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**BBI LIFE SCIENCES CORPORATION**  
**BBI生命科學有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1035)**

**CONNECTED TRANSACTIONS AND CONTINUING CONNECTED  
TRANSACTIONS RELATING TO THE ENTERING INTO OF  
THE VIE AGREEMENTS WITH SANGON HEALTH**

The Board is pleased to announce that, on 3 March 2017 (after trading hours), Sangon Biotech (a subsidiary of the Company), Mr. Wang (an executive Director, a controlling Shareholder and the sole shareholder of Sangon Health) and Sangon Health entered into various VIE Agreements, to facilitate the development of genetic diagnosis business of the Group. The VIE Structure allows Sangon Biotech to exercise full control over Sangon Health. As a result, Sangon Biotech effectively holds, through the VIE Structure, 100% of the equity interests in Sangon Health which principally engages in genetic diagnosis and related treatment products and services business. Sangon Biotech will have effective control over the finance and operations, and the entire economic interest and benefits of Sangon Health through the VIE Agreements. Sangon Health will become a subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

Mr. Wang, being an executive Director and a controlling Shareholder (currently deemed to be interested in approximately 57.38% of the issued share capital of the Company), and Sangon Health, being a company wholly-owned by Mr. Wang, are connected persons of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the VIE Agreements (except the Strategic Consultation and Service Agreement) constitute connected transactions of the Company and the transactions contemplated under the Strategic Consultation and Service Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As each of the relevant applicable percentage ratios of the VIE Agreements (except the Strategic Consultation and Service Agreement, the Loan Agreement and the Equity Pledge Agreement) is less than 0.1%, the transactions contemplated under the VIE Agreements (except the Strategic Consultation and Service Agreement, the Loan Agreement and the Equity Pledge Agreement) are exempt from all the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the financial assistance under the Equity Pledge Agreement is on normal commercial terms and is not secured by any asset of the Group, it is fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Insofar as the transactions under the Strategic Consultation and Service Agreement and the Loan Agreement are concerned, as each of the relevant applicable percentage ratios of the annual cap of the Strategic Consultation and Service Agreement and each of the relevant applicable percentage ratios of the Loan Agreement is more than 0.1% but less than 5%, it is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 3 March 2017 (after trading hours), Sangon Biotech (a subsidiary of the Company), Mr. Wang (an executive Director, a controlling Shareholder and the sole shareholder of Sangon Health) and Sangon Health entered into various VIE Agreements, to facilitate the development of genetic diagnosis business of the Group. The VIE Structure allows Sangon Biotech to exercise full control over Sangon Health. As a result, Sangon Biotech effectively holds, through the VIE Structure, 100% of the equity interests in Sangon Health which principally engages in genetic diagnosis and related treatment products and services business. Sangon Biotech will have effective control over the finance and operations, and the entire economic interest and benefits of Sangon Health through the VIE Agreements. Sangon Health will become a subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

## **VIE AGREEMENTS**

A summary of the principal terms of the VIE Agreements is set out below:

### **(1) Exclusive Option Agreement**

Date: 3 March 2017

Parties:

- (1) Mr. Wang
- (2) Sangon Biotech
- (3) Sangon Health

Term: The Exclusive Option Agreement became effective upon signing by all parties and will be terminated when all the rights and assets in Sangon Health are transferred to Sangon Biotech and/or other entity(ies) or person(s) designated by Sangon Biotech in accordance with the terms of the Exclusive Option Agreement and the laws of the PRC.

Subject: Mr. Wang irrevocably and unconditionally grants the exclusive option to Sangon Biotech which entitles Sangon Biotech to elect to purchase or nominate any other entity(ies) or person(s) to purchase, to the extent permitted under the laws of the PRC, all or any part of his equity interests in Sangon Health from Mr. Wang and/or all or any of the assets and businesses of Sangon Health from Sangon Health at such minimum price as permitted under the applicable PRC laws and regulations.

Mr. Wang and Sangon Health undertake, among other things, without the prior written consent of Sangon Biotech, not to (i) sell, transfer, charge, or dispose any legal or beneficial equity interest, or any legal or beneficial interest in or create any encumbrance over the assets, business or income of Sangon Health; (ii) supplement, revise or amend the articles of association of Sangon Health; (iii) increase or decrease the registered capital or change the structure of registered capital of Sangon Health; and (iv) appoint or remove any directors, supervisors, general managers or other senior officers of Sangon Health.

Subject to applicable PRC laws, Mr. Wang shall unconditionally transfer all the consideration he receives in relation to such sale of equity interests in Sangon Health under the Exclusive Option Agreement to Sangon Biotech or its nominee after receiving such consideration, after deduction of applicable taxes and governmental fees.

## **(2) Strategic Consultation and Service Agreement**

Date: 3 March 2017

Parties: (1) Sangon Biotech  
(2) Sangon Health

**Term:** The Strategic Consultation and Service Agreement became effective upon signing by both parties and remains valid for three years from the date of signing which may be renewed by written consent of both parties not less than 30 days before its termination subject to compliance with the Listing Rules.

**Subject:** Sangon Health engages Sangon Biotech on an exclusive basis to provide strategic consultancy and technology support services in relation to molecular biology related research and development, genetic diagnostic technology research and development, diagnostic kit technology research and application, and other related advisory and development strategy services (the “**Consultancy Services**”).

In consideration of the provision of the Consultancy Services, Sangon Health will pay Sangon Biotech a quarterly service fee in an amount equivalent to 100% of the net profit after tax of Sangon Health, subject to Sangon Biotech’s adjustment from time to time.

Without the prior written consent of Sangon Biotech, Sangon Health shall not assign or transfer any of the rights and/or obligations under the Strategic Consultation and Service Agreement to any third party.

**Annual Cap:** The maximum annual transaction amount payable by Sangon Health for the financial years ending 31 December 2017, 2018 and 2019 under the Strategic Consultation and Service Agreement are set out as follows:–

	<b>Maximum transaction amount (RMB)</b>
From 3 March 2017 to 31 December 2017	1,700,000
From 1 January 2018 to 31 December 2018	5,000,000
From 1 January 2019 to 31 December 2019	10,000,000

Since the Company has not entered into any service agreement with Sangon Health or any other parties previously, no historical value is available for reference.

Such maximum annual transaction amounts are determined in accordance with the schemes of operations and financial budget of Sangon Health.

In view of the above factors, the Directors are of the view that the above proposed annual cap is fair and reasonable.

### (3) Power of Attorney

Date: 3 March 2017

Parties: Mr. Wang in favour of Sangon Biotech

Term: The Power of Attorney became effective upon signing by all parties and continues to be valid so long as Mr. Wang remains a registered shareholder of Sangon Health.

Subject: Mr. Wang irrevocably appoints Sangon Biotech or person(s) designated by Sangon Biotech (including but not limited to our Director(s) or the director(s) of Sangon Biotech who is/are not associate(s) of Mr. Wang) and his/their successors or the liquidator of Sangon Biotech to act as his attorney on his behalf to exercise all rights as a shareholder of Sangon Health, including but not limited to (i) passing and signing shareholder's minutes/resolutions; (ii) exercising the shareholder's voting right; (iii) selling or transferring all or part of his equity interests; (iv) nominating and appointing the legal representatives, directors, supervisors, general managers and other senior officers of Sangon Health; (v) any other matters decided or executed by shareholder(s) of Sangon Health in accordance with the articles of association of Sangon Health; and (vi) handling the transfer of the pledged assets under the Equity Pledge Agreement.

### (4) Loan Agreement

Date: 3 March 2017

Parties: (1) Mr. Wang  
(2) Sangon Biotech  
(3) Sangon Health

Term: The Loan Agreement became effective upon signing by all parties and remains valid until the loan amount of RMB8.5 million (the "**Loan**") and the interest accrued therefrom have been fully repaid.

Subject: Sangon Biotech agrees to grant the Loan to Sangon Health as working capital without interest. Sangon Health shall repay the Loan and any accrued interest by 31 December 2020 or upon the termination of the VIE Agreements (whichever is earlier), unless otherwise agreed by the parties in writing (the “**Repayment Obligations**”). Mr. Wang has provided a guarantee on the repayment of the Loan in the event Sangon Health does not fulfil its Repayment Obligations. The Loan is secured by Mr. Wang’s equity interests in Sangon Health, which details are more particularly set out in the Equity Pledge Agreement.

**(5) Equity Pledge Agreement**

Date: 3 March 2017

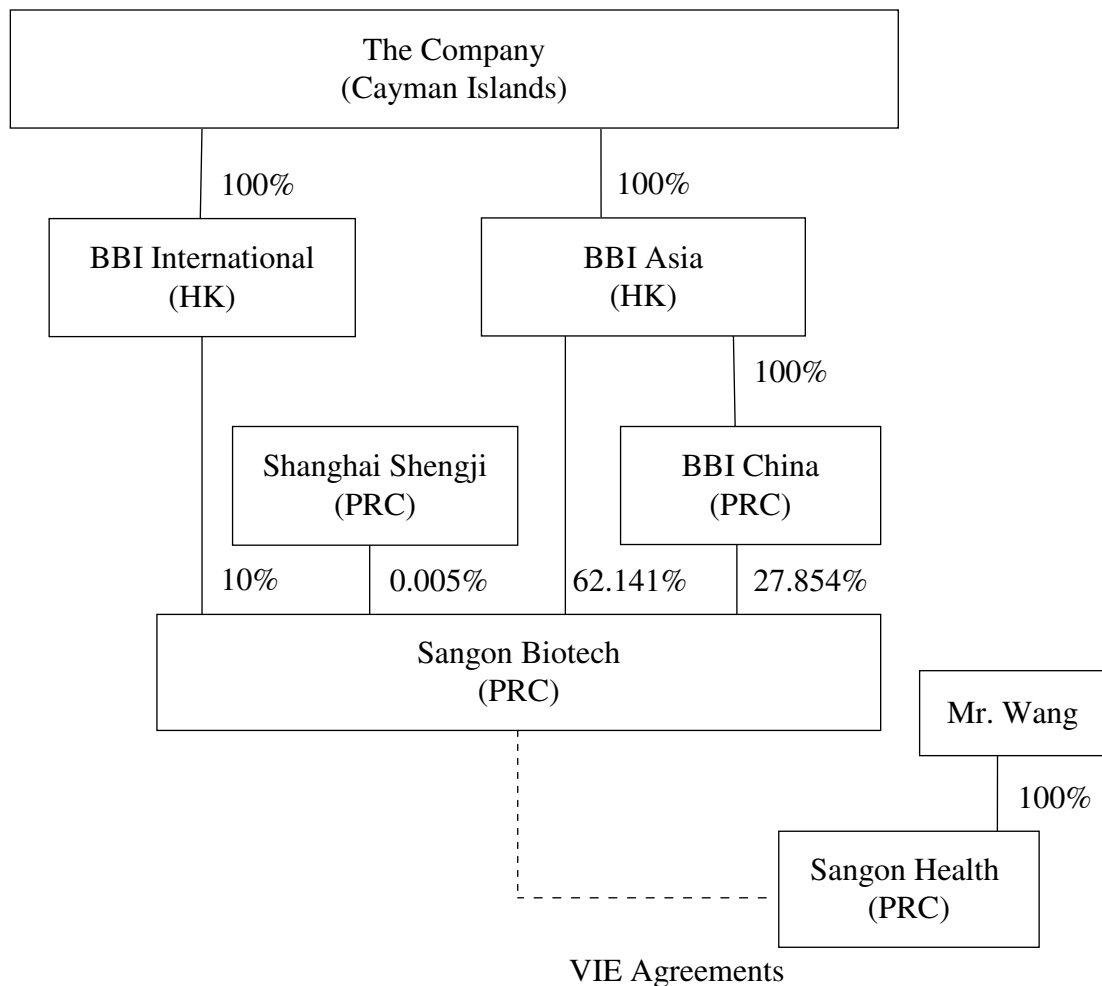
Parties: (1) Mr. Wang  
(2) Sangon Biotech  
(3) Sangon Health

Term: The Equity Pledge Agreement became effective upon signing by all parties and remains in effect until all of the contractual obligations of Mr. Wang, Sangon Biotech and Sangon Health under the VIE Agreements (the “**Secured Obligations**”) have been duly performed; and all the outstanding debts of Mr. Wang, Sangon Health and Sangon Biotech under the VIE Agreements (the “**Secured Liabilities**”) have been repaid in full.

Subject: Mr. Wang pledges all his equity interests in Sangon Health as well as any dividends generated from such interests to Sangon Biotech to secure the due performance of the Secured Obligations and the full repayment of the Secured Liabilities.

## DIAGRAM OF THE VIE STRUCTURE

The following diagram sets out the VIE Structure in relation to Sangon Health:



## BACKGROUND OF THE VIE STRUCTURE

The primary purpose for the Group to adopt the VIE Structure is to enable the Group to tap into genetic diagnosis and related treatment products and services business and be in line with the common practice adopted by industries in the PRC subject to foreign investment restrictions, as the Group considers it a viable strategy to expand our products and services into the application area of life sciences (such as disease diagnosis technology based on molecular biology, tumour treatment based on polypeptide technology, etc.) while keeping a stable development of our existing businesses.

However, due to the foreign ownership restrictions set out below, the Group was not able to engage in genetic diagnosis and related treatment products and services business directly without first adopting the VIE Structure. Accordingly, on 3 March 2017, the Group entered into a series of VIE Agreements and established the VIE Structure. The VIE Structure confers upon the Group the economic benefits and control of Sangon Health. The Directors have discussed with the auditors of the Company and are of the view that through the entering into of the VIE Agreements, Sangon

Biotech will have effective control over the finance and operations, and the entire economic interest and benefits of Sangon Health; and Sangon Health will become a subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

## **FURTHER DETAILS OF THE VIE STRUCTURE**

### **1. Laws and regulations relating to the genetic diagnosis business in the PRC**

As development and application of human stem cells and genetic diagnosis and therapy technology falls within Category 20 of Item 8 in the Catalogue of Prohibited Foreign Investment Industry under the Catalogue for the Guidance of Foreign Investment Industries (Amended in 2015) (外商投資產業指導目錄(2015年修訂)) jointly promulgated by NDRC and MOFCOM, foreign investors are prohibited from holding equity interest in PRC entities conducting genetic diagnosis and related treatment products and services business in the PRC. As a result, Sangon Biotech, a sino-foreign joint stock company, is not able to acquire and hold the equity interests in Sangon Health under the applicable PRC laws and regulations.

As mentioned above, the main reason for adopting the VIE Structure is to enable the Group to conduct genetic diagnosis and related treatment products and services business in the PRC. As such, the Company will unwind the VIE Structure as soon as the relevant PRC laws and regulations allow Sangon Biotech to operate genetic diagnosis and related treatment products and services business in the PRC without the VIE Structure so as to directly operate the aforesaid business.

The Company's PRC legal adviser has confirmed that (i) each of the VIE Agreements does not violate any of the laws, rules and regulations in the PRC; (ii) the VIE Agreements are valid under the laws of the PRC; and (iii) the VIE Agreements would not be considered as "concealing illegal intentions with a lawful form" and void under the contract law of the PRC. Based on the above and the advice from the Company's PRC legal adviser, the Directors are of the view that the VIE Structure is in line with the principles set out in the Listing Decision and the Guidance Letter and that each of the VIE Agreements is valid under the relevant laws, rules and regulations in the PRC.

### **2. Protection of the interest and assets of the Group**

Sangon Health is established by Mr. Wang as the sole shareholder, who is also the executive Director and the controlling Shareholder. Each of the VIE Agreements includes a provision that each agreement is binding on the successors and permitted assignees of the respective parties. In the event of death, bankruptcy or divorce of Mr. Wang, Sangon Biotech can exercise its option under the Exclusive Option Agreement to replace Mr. Wang, and the newly appointed nominee shareholder of Sangon Health will still be subject to the VIE Agreements, thus protecting the interest of the Group and allowing Sangon Biotech to enforce its rights under the VIE Agreements against the successors of the shareholder(s) of Sangon Health.



The Company has also put in place effective internal controls to safeguard its assets held through the VIE Agreements. For instance, the independent non-executive Directors will review the VIE Agreements and VIE Structure annually and confirm in our Company's annual report and financial statements for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the VIE Agreements so that the profits after tax generated by Sangon Health have been mainly retained by Sangon Health; (ii) no dividends or other distributions have been made by Sangon Health to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and (iii) any new contracts entered into, renewed or reproduced between the Group and Sangon Health during the relevant financial period are fair and reasonable, on normal commercial terms so far as our Group is concerned and in the interests of the Shareholders as a whole. Sangon Health undertakes to provide the Group's management and auditors with full access to its relevant records for the purpose of procedures to be carried out by the Company's auditors.

Furthermore, the Exclusive Option Agreement provides that in the event of a compulsory winding up of Sangon Health, Mr. Wang undertakes to give the remaining assets he shall receive from liquidation as a gift to Sangon Biotech and/or its nominee to the extent permitted under the PRC laws.

Each of the VIE Agreements contains dispute resolution clauses that provide for (i) arbitration and that arbitral tribunal may award remedies over the shares or assets of Sangon Health, or injunctive relief or order the winding up of Sangon Health, and (ii) the courts of Cayman Islands, the PRC, Hong Kong and the places where the Company's or Sangon Health's principal assets are located to have jurisdictions to grant interim injunctive relief or other interim remedies in support of the arbitration pending formation of the arbitration tribunal or in appropriate cases.

The Strategic Consultation and Service Agreement also provides that Sangon Biotech has the exclusive proprietary rights to all intellectual property rights developed or created during the performance of the Strategic Consultation and Service Agreement. Sangon Health shall assign its intellectual property rights to Sangon Biotech upon the request of Sangon Biotech.

As part of the internal control measures, the Board will review the major issues arising from the implementation and performance of the VIE Structure regularly and determine the need to retain legal advisers and/or other professionals to assist the Group to handle such issues.

### **3. VIE Agreements confer economic benefits on the Group from Sangon Health**

The VIE Agreements confer upon the Group the right to enjoy all the economic benefit of Sangon Health by operation of the Strategic Consultation and Service Agreement, under which Sangon Biotech is entitled to payment of a service fee by Sangon Health in an amount, subject to Sangon Biotech's adjustment, equivalent to 100% of net profit after tax of Sangon Health. Sangon Biotech may at its absolute discretion adjust the service fees with reference to the operation cost and financial budget relating to the business development plan of Sangon Health.

It is also entitled to make any other adjustments of the service fees at the end of every quarter in accordance with the quarterly revenue and profit of Sangon Biotech under accounting standard applicable to the Group.

#### **4. VIE Agreements confer control over Sangon Health on the Group**

The VIE Agreements confer upon the Group sufficient rights to control over the board and daily operation of Sangon Health. Mr. Wang, the sole director of Sangon Health, and Sangon Health agrees to follow the proposals put forward by Sangon Biotech relating to the employment matters, daily operation and management as well as financial management policies of Sangon Health, and shall operate all businesses of Sangon Health in the ordinary course of business and refrain from any action or omission that may adversely affect the business of Sangon Health.

Moreover, Sangon Biotech and Sangon Health have implemented internal control measures to regulate the accounts receivables. The relevant departments of Sangon Health will review on a regular basis the services rendered by Sangon Biotech and check the accounts payables and receivables. Sangon Health is also required to transfer the relevant service fees to a bank account designated by Sangon Biotech on a quarterly basis.

Under the Exclusive Option Agreement, each of Sangon Health and Mr. Wang undertakes that, without obtaining Sangon Biotech's written consent, Sangon Health shall not engage in any transaction which may materially affect its asset, obligation, right or business operation, including but not limit to: (i) borrowing or assuming any liabilities from any third parties, unless such borrowing or liabilities arise out of the ordinary course of business of Sangon Health; (ii) selling to or acquiring from any third parties any assets or rights, including but not limited to any intellectual property rights; and (iii) providing any loan to any third parties.

Furthermore, as a general housekeeping rule, Sangon Biotech will have the custody of the company seal of Sangon Health. At the request of Sangon Biotech, Sangon Health will provide it with relevant legal documents and other information on the business operation of Sangon Health.

#### **5. Arrangements when potential conflicts of interest arise**

Mr. Wang is an executive Director and the controlling Shareholder. According to the undertaking made by Mr. Wang under the Exclusive Option Agreement, during the period when the VIE Structure remains effective, unless otherwise agreed by Sangon Biotech in writing, (i) he would not directly or indirectly (by himself or by entrusting any other natural person or legal entity) engage in, own or acquire (as shareholder, partner, agent, employee or under any other circumstances) any business that competes or might compete with the business of Sangon Health; and (ii) if a conflict of interest arises, Mr. Wang agrees to take such action as instructed by Sangon Biotech to eliminate such conflict as soon as practicable. The Company is also empowered to remove Mr. Wang from being a shareholder of Sangon Health if he refuses to take steps to eliminate such conflict.

## **RISK AND LIMITATION RELATING TO THE VIE STRUCTURE**

### **1. Economic risks of the Company**

Under the VIE Agreements (other than the Loan Agreement), Sangon Biotech is not obligated to share the losses of Sangon Health or provide financial support to Sangon Health. As a limited liability company, Sangon Health is solely liable for its own debts and losses. As advised by the Company's PRC legal adviser, Sangon Biotech does not have any obligation to Sangon Health to share the losses of Sangon Health or to provide financial support to Sangon Health.

However, given that the Group engages in genetic diagnosis and related treatment products and services business through Sangon Health, and that the financial results of Sangon Health will be consolidated into the financial statements of the Group, it is likely that the Company's business and financial position will be affected if Sangon Health suffers losses.

### **2. Other risks relating to the VIE Agreements**

Firstly, the PRC government may determine that the VIE Agreements do not comply with the applicable laws and regulations of the PRC. Although the Company's PRC legal adviser is of the view that each of the VIE Agreements does not violate any PRC laws and regulations, uncertainties still exist regarding the interpretation and application of the PRC laws and regulations, especially in the area of genetic diagnosis and treatment business. For instance, the PRC regulatory authorities may issue further guidelines that impose stricter foreign ownership requirements in that area of business. Given the uncertain legal and business environment in the PRC, it is difficult to foresee whether the PRC regulatory authorities will take the same view regarding the VIE Structure as the Company's PRC legal adviser in the future.

Secondly, the VIE Agreements may not provide control as effective as direct ownership. Under the VIE Structure, Sangon Biotech engages in genetic diagnosis and related treatment products and services business through Sangon Health. The Company has to rely on Sangon Biotech's rights under the VIE Agreements to effect changes in the management of Sangon Health and exert influence over its business decision making, as opposed to exercising its rights directly as a shareholder. If Sangon Health or its shareholder refuses to cooperate, the Company will face difficulties in effecting control over Sangon Health's business operation through the VIE Structure, which may adversely affect the Company's business efficiency.

Thirdly, Mr. Wang may have potential conflicts of interest with the Company. Although there are provisions under the Exclusive Option Agreement to prevent those situations, conflicts of interest may still arise when the interest of Mr. Wang does not align with that of the Company, and Mr. Wang may breach or cause Sangon Health to breach the VIE Agreements. If the Company fails to resolve this internally, it may have to resort to dispute resolution. If ultimately the shareholder has to be removed, it will be difficult for the Company to maintain investors' confidence in the VIE Structure.

Fourthly, the VIE Agreements may be subject to scrutiny by the PRC tax authorities and additional tax may be imposed. Under the Strategic Consultation and Service Agreement, Sangon Health is required to pay Sangon Biotech a service fee for the services rendered by Sangon Biotech. Such service fee payments between both parties may be subject to scrutiny or challenge by the PRC tax authorities within ten years after the taxable year when such transactions are conducted.

The Company does not maintain any insurance to cover the risks relating to the VIE Agreements.

## **IMPLICATIONS UNDER THE LISTING RULES**

Mr. Wang, being an executive Director and a controlling Shareholder (currently deemed to be interested in approximately 57.38% of the issued share capital of the Company), and Sangon Health, being a company wholly-owned by Mr. Wang, are connected persons of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the VIE Agreements (except the Strategic Consultation and Service Agreement) constitute connected transactions of the Company and the transactions contemplated under the Strategic Consultation and Service Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As each of the relevant applicable percentage ratios of the VIE Agreements (except the Strategic Consultation and Service Agreement, the Loan Agreement and the Equity Pledge Agreement) is less than 0.1%, the transactions contemplated under the VIE Agreements (except the Strategic Consultation and Service Agreement, the Loan Agreement and the Equity Pledge Agreement) are exempt from all the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the financial assistance under the Equity Pledge Agreement is on normal commercial terms and is not secured by any asset of the Group, it is fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Insofar as the transactions under the Strategic Consultation and Service Agreement and the Loan Agreement are concerned, as each of the relevant applicable percentage ratios of the annual cap of the Strategic Consultation and Service Agreement and each of the relevant applicable percentage ratios of the Loan Agreement is more than 0.1% but less than 5%, it is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the VIE Structure is beneficial to the Group's core business, and that the terms of the VIE Agreements have been arrived after arm's length negotiations, are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. So far as the Company is

aware, save and except Mr. Wang's interest in Sangon Health, none of the Directors had any material interest in the VIE Structure. Save and except Mr. Wang, Ms. Wang Luojia and Ms. Wang Jin, none of the Directors was required to abstain from voting on the Board resolutions to approve the establishment of the VIE Structure and/or the entering into of any of the VIE Agreements.

## GENERAL

The Company was incorporated in the Cayman Islands and mainly engages in the provision of DNA synthesis products, genetic engineering services, life sciences research consumables and protein and antibody related products and services.

Sangon Biotech is a company established in the PRC with limited liability and is a 99.99% indirectly owned subsidiary of the Company. It principally engages in the manufacturing and sales of various life science products and the provision of life science related services.

Sangon Health is a company established in the PRC with limited liability which is owned as to 100% by Mr. Wang. By virtue of the Group's interest in Sangon Health, Sangon Health is an indirect subsidiary of the Company. By virtue of Mr. Wang's interest in it, Sangon Health is an associate of Mr. Wang and thus a connected person of the Company. Sangon Health principally engages in genetic diagnosis and related treatment products and services business.

## DEFINITIONS

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Company”	BBI Life Sciences Corporation, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Equity Pledge Agreement”	《股權質押協議》 the equity pledge agreement dated 3 March 2017 entered into among Mr. Wang, Sangon Biotech and Sangon Health;
“Exclusive Option Agreement”	《獨家選擇權協議》 the exclusive option agreement dated 3 March 2017 and entered into between Mr. Wang, Sangon Biotech and Sangon Health;
“Group”	the Company and its subsidiaries;

“Guidance Letter”	the guidance letter HKEx-GL77-14 of the Stock Exchange;
“HK” or “Hong Kong”	Hong Kong Special Administration Region of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Decision”	the listing decision HKEx-LD43-3 of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Agreement”	《運營資金借款協議》 the loan agreement dated 3 March 2017 and entered into among Sangon Biotech, Sangon Health and Mr. Wang;
“MOFCOM”	Ministry of Commerce of the PRC;
“NDRC”	National Development and Reform Commission of the PRC;
“Mr. Wang”	Mr. Wang Qisong, who owns 100% of the equity interests in Sangon Health, a controlling Shareholder, an executive Director and the Chairman of the Board;
“percentage ratios”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules;
“PRC”	the People’s Republic of China;
“Power of Attorney”	《授權委託書》 the power of attorney dated 3 March 2017 executed by Mr. Wang in favour of Sangon Biotech;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sangon Biotech”	生工生物工程(上海)股份有限公司 (Sangon Biotech Engineering (Shanghai) Company Limited*), a joint stock company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company;
“Sangon Health”	生工健康科技(上海)有限公司 (Sangon Health Technology (Shanghai) Company Limited*), a company established under the laws of the PRC on 4 January 2017 with limited liability, wholly-owned by Mr. Wang and an indirect non-wholly owned subsidiary of the Company upon entering into the VIE Agreements;
“Shareholders”	shareholders of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Strategic Consultation and Service Agreement”	《戰略諮詢及服務協議》 the exclusive consultancy and technology support services agreement dated 3 March 2017 and entered into between Sangon Biotech and Sangon Health;
“VIE”	the variable interest entity arrangement in the PRC;
“VIE Agreements”	collectively, the Exclusive Option Agreement, the Power of Attorney, the Equity Pledge Agreement, the Strategic Consultation and Service Agreement and the Loan Agreement;
“VIE Structure”	the structure established through the entering into of the VIE Agreements, which enables the Group to effectively hold and control Sangon Health;
“%”	per cent; and
“Shanghai Shengji”	上海生吉投資有限公司 (Shanghai Shengji Investment Company Limited*), a company established under the laws of the PRC on 10 October 2011 with limited liability.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.11 for illustration purpose only.

By order of the Board  
**BBI Life Sciences Corporation**  
**Wang Qisong**  
*Chairman*

Hong Kong, 3 March 2017

*As at the date of this announcement, the Board comprises Mr. Wang Qisong, Ms. Wang Luojia and Ms. Wang Jin as executive Directors; Mr. Hu Xubo as non-executive Director; and Mr. Xia Lijun, Mr. Ho Kenneth Kai Chung and Mr. Liu Jianjun as independent non-executive Directors.*

\* For identification purpose only