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PW MEDTECH GROUP LIMITED

普华和顺集团公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1358)

VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE PROPOSED SUBSCRIPTION FOR CBPO SHARES IN CONSIDERATION OF THE DISPOSAL BUSINESS

The Share Exchange Agreement

The Board is pleased to announce that on October 12, 2017 (after trading hours), the Company and CBPO entered into the Share Exchange Agreement, pursuant to which the Company agreed to subscribe for the CBPO Shares in consideration of the Disposal Business in the form of the entire issued share capital of Health Forward, which in turn owns 80% equity interest in Tianxinfu, at a total value of approximately US\$513.45 million (equivalent to approximately RMB3.38 billion) with a subscription price of US\$93.0 (equivalent to approximately RMB611.9) per CBPO Share. Immediately following the Closing, the Company is expected to become the single largest shareholder of CBPO, with the CBPO Shares representing approximately 16.66% of the enlarged issued share capital of CBPO.

The Investor Rights Agreement

At the Closing, the Company and CBPO intend to enter into the Investor Rights Agreement in relation to the Company's rights and obligations as a shareholder of CBPO after the Closing. The Investor Rights Agreement provides, among others, that the Company may designate one director to the board of directors of CBPO as long as the shares of CBPO beneficially owned by the Company represent at least 10% of the issued and outstanding share capital of CBPO immediately after the Closing.

Immediately following the Closing, the Company will cease to directly hold any equity interest in Health Forward and Tianxinfu, which will cease to be subsidiaries of the Company. Immediately following the Closing, CBPO will not become a subsidiary of the Company and its results will not be consolidated in the financial statements of the Company. The CBPO Shares held by the Company would be treated as an investment in an associate and accounted for using the equity method of accounting.

LISTING RULES IMPLICATIONS

The highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Subscription is more than 100% and the highest applicable percentage ratio in respect of the Disposal is more than 75%. As a result, the Subscription constitutes a very substantial acquisition and the Disposal constitutes a very substantial disposal for the Company and accordingly the Subscription and the Disposal are subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Company needs additional time to prepare the Circular, the Circular containing, among other things, (i) the audited financial information on CBPO for the three financial years ended December 31, 2016 and the unaudited financial information for the six months ended June 30, 2016 and 2017 prepared under U.S. GAAP; (ii) a line-by-line reconciliation of CBPO's financial information for the differences between CBPO's accounting policies under U.S. GAAP and the Company's accounting policies under HKFRS; (iii) accountant's report on the Group for the three financial years ended December 31, 2016, including the relevant financial information of the Disposal Business; (iv) the unaudited financial information for the six months ended June 30, 2017 of the Group, including the relevant financial information of the Disposal Business; and (v) the pro forma financial information of the Group following the Closing, is expected to be despatched to the Shareholders on or before November 30, 2017.

Shareholders and potential investors should note that the completion of the Subscription and the Disposal are subject to, among other things, approvals by the Shareholders and the terms and conditions under the Share Exchange Agreement. There is no assurance that the Subscription and the Disposal will proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing with the Shares.

INTRODUCTION

The Board is pleased to announce that on October 12, 2017 (after trading hours), the Company and CBPO entered into the Share Exchange Agreement, pursuant to which the Company agreed to subscribe for the CBPO Shares in consideration of the Disposal Business in the form of the entire issued share capital of Health Forward, which in turn owns 80% equity interest in Tianxinfu, at a total value of approximately US\$513.45 million (equivalent to approximately RMB3.38 billion) with a subscription price of US\$93.0 (equivalent to approximately RMB611.9) per CBPO Share. At the Closing, the Company and CBPO intend to enter into the Investor Rights Agreement in relation to the Company's rights and obligations as a shareholder of CBPO after the Closing.

THE AGREEMENTS

The Share Exchange Agreement

A summary of the principal terms of the Share Exchange Agreement is set out below:

Date

October 12, 2017

Parties

- (1) The Company; and
- (2) CBPO ;

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CBPO and its ultimate beneficial owners are third parties independent of the Company and its connected persons, except for Mr. Marc Chan who is a beneficial owner of CBPO and a substantial shareholder of the Company. According to the latest Disclosure of Interest notice filed by Mr. Marc Chan with the Stock Exchange on August 23, 2017 and the Schedule 13G filed on February 8, 2017 by Parfield International Ltd., of which Mr. Marc Chan is the director and sole-owner and assuming no subsequent changes, as of the date of this announcement, Mr. Marc Chan is (i) a substantial shareholder of the Company indirectly holding approximately 26.03% of the issued share capital of the Company; and (ii) a shareholder of CBPO indirectly holding approximately 5.9% of the issued share capital of CBPO.

To the best knowledge and belief of the Company after having made all reasonable enquiries, (i) other than Mr. Marc Chan's shareholding interests in CBPO, there is no relationship between any of the Company, its controlling shareholder, directors and connected persons on the one hand, and CBPO on the other hand; and (ii) other than Mr. Marc Chan's shareholding interests in the Company, there is no relationship (including business relationship) between Mr. Marc Chan and the Company (including its connected persons).

As confirmed by CBPO, there is no relationship (including business relationship) between Mr. Marc Chan and CBPO, other than his shareholding interests in CBPO.

Subject matter

The Company agreed to subscribe for the CBPO Shares at the subscription price of US\$93.0 (equivalent to approximately RMB611.9) per CBPO Share in consideration of the entire issued share capital of Health Forward, at a total value of approximately US\$513.45 million (equivalent to approximately RMB3.38 billion).

Health Forward owns 80% equity interest of Tianxinfu, which is an indirect subsidiary of the Company and primarily engaged in the manufacturing and sale of regenerative medical biomaterial products. Further information on Tianxinfu is set out in the section headed “Information on the Parties and Tianxinfu”.

CBPO is primarily engaged in the research, development, manufacturing and sales of plasma-based pharmaceutical products. Further information on CBPO is set out in the section headed “Information on the Parties and Tianxinfu”.

Consideration

The Subscription is in consideration of the Disposal Business, at a total value of approximately US\$513.45 million (equivalent to approximately RMB3.38 billion), which was determined after arm’s length negotiations between the Company and CBPO with reference to (i) the historical financial position and business performance of Tianxinfu, including without limitation to, the historical revenue and profit of Tianxinfu; (ii) the historical financial position and business performance of CBPO, including without limitation to, the historical revenue and profit of CBPO; (iii) the prevailing market prices of the ordinary shares of CBPO; (iv) the benefits to the Company and CBPO after the Closing as elaborated below; and (v) the recent market conditions.

The CBPO Shares represent:

- approximately 20.00% of CBPO’s issued share capital as at the date of this announcement; and
- approximately 16.66% of CBPO’s issued share capital as enlarged by the allotment and issue of the CBPO Shares, assuming that there is no other change in the issued share capital of CBPO before the Closing.

The subscription price of US\$93.0 (equivalent to approximately RMB611.9) per CBPO Share under the Share Exchange Agreement represents:

- a discount of 1.20% of the average closing price per share of CBPO on the NASDAQ for 30 trading days immediately preceding the date of this announcement;
- a discount of 0.83% of the average closing price per share of CBPO on the NASDAQ for 20 trading days immediately preceding the date of this announcement;
- a discount of 4.47% of the average closing price per share of CBPO on the NASDAQ for five trading days immediately preceding the date of this announcement; and
- a discount of 4.27% of the closing price per share of CBPO on the NASDAQ for the trading day immediately preceding the date of this announcement.

The subscription price of the CBPO Shares was determined after arm’s length negotiations between the Company and CBPO with reference to the prevailing market prices of the ordinary shares of CBPO, the recent market conditions and the historical financial position and business performance of CBPO.

The CBPO Shares to be issued by CBPO to the Company will be proportionally adjusted upon occurrence of any subdivision, combination or share or extraordinary dividend of or on CBPO's ordinary shares with an effective or record date during the period from the date of the Share Exchange Agreement until the Closing.

Conditions Precedent

The Closing is conditional upon the satisfaction or waiver (where permissible) of the following conditions precedent, among others:

- (i) no governmental authority shall have enacted, issued, promulgated, enforced or entered any law which is then in effect (whether temporary, preliminary or permanent) and has the effect of enjoining, restraining, prohibiting or otherwise making the consummation of the transactions under the Share Exchange Agreement illegal;
- (ii) the approval of the Shareholders at the EGM to the Share Exchange Agreement, the Investor Rights Agreement and the transactions contemplated thereunder shall have been obtained;
- (iii) no material adverse effect shall have occurred to the business, assets, financial condition or results of operations of the CBPO Group following the date of the Share Exchange Agreement;
- (iv) the representations and warranties of CBPO shall be true and correct in all material respects as of the date of the Share Exchange Agreement and the Closing, respectively;
- (v) CBPO shall have performed and complied in all material respects with all agreements, covenants and conditions contained in the Share Exchange Agreement that are required to be performed or complied with by it at or prior to the Closing;
- (vi) no material adverse effect shall have occurred to the business, assets, financial condition or results of operations of the Disposal Group following the date of the Share Exchange Agreement;
- (vii) the representations and warranties of the Company shall be true and correct in all material respects as of the date of the Share Exchange Agreement and the Closing, respectively;
- (viii) the Company shall have performed and complied in all material respects with all agreements, covenants and conditions contained in the Share Exchange Agreement that are required to be performed or complied with by it at or prior to the Closing; and
- (ix) the Company shall have delivered supporting documents reasonably acceptable to CBPO to show that the available cash of the Disposal Group on a consolidated basis available immediately prior to the Closing is no less than (a) RMB570 million, if the Closing occurs prior to or on November 30, 2017; or (b) RMB580 million, if the Closing occurs on a date between December 1, 2017 (inclusive) and December 31, 2017 (inclusive).

The conditions precedent (iii), (iv) and (v) may be waived by the Company and the conditions precedent (vi), (vii), (viii) and (ix) may be waived by CBPO.

Closing

Closing is scheduled to take place within five business days after the last condition precedent has been satisfied or waived, or a later date as may be agreed by the parties in writing.

Indemnification

Following the Closing, CBPO shall indemnify and defend the Company and its representatives against, and shall hold each of them harmless from and against any and all losses actually suffered or incurred by, or imposed upon, the Company and its representatives arising out of or resulting from:

- (i) any inaccuracy or breach of any representation or warranty made by CBPO under the Share Exchange Agreement, which losses (other than those relating to certain fundamental representations or warranties) shall be indemnifiable if exceeding RMB1 million but the indemnified amount shall not exceed RMB1 billion; or
- (ii) any violation or nonperformance of any covenant or agreement of CBPO under the Share Exchange Agreement.

Following the Closing, the Company shall indemnify and defend CBPO and its representatives against, and shall hold each of them harmless from and against any and all losses actually suffered or incurred by, or imposed upon, CBPO and its representatives arising out of or resulting from:

- (i) any inaccuracy or breach of any representation or warranty made by the Company under the Share Exchange Agreement, which losses (other than those relating to certain fundamental representations or warranties) shall be indemnifiable if exceeding RMB1 million but the indemnified amount shall not exceed RMB1 billion;
- (ii) any violation or nonperformance of any covenant or agreement of the Company under the Share Exchange Agreement;
- (iii) the Company's failure to timely pay any taxes imposed on the Company in connection with the transactions as contemplated under the Share Exchange Agreement and any corporate restructuring of the Disposal Group conducted in furtherance of such transactions under any applicable laws or any failure of any other person to withhold or to assist in withholding from payments to the Company pursuant to the Share Exchange Agreement under any applicable laws; or
- (iv) other indemnity items as specified in the Share Exchange Agreement.

Termination

The Share Exchange Agreement may be terminated at any time prior to the Closing:

- (i) by the mutual consent of CBPO and the Company;

- (ii) by either CBPO by written notice to the Company or by the Company by written notice to CBPO, in the event that any governmental authority having competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any injunction which shall have become final and non-appealable;
- (iii) by either CBPO by written notice to the Company or by the Company by written notice to CBPO, in the event that the Shareholders' approval shall not have been obtained at the EGM or any adjournment or postponement thereof at which the Share Exchange Agreement has been voted upon;
- (iv) by either CBPO by written notice to the Company or by the Company by written notice to CBPO, in the event that the Closing shall not have occurred on or before December 31, 2017;
- (v) by CBPO by written notice to the Company, if (a) the Company shall have breached any representation, warranty, covenant or agreement set forth in the Share Exchange Agreement, (b) such breach or misrepresentation is not cured within twenty (20) days after the Company receives written notice thereof from CBPO (or such shorter period between the date of such notice and December 31, 2017), and (c) such breach or misrepresentation would cause any of the conditions to obligations of CBPO not to be satisfied; or
- (vi) by the Company by written notice to CBPO, if (a) CBPO shall have breached any representation, warranty, covenant or agreement set forth in the Share Exchange Agreement, (b) such breach or misrepresentation is not cured within twenty (20) days after CBPO receives written notice thereof from the Company (or such shorter period between the date of such notice and December 31, 2017), and (c) such breach or misrepresentation would cause any of the conditions to obligations of the Company not to be satisfied.

CBPO is liable for a termination fee of RMB20 million in immediately available funds if the Share Exchange Agreement is terminated by the Company pursuant to (vi) above. Such payment shall be made as promptly as possible (but in any event no later than five (5) business days) after the date of such termination. Such termination fee shall be the sole and exclusive remedy of the Company for any loss or damage suffered as a result of any breach of any representation, warranty, covenant or agreement under the Share Exchange Agreement, any failure to perform under the Share Exchange Agreement or other failure of the transactions under the Share Exchange Agreement to be consummated.

The Investor Rights Agreement

The Company and CBPO intend to enter into the Investor Rights Agreement at the Closing, which is in agreed form as an exhibit of the Share Exchange Agreement. A summary of the principal terms of the Investor Rights Agreement is set out below:

Parties

- (1) The Company; and

(2) CBPO.

Registration Rights

The Company is entitled to customary registration rights under the laws and regulations of the United States for purpose of the subsequent offer and sale of the CBPO Shares to the public.

Board Representation

For as long as the shares of CBPO beneficially owned by the Company represent at least 10% of the issued and outstanding share capital of CBPO immediately after the Closing (after taking into account of any subdivision, combination, consolidation, reverse share split or reclassification of ordinary shares of CBPO or any dividend or distribution in ordinary shares of CBPO occurred after the Closing), the Company shall be entitled to designate one director to the board of directors of CBPO.

Transfer Restrictions

The Company shall not, and shall cause its affiliates not to, directly or indirectly, transfer, sell, hedge, assign, gift, pledge, encumber, hypothecate, mortgage, exchange or otherwise dispose of any securities of CBPO (any such occurrence, a “**Transfer**”) prior to the date that is three years following the Closing (such date, the “**Lock-up Date**”), without the prior written consent of CBPO.

After the Lock-up Date, unless otherwise agreed by CBPO in writing, the Company shall not, and shall cause its affiliates not to, Transfer any securities of CBPO to any competitors of CBPO (“**CBPO Competitor(s)**”) listed in the Investor Rights Agreement.

Investment Restrictions

For so long as the Company has the right to designate any director to the board of directors of CBPO, unless otherwise agreed by CBPO in writing, the Company shall not, and shall cause its affiliates not to (i) effect or participate in, including without limitation: (a) any acquisition of any securities or material assets of any CBPO Competitor; (b) any tender or exchange offer, merger, consolidation, amalgamation, scheme of arrangement, or other business combination with any CBPO Competitor; or (c) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with any CBPO Competitor; (ii) form any partnership, joint venture or other business entities with any CBPO Competitor; or (iii) take any action that would have the effect of any of the transactions described in (i) or (ii).

Voting Agreement

Until the Lock-up Date, the Company shall vote all shares of CBPO beneficially owned by it in the manner recommended by the board of directors of CBPO, provided that the Company is not required to take any actions that would (i) be inconsistent with the fiduciary duties of the Directors under applicable laws; or (ii) violate any applicable securities laws or stock exchange rules.

INFORMATION ON THE PARTIES AND TIANXINFU

The Company

The Company was incorporated in the Cayman Islands on May 13, 2011 as an exempted company with limited liability under the laws of the Cayman Islands. The principal business activity of the Company is investment holding. The Group is principally engaged in the development, manufacturing and sale of regenerative medical biomaterial products and advanced infusion set products and other businesses including beauty products and orthopedic products.

Health Forward

Health Forward is a company incorporated under the laws of Hong Kong on January 21, 2010 and directly wholly owned by the Company. The principal business activity of Health Forward is investment holding. As of the date of this announcement, Health Forward holds 80% equity interests of Tianxinfu after a series of intra-group reorganization and does not have any other business operation.

Tianxinfu

Tianxinfu is an indirect subsidiary of the Company as of the date of this announcement. It was established on January 18, 2002 in the PRC with limited liability and was acquired by the Group on August 5, 2014 from an independent third party. Tianxinfu carries out the Disposal Business and is primarily engaged in the manufacturing and sale of regenerative medical biomaterial products. As of the date of this announcement, Tianxinfu is owned as to 80% by Health Forward and 20% by Xinyu Yongshuo Management and Consulting LLP (新餘永碩管理諮詢合夥企業(有限合夥)), an independent third party except for its interest in Tianxinfu.

CBPO

CBPO is a biopharmaceutical company principally engaged in the research, development, manufacturing and sales of human plasma-based biopharmaceutical products, or plasma products, in China. CBPO is among the top three producers of plasma products in China in terms of 2016 sales, according to CBPO's 2016 annual report. CBPO has been listed on the NASDAQ Stock Market since 2009 and it changed its domicile from Delaware to the Cayman Islands on July 21, 2017. As of the date of this announcement, CBPO has a total issued and outstanding share capital of 27,609,341 ordinary shares and has no other class of shares issued and outstanding.

Financial information on Tianxinfu and CBPO

(1) *Tianxinfu*

The following table sets forth the financial information attributable to Tianxinfu and its subsidiaries for the two years ended December 31, 2015 and 2016 based on the unaudited financial statements prepared under HKFRS.

	For the years ended December 31, (RMB'000)	
	2015	2016
Net profits before taxation	131,440	155,384
Net profits after taxation	112,819	132,528

	As of December 31, (RMB'000)	
	2015	2016
Total assets	821,199	810,259
Net assets	685,325	694,853

(2) *CBPO*

The following table sets forth the consolidated financial information of CBPO and its subsidiaries for the two years ended December 31, 2015 and 2016 as extracted from the audited financial statements as contained in the published annual reports of CBPO prepared under U.S. GAAP.

	For the years ended December 31,			
	2015		2016	
	Approximate (US\$'000)	Approximate (RMB'000)	Approximate (US\$'000)	Approximate (RMB'000)
Net profits before taxation	135,098	888,945	153,919	1,012,787
Net profits after taxation	114,106	750,817	128,793	847,458

	As of December 31,			
	2015		2016	
	Approximate (US\$'000)	Approximate (RMB'000)	Approximate (US\$'000)	Approximate (RMB'000)
Total assets	551,466	3,628,646	604,958	3,980,624
Net assets	466,962	3,072,610	521,137	3,429,081

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE AGREEMENTS

The Company considered the acquisition of the CBPO Shares is beneficial to the Company's business development for the following reasons:

- **Expansion into the plasma industry in the PRC.** By the acquisition of the CBPO Shares, the Company expands into a new area in medical industry in the PRC with fast-growing, high-margin and high-potential opportunities, which is in line with the Company's long-term strategies.

China is the second largest plasma products market in the world, after the United States. According to The Marketing Research Bureau, Inc., or MRB, an independent research firm focused on blood and plasma industry data on a global level, China's plasma products market (excluding recombinant products) grew from US\$0.80 billion (equivalent to approximately RMB5.26 billion) in 2009 to US\$2.47 billion (equivalent to approximately RMB16.25 billion) in 2015 in terms of sales revenue, representing a compound annual growth rate of 20.7%. MRB expects that by 2018, China's plasma-derived products market will reach over US\$3.3 billion (equivalent to approximately RMB21.71 billion), representing about a 35% increase from 2015, assuming domestic plasma supply continues to grow at least 8% annually.

There is also a high industry entry barrier for China's plasma industry. The PRC State Council has ceased issuing new plasma fractionation licenses since 2001, and there are approximately 30 licensed producers of plasma products in China, of which only approximately 28 are currently in operation. As a result, the existing China-based producers with large production capacities, like CBPO, face relatively limited competition and are well positioned to gain more market share during the industry consolidation phase.

- **Leading market position of CBPO in the PRC.** CBPO has an established plasma business with good track record. It is a leading producer of plasma products in the PRC with strong growth potential. It is among the top three producers of plasma products in the PRC in terms of 2016 sales, according to CBPO's 2016 annual report. Please refer to the section headed "Information on the Parties and Tianxinfu" above for more information about CBPO.
- **Potential synergy between the businesses of Tianxinfu and CBPO.** Tianxinfu is the largest manufacturer of artificial dura mater in the PRC. As both Tianxinfu and CBPO are industry leaders in the biomaterial industry in the PRC with state of art technology and know-how, the Company believes that a smooth business combination could create a sharing platform for both Tianxinfu and CBPO to consolidate their leading market positions and realize rapid growth. In particular, Tianxinfu would be able to strengthen its core business by leveraging CBPO's existing market presence to cross-sell and offer bundle pricing opportunities, and expand its customer bases by growing into CBPO's sales channels, hospitals and departments. At the same time, the combined scale of Tianxinfu and CBPO could also reduce costs, optimize spending, broaden market exposure and improve bargaining power with distributors, customers and suppliers.

- **Effective way to optimize shareholder value.** The transactions under the Share Exchange Agreement are valued at a total amount of approximately US\$513.45 million (equivalent to approximately RMB3.38 billion), which provides the Shareholders with an attractive valuation of the Disposal Group and, compared with the proposed A share listing of Tianxinfu, is expected to be consummated with more certainty and expedited timetable. The Company believes that the combination of Tianxinfu with CBPO would enhance the Company’s overall valuation and create values for the Company and its shareholders.
- **Access to U.S. capital market.** Upon the Closing, the Company is expected to become the single largest shareholder of CBPO with CBPO board-approved exemption from triggering the Poison Pill Plan for any future increase of shareholding in CBPO prior to the Lock-up Date, which offers the Company an access to the U.S. capital market. Although the Company currently does not have any intention to further increase its shareholding in CBPO after Closing, it does not exclude the possibility of increasing its shareholding in CBPO in the future after reviewing its investment in CBPO from time to time based on market conditions and the Company’s financial resources.

The Company is making a long-term strategic investment in CBPO, which also lays the foundation for future business partnership between the Company and CBPO. The investment restrictions and voting agreement under the Investor Rights Agreement are not uncommon in the strategic investment/partnership situations. Therefore, the Company does not consider such arrangements as significant restrictions on its rights as a shareholder of CBPO and believe they are acceptable in light of the overall commercial considerations for this strategic investment, which the Board believes is in the interests of the Company and its shareholders. Moreover, the Company negotiated a fiduciary duty carve-out regarding the voting agreement to ensure appropriate discharge of the Board’s fiduciary duties.

Accordingly, notwithstanding that the CBPO Shares held by the Company would only be treated as an investment in an associate of the Company at the outset, as a long-term strategic partner of CBPO and with the listing status on the Stock Exchange also with access to the U.S. capital market, the Company is expected to be exposed to diversified coverage and enhance its corporate image in two international financial centers, which could create more potentials and possibilities for the Company’s future development.

Based on the above, the Directors believe that the terms of the Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PROPOSED A SHARE LISTING OF TIANXINFU

Reference is made to the announcement of the Company dated July 24, 2017 in relation to the proposed spin-off and A share listing of Tianxinfu (the “**Tianxinfu A Share Listing**”). Under the Share Exchange Agreement, the Company shall cease to take any step toward the Tianxinfu A Share Listing until the Closing, and CBPO undertakes that, if an initial public offering of the securities of a member

of the Disposal Group is in the best interests of CBPO, it will use commercially reasonable efforts to effect such initial public offering on an internationally recognized stock exchange as and when such securities become eligible for listing on such stock exchange.

If the Share Exchange Agreement is terminated for any reason, the Company intends to implement the Tianxinfu A Share Listing in accordance with the proposals as set out in the circular of the Company dated August 8, 2017.

FINANCIAL EFFECT OF THE TRANSACTIONS UNDER THE AGREEMENTS

Immediately following the Closing, CBPO will not become a subsidiary of the Company and its results will not be consolidated in the financial statements of the Company. The CBPO Shares held by the Company would be treated as an investment in an associate and accounted for using the equity method of accounting. Under the equity method of accounting, the Company's share of the CBPO's results of operations would be included in the Company's consolidated income statement.

After completion of the Subscription, the Company is expected to rely on (i) its inspection rights under the company laws of the Cayman Islands where CBPO was incorporated and its information rights in accordance with CBPO's articles of association and relevant U.S. securities laws and regulations; and (ii) the Company's right under the Investor Rights Agreement to request CBPO to furnish or make available its books and records to comply with applicable securities laws and stock exchange rules for the preparation of the Group's consolidated financial results for so long as the investment by the Company in CBPO is treated as an investment in associate and accounted for using the equity method of accounting.

Immediately following the Closing, the Company will cease to directly hold any equity interest in Health Forward and Tianxinfu, which will cease to be subsidiaries of the Company. Therefore, the results, assets and liabilities of the Disposal Group will no longer be consolidated into the financial statements of the Company. Instead, the results, assets and liabilities of the Disposal Group will be consolidated into the financial statements of CBPO.

The Company expects to recognise a collective profit of approximately RMB2.3 billion arising from the Disposal, which represents the difference between the consideration of the Disposal and the carrying amount of net asset value of the Disposal Group as at the date of the Closing, which is estimated by making reference to the unaudited aggregate net assets of the Disposal Group under HKFRS as at June 30, 2017, including the Group's goodwill attributable to the regenerative medical biomaterial products business which amounted to approximately RMB373 million, without taking into account any tax expenses relating to the Disposal and subject to changes caused by the activities and performance results of the Disposal Group subsequent to June 30, 2017.

LISTING RULES IMPLICATIONS

The highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Subscription is more than 100% and the highest applicable percentage ratio in respect of the Disposal is more than 75%. As a result, the Subscription constitutes a very substantial acquisition and the Disposal constitutes

a very substantial disposal for the Company and accordingly the Subscription and the Disposal are subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Company needs additional time to prepare the Circular, the Circular containing, among other things, (i) the audited financial information on CBPO for the three financial years ended December 31, 2016 and the unaudited financial information for the six months ended June 30, 2016 and 2017 prepared under U.S. GAAP; (ii) a line-by-line reconciliation of CBPO's financial information for the differences between CBPO's accounting policies under U.S. GAAP and the Company's accounting policies under HKFRS; (iii) accountant's report on the Group for the three financial years ended December 31, 2016, including the relevant financial information of the Disposal Business; (iv) the unaudited financial information for the six months ended June 30, 2017 of the Group, including the relevant financial information of the Disposal Business; and (v) the pro forma financial information of the Group following the Closing, is expected to be despatched to the Shareholders on or before November 30, 2017.

Shareholders and potential investors should note that the completion of the Subscription and the Disposal are subject to, among other things, approvals by the Shareholders and the terms and conditions under the Share Exchange Agreement. There is no assurance that the Subscription and the Disposal will proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing with the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreements”	the Share Exchange Agreement and the Investor Rights Agreement
“Board”	the board of directors of the Company
“CBPO”	China Biologic Products Holdings, Inc., a Cayman Islands exempted company, which changed its domicile from Delaware to the Cayman Islands on July 21, 2017 and has been listed on the NASDAQ Stock Market since 2009
“CBPO Group”	CBPO and its subsidiaries
“CBPO Share(s)”	a total of 5,521,000 new shares of CBPO (subject to adjustment) to be issued by CBPO to the Company upon Closing pursuant to the Share Exchange Agreement
“Circular”	a circular to be despatched by the Company to the Shareholders in relation to, among others, the Subscription, the Disposal and the transactions contemplated under the Agreements

“Company”	PW Medtech Group Limited (普华和顺集团公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on May 13, 2011
“Closing”	the closing under the Share Exchange Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the entire issued share capital of Health Forward held by the Company to CBPO in exchange for the CBPO Shares pursuant to the Share Exchange Agreement
“Disposal Business”	the regenerative medical biomaterial business, which was carried out by Tianxinfu and its subsidiaries
“Disposal Group”	Health Forward and its subsidiaries
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Subscription and the Disposal and the transactions contemplated under the Agreements
“Group”	the Company and its subsidiaries from time to time
“Health Forward”	Health Forward Holdings Limited, a company incorporated under the laws of Hong Kong on January 21, 2010, and a direct wholly-owned subsidiary of the Company as of the date of this announcement
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Investor Rights Agreement”	the investor rights agreement intended to be entered into between the Company and CBPO at the Closing in relation to the Company’s rights and obligations as a shareholder of CBPO after the Closing
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“NASDAQ”	The NASDAQ Stock Market LLC

“Poison Pill Plan”	the amended and restated preferred shares rights agreement of CBPO dated July 31, 2017, pursuant to which CBPO declared a dividend of one right (the “Right”) for each outstanding ordinary share and each Right will entitle its holder to purchase at an exercise price of US\$550 (the “Exercise Price”) for a number of ordinary share of CBPO having a then-current market value of twice the Exercise Price. The Rights will become exercisable if any person acquires 15% or more of the ordinary shares of CBPO without the approval of the board of directors of CBPO
“PRC”	The People’s Republic of China, which expression for the purpose of this announcement, except where the context requires otherwise, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share Exchange Agreement”	the share exchange agreement entered into between the Company and CBPO on October 12, 2017 in relation to the Subscription and the Disposal
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription for the CBPO Shares by the Company at the subscription price of US\$93.0 (equivalent to approximately RMB611.9) per CBPO Share pursuant to the Share Exchange Agreement
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tianxinfu”	Tianxinfu (Beijing) Medical Appliance Co., Ltd.* (天新福(北京)醫療器材股份有限公司), a company established on January 18, 2002 in the PRC with limited liability. As of the date of this announcement, Tianxinfu is owned as to 80% by Health Forward and 20% by Xinyu Yongshuo Management and Consulting LLP (新餘永碩管理諮詢合夥企業(有限合夥)), an independent third party except for its interest in Tianxinfu
“U.S. GAAP”	accounting principles generally accepted in the United States of America

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

For the purpose of this announcement, unless otherwise stated, the conversion of US\$ into RMB is based on the approximate exchange rate of US\$1.00 = RMB6.58, being the central parity rate published by the People’s Bank of China on October 12, 2017.

By order of the Board
PW Medtech Group Limited
Yue’e Zhang
Chairman

Hong Kong, October 12, 2017

As at the date of this announcement, the board of Directors comprises two executive Directors, namely, Ms. Yue’e Zhang and Mr. Jiang Liwei; one non-executive Director, namely, Mr. Lin Junshan; and three independent non-executive Directors, namely, Mr. Zhang Xingdong, Mr. Chen Geng and Mr. Wang Xiaogang.

* *For identification purpose only*