connected person or received inside information from connected persons/ persons contemplating making a takeover offer

14. Mr. Wu: (a) was a person connected with Bloomage within the definition of section 247(1) of the SFO; (b) received the Information from persons connected with Bloomage; and/or (c) received the Information from persons contemplating making a takeover offer for Bloomage.

Mr Wu's dealings in Bloomage shares

15. Whilst in possession of the Information, Mr Wu dealt in Bloomage shares through 2 accounts in his name and 3 accounts in the name of his wife Ip Yee Man (“Ms Ip”).
16. Between 22 May 2017 and 15 June 2017:
 - (a) Mr Wu purchased 10,000 Bloomage shares through accounts in his name at an average price of HK\$13.17 per share and a total cost of HK\$131,700;
 - (b) Mr Wu purchased 1,265,000 Bloomage shares through accounts in Ms Ip's name at an average price of HK\$13.01 per share and a total cost of HK\$16.46 million.
17. Trading in Bloomage shares was suspended on 15 June 2017 and resumed on 20 June 2017, the day after Bloomage and Grand Full issued their joint announcement.
18. Following the resumption of the trading in Bloomage shares:
 - (a) On 20 June 2017, all 10,000 Bloomage shares in the accounts in Mr Wu's name were sold;
 - (b) Between 20 June 2017 and 6 October 2017, 1,007,500 Bloomage shares in the accounts in Ms Ip's name were sold;

- (c) On 3 November 2017, the remaining 257,600 Bloomage shares in the accounts in Ms Ip's name were cancelled pursuant to the Privatisation.
19. The above trading of Bloomage shares through the accounts in Mr Wu's name and Ms Ip's name resulted in profits of HK\$22,300 and HK\$3.02 million respectively.

Market misconduct under section 270 of the SFO

20. Mr Wu was a person connected with Bloomage and, whilst in possession of the Information which he knew was inside information in relation to Bloomage, dealt in Bloomage shares as set out in paragraph 16 above.
21. Further or alternatively, Mr Wu received the Information from colleagues in WBG who were working on the Privatisation, knew the Information to be inside information in relation to Bloomage, knew that his colleagues were connected with Bloomage, knew or had reasonable cause to believe that the colleagues had the Information as a result of being connected with Bloomage, and dealt in Bloomage shares as set out in paragraph 16 above.
22. Still further or alternatively, Mr Wu:
- (a) received the Information, which he knew to be inside information in relation to Bloomage, indirectly from Grand Full;
 - (b) knew or had reasonable cause to believe, from the Information, that Grand Full was contemplating making a takeover offer for Bloomage;
 - (c) dealt in Bloomage shares as set out in paragraph 16 above.
23. By reason of the above, Mr Wu engaged or may have engaged in market misconduct, namely insider dealing, within the meaning of sections 270(1)(a), 270(1)(e), and/or 270(1)(f) of the SFO.

Dated this 31st day of March 2023.

Securities and Futures Commission