
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Scheme Document, the Proposal or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold all your shares in BBI Life Sciences Corporation, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser.

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LJ FUTURE LTD.

(incorporated in the British Virgin Islands with limited liability)

BBI LIFE SCIENCES CORPORATION

BBI生命科學有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1035)

(1) PROPOSAL FOR THE PRIVATISATION OF BBI LIFE SCIENCES CORPORATION BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES LAW) AND (2) PROPOSED WITHDRAWAL OF LISTING

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Unless the context requires otherwise, capitalised terms used in this Scheme Document are defined under the section headed "Definitions" in Part I of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee, containing its advice to the Independent Shareholders in connection with the Proposal is set out in Part V of this Scheme Document. A letter from Optima Capital, being the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in connection with the Proposal, is set out in Part VI of this Scheme Document. The Explanatory Statement regarding the Scheme is set out in Part VII of this Scheme Document.

The actions to be taken by the Shareholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 10:00 a.m. on Monday, 11 May 2020 and the EGM to be held at 11:00 a.m. on Monday, 11 May 2020 (or in the case of the EGM, immediately after the conclusion or the adjournment of the Court Meeting) are set out in Appendices V and VI, respectively, to this Scheme Document. Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated under Part II of this Scheme Document. Completion and return of the forms of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your forms of proxy, the returned forms of proxy shall be deemed to have been revoked by operation of law.

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This Scheme Document is issued jointly by the Offeror and the Company.

The English language texts of this Scheme Document shall prevail over their Chinese versions for the purpose of interpretation.

17 April 2020

PRECAUTIONARY MEASURES FOR THE COURT MEETING AND THE EGM

Please see the notices of Court Meeting and EGM set out in Appendices V and VI to this Scheme Document for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the Court Meeting and the EGM, including:

- compulsory body temperature checks and health declarations;
- compulsory wearing of a surgical face mask for each attendee; and
- no distribution of corporate gift or refreshment.

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds Independent Shareholders and the Shareholders that they may appoint the chairman of the Court Meeting or of the EGM (as the case may be) as their proxy to vote on the relevant resolution(s) as an alternative to attending the meeting in person.

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In this Scheme Document, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Announcement”	the announcement dated 20 January 2020 jointly issued by the Offeror and the Company in relation to the Proposal
“Announcement Date”	20 January 2020, being the date of the Announcement
“associate”	has the meaning ascribed to it in the Takeovers Code
“Beneficial Owner(s)”	any beneficial owner(s) of the Shares
“BGI Tech”	BGI Tech Holding (Hong Kong) Co., Limited
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	British Virgin Islands
“Cancellation Price”	the cancellation price of HK\$3.50 per Scheme Share payable in cash by the Offeror for every Scheme Share cancelled and extinguished pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“CMB”	China Merchants Bank Co., Ltd., Shanghai Branch
“Company”	BBI Life Sciences Corporation (BBI生命科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 10 July 2013, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1035)

“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Conditions”	the conditions to the implementation of the Proposal as set out in the section headed “3. Conditions of the Proposal” under Part VII of this Scheme Document
“Court Meeting”	a meeting of the Independent Shareholders to be convened at the direction of the Grand Court at 10:00 a.m. on Monday, 11 May 2020 at Boardroom 6, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix V to this Scheme Document, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Law, being the date on which a copy of the order of the Grand Court sanctioning the Scheme is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law, which is expected to be Thursday, 4 June 2020 (Cayman Islands time)
“EGM”	the extraordinary general meeting of the Company to be held at 11:00 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) on Monday, 11 May 2020 at Boardroom 6, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, notice of which is set out in Appendix VI to this Scheme Document, or any adjournment thereof
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Statement”	the explanatory statement set out in Part VII of this Scheme Document
“Grand Court”	the Grand Court of the Cayman Islands
“Grandeur Peak”	Grandeur Peak Global Advisors LLC
“Group”	the Company and its subsidiaries
“Haitong International”	Haitong International Capital Limited, the financial adviser of the Offeror in respect of the Proposal and a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HoldCo”	LJ Family Ltd., a company incorporated in the BVI on 2 January 2020 with limited liability which shareholdings are held as to approximately 25.32%, 41.13%, 25.32% and 8.23% by Ms. Wang Luojia, Ms. Wang Jin, Mr. Benjamin Mai and Ms. Claire Si-Jia Lu, respectively
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising Mr. Zhou Mi, Mr Xia Lijun, Mr. Ho Kenneth Kai Chung and Mr. Liu Jianjun, established by the Board to make a recommendation to the Independent Shareholders in respect of the Proposal
“Independent Financial Adviser” or “Optima Capital”	Optima Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Proposal and a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror Concert Parties
“Irrevocable Undertakings”	the irrevocable undertakings given by the IU Shareholders in favour of the Offeror in respect of 99,432,176 Shares in aggregate
“IU Shareholders”	Grandeur Peak, QVP II, QVP II-C, QMDF and BGI Tech
“IU Shares”	collectively, the 55,628,500 Shares held by Grandeur Peak, the 19,022,628 Shares held by QVP II, the 1,671,011 Shares held by QVP II-C, the 277,037 Shares held by QMDF and the 22,833,000 Shares held by BGI Tech
“Last Trading Day”	14 January 2020, being the last trading day of the Shares immediately before the trading halt in the Shares pending issuance of the Announcement, being the last full trading day prior to the publication of the Announcement
“Latest Practicable Date”	14 April 2020, being the latest practicable date prior to the printing of this Scheme Document for ascertaining certain information contained herein

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LJ Hope”	LJ Hope Ltd., a company incorporated under the laws of Canada
“LJ Peace”	LJ Peace Ltd., a company incorporated under the laws of Canada
“LJ Venture”	LJ Venture Ltd., a company incorporated under the laws of Canada
“Long Stop Date”	28 September 2020 or such later date the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and, in all cases, as permitted by the Executive
“Meeting Record Date”	Monday, 11 May 2020 or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Independent Shareholders to attend and vote at the Court Meeting and the entitlement of Shareholders to attend and vote at the EGM
“Offeror”	LJ Future Ltd., a company incorporated in the BVI on 3 January 2020 with limited liability which is wholly-owned by the HoldCo
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” set out in the Takeovers Code, excluding the Offeror, including the Holdco, LJ Hope, LJ Peace, LJ Venture, Mr. Wang Qisong, Ms. Wang LuoJia, Ms. Wang Jin, Mr. Benjamin Mai and Ms. Claire Si-Jia Lu
“Offeror Share(s)”	share(s) in the capital of the Offeror
“PRC”	the People’s Republic of China which, for the purpose of this Scheme Document, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme on the terms and subject to the conditions set out in this Scheme Document
“QMDF”	Qiming Managing Directors Fund II, L.P.
“QVP II”	Qiming Venture Partners II, L.P.
“QVP II-C”	Qiming Venture Partners II-C, L.P.

“Registered Owner(s)”	any holder(s) of Shares (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Law set out in Appendix IV to this Scheme Document (subject to any modifications or additions or conditions as may be approved or imposed by the Grand Court and agreed to by the Offeror), involving the cancellation and extinguishment of all the Scheme Shares in exchange for the Cancellation Price, the reduction of the issued share capital of the Company and the restoration of the issued share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares
“Scheme Document”	this composite document, including each of the letters, statements, appendices and notices in it, as may be amended or supplemented from time to time
“Scheme Record Date”	Thursday, 4 June 2020 or such other date as may be announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Scheme Share(s)”	Share(s) in issue on the Scheme Record Date held by the Shareholders, other than those directly or indirectly held by LJ Hope, LJ Peace and LJ Venture
“Scheme Shareholder(s)”	holder(s) of Scheme Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of a par value of HK\$0.01 each in the share capital of the Company
“Share Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office
“Shareholder(s)”	registered holder(s) of Shares

“SPA”	the sale and purchase agreement dated 20 January 2020 entered into between the Offeror (as purchaser) and LJ Peace, LJ Venture and LJ Hope (each as seller) in respect of the 184,156,346 Shares held by LJ Peace, the 118,049,745 Shares held by LJ Venture and the 8,223,333 Shares held by LJ Hope
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified. For reference only, Cayman Islands time is 13 hours behind Hong Kong time.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlements of the Independent Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 6 May 2020 to Monday, 11 May 2020 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Tuesday, 5 May 2020.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the EGM are enclosed with this Scheme Document. Subsequent purchasers of Scheme Shares will need to obtain the relevant proxy form from the transferor.

Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, if you are an Independent Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. **In order to be valid, the pink form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof, and the white form of proxy for use at the EGM should be lodged no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof.** Completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In such event, the returned form of proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and the EGM if, among other things, the resolutions are passed by the requisite majorities of the Independent Shareholders or the holders of Shares (as the case may be). We therefore strongly urge you to attend and vote at the Court Meeting and the EGM in person or by proxy.

Voting at the Court Meeting and the EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM on Monday, 11 May 2020. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among others, the results of the hearing of the petition to sanction the Scheme by the Grand Court and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange, in accordance with the requirements of the Takeovers Code and the Listing Rules.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST OR DEPOSITED IN CCASS

The Company will not recognise any person as holding any Shares through any trust. If you

are a Beneficial Owner whose Share(s) are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees), you should contact the Registered Owner and provide the Registered Owner with instructions and/or make arrangements with the Registered Owner in relation to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the EGM. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the EGM set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated above. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the EGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the Share(s) registered in the name of the Registered Owner to be transferred into your own name.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the EGM shall be in accordance with all relevant provisions in the articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

Completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his forms of proxy, the returned form of proxy will be deemed to have been revoked.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with other CCASS Participants, regarding voting instructions to be given to such person(s) if you wish to vote at the Court Meeting and/or at the EGM in respect of the Scheme. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the EGM set by them, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Share(s) of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. The procedure for voting in respect of the Scheme by HKSCC Nominees with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the "General Rules of CCASS" and the "CCASS Operational Procedures" in effect from time to time.

HKSCC Nominees may also vote for and against the Scheme in accordance with instructions received from CCASS Participants (as defined under the General Rules of CCASS).

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting (if you are an Independent Shareholder) and the EGM (as a Shareholder). You can become a Shareholder of record by withdrawing all or any of your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Share(s) are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Share(s) into your name so as to qualify to attend and vote at the Court Meeting and the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Share(s) from CCASS and register them in your name.

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER, THE OFFEROR AND THE COMPANY STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND AT THE EGM. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAM, THE OFFEROR AND THE COMPANY URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, THE OFFEROR AND THE COMPANY ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND THE EGM WITHOUT DELAY AND/OR WITHDRAWN FROM CCASS AND TRANSFERRED INTO YOUR NAME (AS DETAILED IN THE SECTION HEADED “ACTIONS TO BE TAKEN – ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST OR DEPOSITED IN CCASS” ABOVE).

IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNER(S), WE SHOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNER(S) ABOUT THE IMPORTANCE OF EXERCISING THEIR RIGHT TO VOTE.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

Hong Kong time
(unless otherwise stated)

Date of despatch of this Scheme Document Friday, 17 April 2020

Latest time for lodging transfers of Shares in order to become entitled to attend and vote at the Court Meeting and the EGM 4:30 p.m. on Tuesday, 5 May 2020

Register of members of the Company closed for determination of entitlements of Independent Shareholders to attend and vote at the Court Meeting and of Shareholders to attend and vote at the EGM^(Note 1) from Wednesday, 6 May 2020

to Monday, 11 May 2020
(both days inclusive)

Latest time for lodging forms of proxy in respect of the:^(Note 2)

- Court Meeting 10:00 a.m. on Saturday, 9 May 2020
- EGM 11:00 a.m. on Saturday, 9 May 2020

Meeting Record Date Monday, 11 May 2020

Court Meeting^(Note 3) 10:00 a.m. on Monday, 11 May 2020

EGM^(Note 3) 11:00 a.m. on Monday, 11 May 2020

(or immediately after the conclusion or adjournment of the Court Meeting)

Announcement of the results of the Court Meeting and the EGM posted on the respective websites of the Stock Exchange and the Company not later than 7:00 p.m. on Monday, 11 May 2020

Expected last day for trading in the Shares on the Stock Exchange Tuesday, 12 May 2020

Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme ... 4:30 p.m. on Friday, 22 May 2020

Register of members of the Company closed for determining entitlements to qualify under the

Scheme^(Note 4) from Monday, 25 May 2020 onwards

Court hearing of the petition to sanction the Scheme and to confirm the reduction of the issued share capital of the Company involved in the Scheme Friday, 29 May 2020

(Cayman Islands time)

Announcement of the results of the court hearing of the petition to sanction the Scheme and to confirm the reduction of the issued share capital of the Company involved in the Scheme, the expected Effective Date and the expected date of withdrawal of the listing of the Shares on the Stock Exchange not later than 8:30 a.m. on Monday, 1 June 2020

Scheme Record Date Thursday, 4 June 2020

Effective Date^(Note 5) Thursday, 4 June 2020

(Cayman Islands time)

Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange not later than 8:30 a.m. on Friday, 5 June 2020

Expected withdrawal of the listing of the Shares on the Stock Exchange^(Note 6) 4:00 p.m. on Monday, 8 June 2020

Latest time to despatch cheques for cash entitlements under the Scheme^(Note 7) Monday, 15 June 2020

Shareholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

- (1) The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the Independent Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM. This book closure period is not for determining entitlements under the Scheme.
- (2) Forms of proxy should be lodged with the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than the times and date stated above. In order to be valid, the **pink** form of proxy for the Court Meeting and the **white** form of proxy for the EGM must be lodged no later than the latest times and date stated above. Completion and return of a form of proxy for the Court Meeting or the EGM will not preclude an Independent Shareholder and a Shareholder, respectively, from attending the relevant meeting and voting in person. In the event that the member attends and votes at the relevant meeting or any adjournment thereof after having lodged his form of proxy, the returned form of proxy shall be deemed to have been revoked by operation of law.

- (3) The Court Meeting and the EGM will be held at Boardroom 6, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at the times and date specified above. Please see the notice of Court Meeting set out in Appendix V to this Scheme Document and the notice of EGM set out in Appendix VI to this Scheme Document for details.
- (4) The register of members of the Company will be closed as from such time and on such date for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
- (5) Upon all the Conditions set out in the paragraph headed “3. Conditions of the Proposal” in Part VII of this Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be), a copy of the order of the Grand Court sanctioning the Scheme will be delivered to the Registrar of Companies in the Cayman Islands for registration at which point the Scheme will become effective and binding on the Offeror, the Company and all the Scheme Shareholders.
- (6) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn after 4:00 p.m. on Monday, 8 June 2020.
- (7) Cheques for cash entitlements in respect of the Cancellation Price will be despatched within seven Business Days of the Effective Date by ordinary post at the risk of the recipients to their registered addresses shown in the register of members of the Company on the Scheme Record Date.

**BBI LIFE SCIENCES CORPORATION****BBI生命科學有限公司***(incorporated in the Cayman Islands with limited liability)***(Stock Code: 1035)***Executive Directors:*

Mr. Wang Qisong

Ms. Wang Luojia

Ms. Wang Jin

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Non-executive Directors:

Mr. Zhou Mi

Principal place of business in the PRC:

No. 698, Xiangmin Road

Songjiang District, Shanghai

The PRC

Independent non-executive Directors:

Mr. Xia Lijun

Mr. Ho Kenneth Kai Chung

Mr. Liu Jianjun

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

17 April 2020

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF BBI LIFE SCIENCES CORPORATION
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)
AND
(2) PROPOSED WITHDRAWAL OF LISTING**

INTRODUCTION

On 14 January 2020 (after trading hours), the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law. Upon completion of the Proposal and the share transfer pursuant to the SPA, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the expected timetable, and to give you notice of the Court Meeting and the EGM (together with the proxy forms in relation thereto). Your attention is also drawn to the letter from the Independent Board Committee set out in Part V of this Scheme Document, the letter from Optima Capital, being the Independent Financial Adviser, set out in Part VI of this Scheme Document, the

Explanatory Statement set out in Part VII of this Scheme Document and the terms of the Scheme set out in Appendix IV to this Scheme Document.

TERMS OF THE PROPOSAL

The Scheme

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if it becomes effective, the Scheme Shares will be cancelled and extinguished in exchange for the Cancellation Price of HK\$3.50 in cash for every Scheme Share. Under the Scheme, the total consideration payable for the Scheme Shares will be payable by the Offeror.

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

The Cancellation Price represents:

- a premium of approximately 16.28% over the closing price of HK\$3.01 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 31.43% over the average closing price of approximately HK\$2.66 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 42.45% over the average closing price of approximately HK\$2.46 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 46.10% over the average closing price of approximately HK\$2.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 47.92% over the average closing price of approximately HK\$2.37 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 55.65% over the average closing price of approximately HK\$2.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 56.68% over the average closing price of approximately HK\$2.23 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 109.58% over the unaudited consolidated net asset value attributable to equity holders of the Company per Share of approximately RMB1.48 (based on RMB to HK\$ exchange rate of RMB0.8869 to HK\$1, being the exchange rate as quoted by the People's Bank of China on the Last Trading Day) as at 30 June 2019;

- a premium of approximately 98.86% over the audited consolidated net asset value attributable to equity holders of the Company per Share of approximately RMB1.56 (based on RMB to HK\$ exchange rate of RMB0.8869 to HK\$1, being the exchange rate as quoted by the People's Bank of China on the Last Trading Day) as at 31 December 2019; and
- a premium of approximately 5.11% over the closing price of HK\$3.33 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange, the financial information of the Group including the financial position of the Group as at 30 June 2019 and with reference to other privatisation transactions in Hong Kong in recent years.

CONDITIONS OF THE PROPOSAL

Your attention is drawn to the section headed "3. Conditions of the Proposal" in the Explanatory Statement for further details.

IRREVOCABLE UNDERTAKINGS

The Offeror received the Irrevocable Undertakings from the IU Shareholders (being Grandeur Peak, QVP II, QVP II-C, QMDF and BGI Tech), pursuant to which each IU Shareholder has undertaken to, among other things, exercise (or procure the exercise of) all voting rights attached to the relevant IU Shares held or owned by it at the Court Meeting and the EGM in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable). The 99,432,176 IU Shares held in aggregate by the IU Shareholders, which are the subject of the Irrevocable Undertakings, represented approximately 17.74% of the total issued share capital of the Company as at the Latest Practicable Date. Further, each IU Shareholder has undertaken not to deal in the relevant IU Shares (including, without limitation, not to (i) sell, transfer or otherwise dispose of the IU Shares held or owned by it or (ii) enter into any arrangement which would or might impede giving effect to the Scheme or the undertaking given by it under the relevant Irrevocable Undertaking (as the case may be)).

The Irrevocable Undertakings, each being a binding irrevocable undertaking, will terminate and the above obligations of the relevant IU Shareholders thereunder will cease to be binding if (i) the Offeror announces, with the consent of the Executive and before the Scheme Document is posted, that it does not intend to proceed with the Scheme or (ii) the Scheme does not become effective by 1 June 2020 (or such later date as the Grand Court may direct and as may be permitted under the Takeovers Code), lapses or is withdrawn in accordance with its terms and no new, revised or replacement Scheme is announced by the Offeror and/or the Company at the same time. For the avoidance of doubt, the Irrevocable Undertakings will remain valid and effective notwithstanding that the Scheme is only expected to become effective on 4 June 2020 as such date has been determined by reference to the date of the hearing of the petition to sanction the Scheme and to approve the capital reduction of the Company, as directed and fixed by the Grand Court.

Please see the section headed "4. Irrevocable Undertakings" of the Explanatory Statement for further details.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

On the basis of a Cancellation Price of HK\$3.50 per Scheme Share and 560,522,623 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$1.96 billion. On the assumption that no further Shares are issued on or before the Scheme Record Date, the amount of cash required to implement the Proposal is approximately HK\$875.33 million. The Offeror intends to finance the entire cash amount required to implement the Proposal from a loan facility in the amount of up to HK\$900 million provided by CMB.

Haitong International, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal in accordance with its terms.

REASONS FOR AND BENEFITS OF THE PROPOSAL

You are urged to read carefully the section headed “10. Reasons for and Benefits of the Proposal” of the Explanatory Statement.

INFORMATION ON THE GROUP AND THE OFFEROR**The Group**

The Company was incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 1035. The Group is principally engaged in the provision of DNA synthesis products, genetic engineering services, life sciences research consumables and protein and antibody related products and services.

The Offeror, the HoldCo and the other Offeror Concert Parties

The Offeror is an investment holding company incorporated in the BVI with limited liability and a wholly-owned subsidiary of HoldCo. The directors of the Offeror are Ms. Wang Luojia and Ms. Wang Jin.

HoldCo is an investment holding company incorporated in the BVI with limited liability which is held as to approximately 25.32%, 41.13%, 25.32% and 8.23% by Ms. Wang Luojia (an executive Director), Ms. Wang Jin (an executive Director), Mr. Benjamin Mai (son of Ms. Wang Luojia) and Ms. Claire Si-Jia Lu (daughter of Ms. Wang Jin), respectively. Ms. Wang Luojia and Ms. Wang Jin are sisters. The ultimate shareholdings of the Offeror are held by the families of Ms. Wang Luojia and Ms. Wang Jin and are structured to reflect their respective current interests in the Company through LJ Hope, LJ Peace and LJ Venture. The directors of the HoldCo are Ms. Wang Luojia and Ms. Wang Jin.

LJ Hope is an investment holding company incorporated in Ontario, Canada with limited liability and held as to 100% by Ms. Wang Luojia. LJ Peace is an investment holding company incorporated in Canada with limited liability and held as to 51.15% and 48.85% by Wang J Family Trust and Wang L Family Trust, respectively. LJ Venture is an investment holding company incorporated in Canada with limited liability and held as to 50% and 50% by Wang J Family Trust and Wang L Family Trust, respectively. Wang J Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong as the settlor, Ms. Wang Luojia as the trustee, and Ms. Wang Jin and her children as the beneficiaries. Wang L Family Trust is an

irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong as the settlor, Ms. Wang Jin as the trustee, and Ms. Wang Luoia and her son as the beneficiaries.

WITHDRAWAL OF THE LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from 4:00 p.m. on Monday, 8 June 2020.

The Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. An indicative timetable of the Scheme is included in Part III of this Scheme Document.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses, in which case the Board expects that the Company will continue to meet the minimum public float requirements under the Listing Rules given that there will be no cancellation of Scheme Shares and assuming there is no change in the shareholding of the Company.

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

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

Shareholders and potential investors should exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor and/or other professional advisers.

OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “18. Overseas Shareholders” of the Explanatory Statement.

COURT MEETING AND THE EGM

For the purpose of exercising your right to vote at the Court Meeting and the EGM, you are

requested to read carefully the section headed “20. Court Meeting and EGM” of the Explanatory Statement and the notices of the Court Meeting and the EGM in Appendices V and VI, respectively, of this Scheme Document.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which comprises all non-executive Directors who are not interested in the Proposal, namely, Mr. Zhou Mi, Mr. Xia Lijun, Mr. Ho Kenneth Kai Chung and Mr. Liu Jianjun, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal are, or are not, fair and reasonable and as to voting. Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal.

Mr. Wang Qisong, Ms. Wang Luojia and Ms. Wang Jin, each being an Offeror Concert Party, have a material interest in the Proposal and have therefore abstained and will continue to abstain from voting on the relevant resolution(s) of the Board.

The full text of the letter from the Independent Board Committee is set out in Part V of this Scheme Document.

FINANCIAL ADVISER TO THE OFFEROR AND THE INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed Haitong International as its financial adviser in connection with the Proposal.

Optima Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal. The appointment of Optima Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

INTENTIONS OF THE OFFEROR REGARDING THE COMPANY

Your attention is drawn to the section headed “12. Intentions of the Offeror regarding the Company” of the Explanatory Statement.

The Board welcomes the Offeror’s intentions regarding the Company that, among others, (i) the existing business of the Group and (ii) the employment of the Group’s existing employees (save for changes in the ordinary course of business), will be continued following completion of the Proposal and will cooperate with and provide support to the Offeror, and will continue to act in the best interests of the Group and the Shareholders as a whole.

ACTIONS TO BE TAKEN

The actions which you are required to take in relation to the Proposal are set out in Part II of this Scheme Document and the section headed “21. Actions to be Taken” of the Explanatory Statement.

RECOMMENDATIONS

Your attention is drawn to the recommendation of the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal as set out in Part VI of this Scheme Document. Your attention is also drawn to the recommendation of the Independent Board Committee in respect of the Proposal as set out in Part V of this Scheme Document.

REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “17. Registration and payment” of the Explanatory Statement.

TAXATION AND INDEPENDENT ADVICE

Your attention is drawn to the section headed “19. Taxation” of the Explanatory Statement.

It is emphasised that none of the Offeror, the Company and Haitong International nor any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal. All Scheme Shareholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal.

FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and from Optima Capital, the Independent Financial Adviser, as set out in Parts V and VI of this Scheme Document, respectively, the Explanatory Statement as set out in Part VII of this Scheme Document, the Appendices to this Scheme Document, the Scheme as set out in Appendix IV to this Scheme Document, the notice of Court Meeting as set out in Appendix V to this Scheme Document and the notice of EGM as set out in Appendix VI to this Scheme Document. In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the EGM is enclosed with this Scheme Document.

Yours faithfully
For and on behalf of the Board
BBI Life Sciences Corporation
Wang Qisong
Chairman

**BBI LIFE SCIENCES CORPORATION****BBI生命科學有限公司***(incorporated in the Cayman Islands with limited liability)***(Stock Code: 1035)***Members of the Independent Board Committee:*

Mr. Zhou Mi
Mr. Xia Lijun
Mr. Ho Kenneth Kai Chung
Mr. Liu Jianjun

Registered office:

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

17 April 2020

To the Independent Shareholders

Dear Sir or Madam

**(1) PROPOSAL FOR THE PRIVATISATION OF BBI LIFE SCIENCES CORPORATION
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)
AND
(2) PROPOSED WITHDRAWAL OF LISTING**

We refer to the document dated 17 April 2020 jointly issued by the Offeror and the Company in relation to the Proposal (the “**Scheme Document**”) of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings which used in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Independent Shareholders in respect of the Proposal, details of which are set out in Parts IV and VII of the Scheme Document.

Optima Capital, the Independent Financial Adviser, has been appointed with our approval, to advise us in connection with the Proposal. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in Part VI of the Scheme Document.

In the letter from Optima Capital, the Independent Financial Adviser states that it considers the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned, and advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve and implement the Proposal.

The Independent Board Committee, having considered the terms of the Proposal and having taken into account the opinion of the Independent Financial Adviser, and in particular the factors, reasons and recommendations as set out in its letter in Part VI of the Scheme Document, considers

that, as far as the Independent Shareholders are concerned, the terms of the Proposal are fair and reasonable.

Accordingly, the Independent Board Committee recommends:

- (a) at the Court Meeting, the Independent Shareholders to vote in favour of the resolutions to approve the Scheme; and
- (b) at the EGM, the Shareholders to vote in favour of all the resolutions to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished.

The Independent Board Committee draws the attention of the Independent Shareholders to (i) the letter from the Board as set out in Part IV of the Scheme Document; (ii) the letter from the Independent Financial Adviser, which sets out the factors and reasons taken into account in arriving at its recommendation to the Independent Board Committee, as set out in Part VI of the Scheme Document; and (iii) the Explanatory Statement as set out in Part VII of the Scheme Document.

Yours faithfully,

The Independent Board Committee

Zhou Mi
*Non-executive
Director*

Xia Lijun
*Independent non-
executive Director*

Ho Kenneth Kai Chung
*Independent non-
executive Director*

Liu Jianjun
*Independent non-
executive Director*

Set out below is the letter of advice from Optima Capital, to the Independent Board Committee in respect of the Proposal, which has been prepared for the purpose of inclusion in this Scheme Document.



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

17 April 2020

To: the Independent Board Committee

Dear Sirs,

**(1) PROPOSED PRIVATISATION OF BBI LIFE SCIENCES CORPORATION BY THE
OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF
THE COMPANIES LAW); AND
(2) PROPOSED WITHDRAWAL OF LISTING**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the Proposal. Details of the Proposal are contained in the document to the Shareholders dated 17 April 2020 (the "**Scheme Document**"), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

On 20 January 2020, the Offeror and the Company jointly announced that on 14 January 2020, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law. Upon completion of the Scheme and the share transfer pursuant to the SPA, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

The Independent Board Committee, which comprises all non-executive Directors who are not interested in the Proposal, namely, Mr. Zhou Mi, Mr. Xia Lijun, Mr. Ho Kenneth Kai Chung and Mr. Liu Jianjun, has been established by the Board to advise (i) whether the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the action that should be taken by the Independent Shareholders as regards voting at the Court Meeting and the EGM. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee on these matters.

We are not associated or connected with (i) the Company; (ii) LJ Peace, the controlling shareholder of the Company; (iii) the Offeror; (iv) HoldCo; (v) any party acting, or presumed to be acting in concert with any of the above (including but not limited to HoldCo, LJ Hope, LJ Peace, LJ Venture, a substantial shareholder of the Company, Wang J Family Trust, Wang L Family Trust, Mr. Wang Qisong, Ms. Wang Luojia, Ms. Wang Jin, Mr. Benjamin Mai and Ms. Claire Si-Jia Lu); and (vi) any company controlled by any of them. We are considered eligible to give independent advice on the Proposal. Apart from normal professional fees payable to us in connection with this appointment

or other similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion, we have reviewed, among other things, (i) the Announcement; (ii) the annual reports of the Company for the two years ended 31 December 2018; (iii) the annual results of the Company for the year ended 31 December 2019; (iv) the Scheme Document; and (v) the prospectus of the Company dated 16 December 2014.

We have also relied on the information and facts supplied, and the opinions expressed, by the Directors and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of this letter. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor to doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Proposal, since these are particular to their individual circumstances. In particular, the Independent Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PROPOSAL

The principal terms of the Proposal and the Scheme which are set out in detail in the “Letter from the Board”, the “Explanatory Statement” and Appendix IV contained in the Scheme Document are summarised below:

1. The Proposal and the Scheme

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if it becomes effective, the Scheme Shares will be cancelled and extinguished in exchange for the Cancellation Price of HK\$3.50 in cash for every Scheme Share. Under the Scheme, the total consideration payable for the Scheme Shares will be payable by the Offeror. Upon completion of the Scheme and the share transfer pursuant to the SPA, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

2. Cancellation Price of HK\$3.50 per Scheme Share

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

As stated in the “Letter from the Board” contained in the Scheme Document, the Cancellation Price has been determined on a commercial basis after taking into account, among other things, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange, the financial information of the Group including the financial position

of the Group as at 30 June 2019 and with reference to other privatisation transactions in Hong Kong in recent years.

3. Conditions of the Proposal and the Scheme

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of a number of Conditions as set out in the “Explanatory Statement” contained in the Scheme Document, being:

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

- (iv) to the extent necessary, the compliance with the procedural requirements of sections 15 and 16 of the Companies Law in relation to the reduction of the issued share capital of the Company;
- (v) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals (if any) in connection with the Proposal or the Scheme having been obtained from, given by or made with (as the case may be) the Relevant Authorities in the Cayman Islands, Hong Kong and any other relevant jurisdiction;
- (vi) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal or the Scheme remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authority which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each case up to and at the time when the Scheme becomes effective;
- (vii) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (viii) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets or undertakings of any member of the Group up to and at the time when the Scheme becomes effective, in each case which is material and adverse in the context of the Group taken as a whole.

With reference to the conditions referred to in paragraphs (v) and (vi) above, save as disclosed, the Company and the Offeror were not aware of and did not reasonably foresee any such authorisation, registration, filing, rulings, consent, opinion, permission and approval as at the Latest Practicable Date. The Offeror reserves the right to waive conditions (v) through (viii) either in whole or in part, either generally or in respect of any particular matter. Conditions (i) through (iv) cannot be waived in any event.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (being 28 September 2020, or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and, in all cases, as permitted by the

Executive), failing which the Proposal and the Scheme will lapse. As at the Latest Practicable Date, none of the Conditions has been fulfilled or waived.

When the Conditions are fulfilled or waived, as applicable, the Scheme will become effective and binding on the Offeror, the Offeror Concert Parties, the Company and all the Scheme Shareholders (irrespective of whether or not they attended or voted at the Court Meeting or the EGM).

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from 4:00 p.m. on Monday, 8 June 2020.

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses, in which case the Board expects that the Company will continue to meet the minimum public float requirements under the Listing Rules given that there will be no cancellation of Scheme Shares (assuming there will be no change in the shareholding of the Company). If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

4. The Irrevocable Undertakings

The Offeror received the Irrevocable Undertakings from the IU Shareholders (being Grandeur Peak, QVP II, QVP II-C, QMDF and BGI Tech), pursuant to which each IU Shareholder has undertaken to, among other things, exercise (or procure the exercise of) all voting rights attached to the relevant IU Shares held or owned by it at the Court Meeting and the EGM in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable). The 99,432,176 IU Shares held in aggregate by the IU Shareholders, which are the subject of the Irrevocable Undertakings, represented approximately 17.74% of the total issued share capital of the Company as at the Latest Practicable Date. Further, each IU Shareholder has undertaken not to deal in the relevant IU Shares (including, without limitation, not to (i) sell, transfer or otherwise dispose of the IU Shares held or owned by it or (ii) enter into any arrangement which would or might impede giving effect to the Scheme or the undertaking given by it under the relevant Irrevocable Undertaking (as the case may be)).

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposal, we have taken into account the principal factors and reasons set out below.

1. Information and prospect of the Group

(i) Information on the background of the Group

The Company is a company incorporated in the Cayman Islands with limited liability and the Shares have been listed on the Main Board of the Stock Exchange since 30 December 2014. The Group is principally engaged in the development, manufacture and sale of various life science products used in scientific research, and the provision of life science related services. The products and services of the Company include (i) DNA synthesis products; (ii) genetic engineering services; (iii) life sciences research consumables; (iv) protein and antibody related products and services; and (v) third party detection services. The Company is a DNA synthesis product provider in the PRC and its products and services are offered under the brands of “Sangon” or “BBI”. The principal production facilities of the Group are located in Shanghai and Wuhan while there are 14 cities in the PRC with domestic production outlets coverage including namely Beijing, Guangzhou, Chengdu, Zhengzhou, Xian, Shanghai, Kunming, Nanjing, Qingdao, Changchun and etc. and overseas countries including Britain, Singapore, the Netherlands, Korea, the United States of America and Canada.

(ii) Financial information of the Group

Details of the financial information of the Group are set out in Appendix I to the Scheme Document. We have reviewed such information and other financial reports of the Company and discussed with the management of the Company (the “**Management**”) the financial information of the Group. Details of the Group’s historical financial information are set out below.

(a) Financial performance

The following is a summary of the financial results of the Group for the three years ended 31 December 2017 (“**FY2017**”), 2018 (“**FY2018**”) and 2019 (“**FY2019**”) (extracted from the Company’s FY2017 and FY2018 annual reports and the annual results announcement for FY2019 respectively).

	FY2017	FY2018	FY2019
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	462,403	581,600	703,774
Gross profit	230,779	283,281	348,670
Gross profit margin	49.9%	48.7%	49.5%
Other gains / (losses) - net	1,541	1,130	2,580
Selling and distribution costs	(88,816)	(111,012)	(149,976)
Administrative expenses	(74,191)	(89,401)	(99,950)
Finance income / (expenses) - net	2,771	4,166	(1,125)
Share of loss of associates	(957)	(735)	(592)
Profit before income tax	71,127	87,429	99,607
Income tax expenses	(9,854)	(11,483)	(13,578)
Profit after tax for the year	61,273	75,946	86,029

	FY2017	FY2018	FY2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Profit attributable to equity holders of the Company	64,446	79,104	88,093
Basic earnings per share (RMB)	0.118	0.145	0.161
Diluted earnings per share (RMB)	0.117	0.144	0.160
Dividend per Share (HK\$)	0.014	0.034	-
Dividend pay-out ratio ^{Note 1}	9.52%	20.07%	-
Dividend yield ^{Note 2}	0.36%	1.48%	-
Dividend yield implied by Cancellation Price ^{Note 3}	0.40%	0.97%	-

Notes:

1. Dividend pay-out ratio is calculated by dividing dividend per Share by basic earnings per Share for the year at HK\$1:RMB0.8023 and HK\$1:RMB0.8560 for FY2017 and FY2018, respectively.
2. Dividend yield is calculated by dividing the annual dividend paid per Share by the year end closing price of the Shares for the relevant year.
3. Dividend yield implied by the Cancellation Price is calculated by dividing the annual dividends per Share for FY2017 or FY2018 by the Cancellation Price.

(i) Revenue

The following table sets out the breakdown of revenue by business segments during three years ended 31 December 2019:

	FY2017	FY2018	FY2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
DNA synthesis products	181,866	217,620	267,135
Genetic engineering services	95,269	126,570	162,937
Life sciences research consumables	137,833	180,799	209,534
Protein and antibody related products and services	47,435	56,611	63,249

Third party detection services	-	-	919
Total	462,403	581,600	703,774

Revenue increased from approximately RMB462.4 million for FY2017 to approximately RMB581.6 million for FY2018 and further to approximately RMB703.8 million for FY2019, representing a 2017-2019 compound annual growth rate (“CAGR”) of approximately 23.4%. Such increase in revenue is attributable to increases in sales of products and services of all business segments during the years under review.

As advised by the Management, customers of the Group primarily include colleges, universities, research institutes, hospitals and pharmaceutical and biotech companies, as well as government testing and diagnostic centres in the PRC and overseas.

Set out below is the performance of each business segment of the Group during the years under review:

DNA synthesis products

Revenue generated from sales of DNA synthesis products including oligonucleotide synthesis products and gene synthesis products contributed over one-third of the total revenue of the Group during the years under review. DNA synthesis is needed for the vast majority of life sciences research projects, from basic molecular biology research to even broader areas such as animal and plant studies, disease research, medical diagnosis, drug development, food industry and agriculture.

During the years under review, revenue of this segment recorded a 2017-2019 CAGR of approximately 21.2%, which is primarily attributable to increases in orders resulting from upgrade of key technological processes and construction of automated production lines by the Group on a continuous basis.

Genetic engineering services

Revenue generated from provision of genetic engineering services, services which are related to the manipulation and analysis of the genes of organisms including DNA sequencing, next-generation sequencing and molecular biology services, contributed over 20% of the total revenue of the Group during the years under review. Genetic engineering services have wide applicability in agriculture, in the study of diseases using animal models, and in the detection, diagnosis, and prognosis of diseases.

This segment’s revenue recorded a 2017-2019 CAGR of approximately 30.8%. The growth was primarily due to increase in services rendered by the Group as a result of (i) expansion of its domestic production outlets in second and third tier cities in the PRC such as Zhengzhou, Xian, Kunming, Nanjing, Qingdao, Changchun and etc.; and (ii) continuous improvement in quality of services. The number of cities in the PRC with domestic service outlets coverage increased from 5 in FY2017 to 14 in FY2019.

Life sciences research consumables

Revenue of this segment is generated from sales of life science research consumables include research kits and labware to life science research laboratories. Life sciences research consumables are needed by life sciences research laboratories to carry out research projects. This segment contributed nearly 30% of the total revenue of the Group during the years under review.

This segment's revenue recorded a 2017-2019 CAGR of approximately 23.3%. Such increase is mainly attributable to increase in orders due to (i) expansion of overseas markets to Korea and Singapore in FY2017 by the Group; and (ii) improvement in delivery speed and accuracy for its products resulting from optimisation of production and logistics models in the PRC on a continuous basis.

Protein and antibody related products and services

Revenue of this segment is generated from sales or provision of protein related products and services including polypeptide, which are primarily used for protein production and analysis such as proteomics studies. Antibody related products and services are primarily used for immunology experiments. This segment contributed around 10% of the total revenue of the Group during the years under review.

Revenue of this segment recorded a 2017-2019 CAGR of approximately 15.5%, which is mainly due to the increase in orders driven by expansion of product and service portfolio offered by the Group.

Third party detection services

Revenue of this segment is generated from provision of medical-related detection, diagnosis and scientific research services. The Group commenced this business segment during FY2019 and this segment contributed only less than 1% of total revenue of the Group.

(ii) Gross profit and gross profit margin

In tandem with the growth in revenue, gross profit also increased from approximately RMB230.8 million for FY2017 to approximately RMB283.3 million for FY2018 and further to approximately RMB348.7 million for FY2019, representing a 2017-2019 CAGR of approximately 22.9%.

Gross profit margin of the Group remained relatively stable at around 49% during the years under review.

(iii) Selling and distribution costs

Selling expenses increased from approximately RMB88.8 million for FY2017 to approximately RMB111.0 million for FY2018 and further increased to approximately RMB150.0 million for FY2019. Selling expenses represented approximately 38.4%, 39.2% and 43.0% of the gross profit for FY2017, FY2018 and FY2019, respectively.

As advised by the Management, the increases in the ratio of the selling expenses to the gross profits in FY2018 and FY2019 was mainly attributable to the outsourcing of marketing functions of the Group to professional marketing services providers since second

half of FY2018 and the Group incurred marketing expenses of around RMB17.3 million and RMB30.2 million for FY2018 and FY2019, respectively (FY2017: Nil).

(iv) Administrative expenses

Administrative expenses increased from approximately RMB74.2 million for FY2017 to approximately RMB89.4 million for FY2018 and further increased to approximately RMB100.0 million in 2019. Administrative expenses represented approximately 32.1%, 31.6% and 28.7% of the gross profit for FY2017, FY2018 and FY2019, respectively.

Save for salaries and staff benefits, the most significant component of administrative expenses of the Group are the research and development (“R&D”) expenses. In order to maintain its market share and keep pace with the market demand, the Group has spent considerable amount on R&D during the years under review. Set out below is the breakdown of R&D expenses during the years under review:

	FY2017	FY2018	FY2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
R&D Expenses	30,764	35,993	35,884

R&D expenses increased from approximately RMB30.8 million for FY2017 to approximately RMB35.9 million for FY2019, primarily due to the automation of the production lines of the Group on a continuous basis.

(v) Net profit attributable to equity holders of the Company

Net profits attributable to equity holders of the Group increased by approximately 22.7% from approximately RMB64.4 million for FY2017 to approximately RMB79.1 million for FY2018. Such increase was in line with the increase in revenue during the corresponding year.

Net profits attributable to equity holders of the Company increased from approximately RMB79.1 million for FY2018 to approximately RMB88.1 million for FY2019 primarily due to the combined effect of (i) increase in revenue for FY2019 as discussed above; and (ii) the increase in marketing expenses as a result of outsourcing marketing functions of the Group as discussed above.

(vi) Earnings per share

During the years under review, increase in earnings per share of the Group is generally in line with the increase in net profits attributable to equity holders of the Company, with an amount of approximately RMB0.161 per Share for FY2019.

(vii) Dividends

Dividend pay-out ratio and dividend yield went up from 9.52% and 0.36% for FY2017

to 20.07% and 1.48% for FY2018. As advised by the Management, the high dividend declared by the Company for FY2018 was a gesture towards the Shareholders for their continued support to the Company. The dividend yield of the Company implied by the Cancellation Price of 0.97% for FY2018 is higher than that of FY2017. No dividend was declared by the Company for FY2019 as the Company is implementing the Proposal.

(b) *Financial position*

Set out below is a summary of the audited consolidated statement of financial position of the Group as at 31 December 2017, 2018 and 2019.

	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	499,720	607,274	825,404
Current assets	403,418	410,738	420,426
Total assets	903,138	1,018,012	1,245,830
Non-current liabilities	8,687	8,307	4,293
Current liabilities	207,940	239,527	359,399
Total liabilities	216,627	247,834	363,692
Net asset value ("NAV") attributable to the equity holders of the Company	687,620	774,657	857,692
Non-controlling interests	(1,109)	(4,479)	24,446

NAV attributable to the equity holders of the Company amounted to approximately RMB687.6 million, RMB774.7 million and RMB857.7 million at the end of FY2017, FY2018 and FY2019, respectively. The increase in NAV attributable to the equity holders of the Company as at 31 December 2019 as compared with that as at 31 December 2018 was mainly attributable to the profits recorded for FY2019. Based on the 560,522,623 number of Shares in issue as at the Latest Practicable Date, the NAV per Share as at 31 December 2019 was approximately RMB1.53.

As at 31 December 2019, total assets of the Group amounted to approximately RMB1,245.8 million. Major components of the total assets include (i) the sum of property, plant and equipment and rights-in-use assets (representing the rights to use the assets under lease arrangements, prepaid land premium and land use rights) of approximately RMB776.7 million, representing approximately 78% (31 December 2018: RMB 567.3 million; 55.7%) of

the total assets, which, as advised by the Company, were mainly composed of production facilities, laboratories and office buildings in the PRC, Canada, the United States and Korea; (ii) trade and bills receivables of approximately RMB140.8 million, representing approximately 11.3% (31 December 2018: RMB116.6 million; 11.4%) of the total assets; (iii) financial assets at fair value through profit or loss (“**FVPL**”) of approximately RMB95.8 million, representing approximately 7.7% (31 December 2018: RMB6.9 million; 0.7%) of the total assets; and (iv) cash and cash equivalents of approximately RMB59.4 million, representing approximately 4.8% (31 December 2018: RMB133.5 million; 13.1%) of the total assets. As advised by the Management, the increase in the sum of property, plant and equipment was mainly attributable to the capital expenditure of approximately RMB199.14 million for the upgrade of production facilities in Shanghai (the “**Shanghai Upgrade**”) while the increase in trade receivables was mainly attributable to the increase in revenue for FY2019. Further, the increase in FVPL and the decrease in cash and cash equivalents were mainly due to the acquisition of fixed return investment products of approximately RMB90 million in December 2019 by cash.

As at 31 December 2019, total liabilities of the Group amounted to approximately RMB363.7 million, which mainly consisted of (i) accrual and other payables of approximately RMB268.6 million, representing approximately 73.9% (31 December 2018: RMB216.2 million; 87.2%) of total liabilities; and (ii) borrowings of approximately RMB56.6 million, representing approximately 15.6% (31 December 2018: RMB6.6 million; 2.7%) of total liabilities. As advised by the Management, the loan of approximately RMB56.6 million as at 31 December 2019 was drawn for the Shanghai Upgrade. In addition, as advised by the Management, the increase the accrual and other payables as at the latest financial year end was mainly attributable to (i) the increase in advances from customers of approximately RMB30.2 million (31 December 2019: RMB 170.1 million; 31 December 2018: RMB139.9 million) and (ii) the increase in payable for the purchase of property, plant and equipment in relation to the Shanghai Upgrade.

The Group did not have any material contingent liabilities as at 31 December 2019. The capital commitments of the Group are mainly capital expenditure contracted for purchase of property, plant and equipment for the production facilities in Shanghai of approximately RMB24.2 million as at 31 December 2019.

An independent valuation on the Group’s property interests have been performed by Asia-Pacific Consulting and Appraisal Limited (“**APCA**”), details of which are discussed in the section headed “5. Valuation of the property interests and adjusted NAV” of this letter below.

(c) *Prospects of the Group*

Revenue and results of the Group has been improving during the years under review. As advised by the Management, customers of the Group primarily include colleges, universities, research institutes, hospitals and pharmaceutical and biotech companies, as well as government testing and diagnostic centres in the PRC and overseas. Fluctuations in the research and development budgets of life sciences researchers and scientists based in these establishments in which products and services of the Group are used could have a significant effect on the demand for products and services of the Group.

During the years under review, over 70% of revenue of the Group are generated from businesses in the PRC. As discussed with the Management, (i) the PRC government policy; and (ii) the PRC’s overall expenditure on R&D, which affect the research and development

budgets of the target customers of the Group, are the key revenue drivers of the PRC life science industry in which the Group operates.

In addition, as advised by the Management, the China-US trade relations and the pandemic of the COVID-19 virus may also affect the businesses of the Group, details of which will be discussed below.

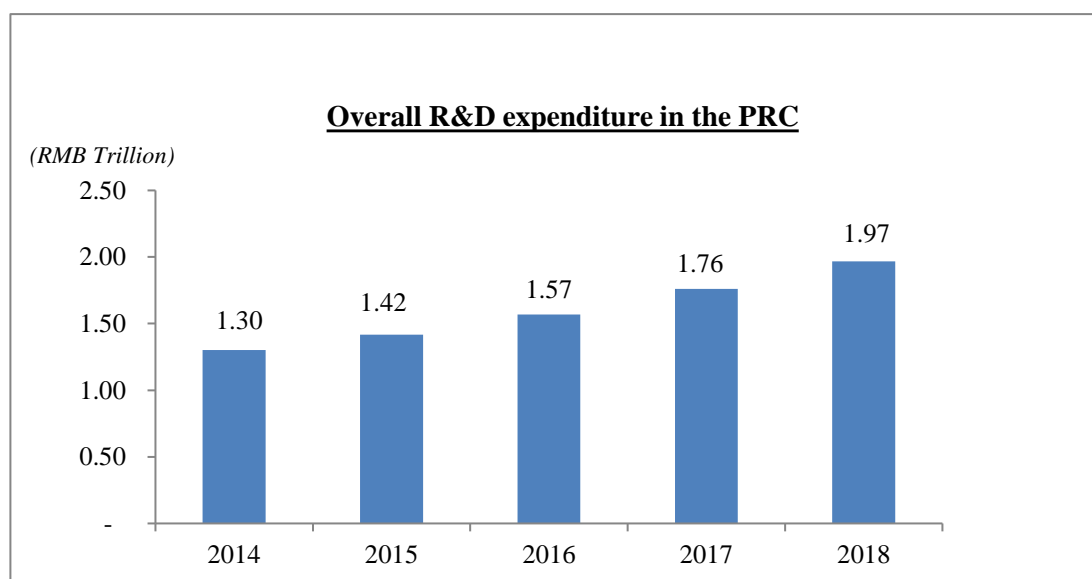
(i) The PRC government policy

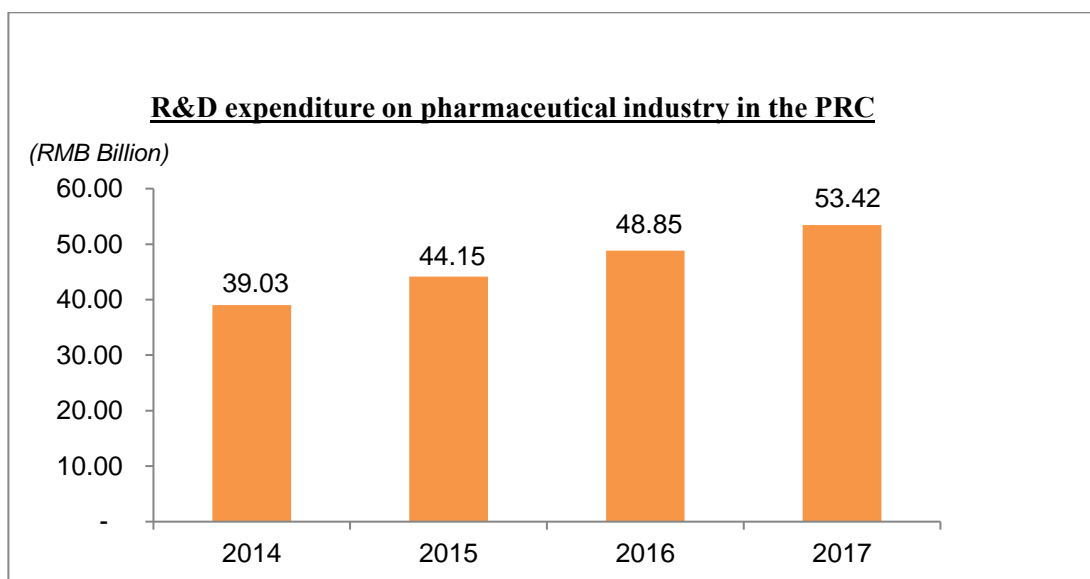
According to the “Development Plan for Bio-industry during the 13th five year period” (the “**Development Plan**”) issued by the PRC government on 20 December 2016, the production scale of the Bio-industry, which is considered as one of the pillar industries of the PRC, will be expected to increase from RMB3.5 trillion in 2015 to a range of RMB8 trillion to RMB10 trillion in 2020, representing an estimated 2015-2020 minimum CAGR of around 14.8%. It is expected the production scale of Bio-industry will represent over 4% of the gross domestic product of the PRC in 2020. The Development Plan also aims to achieve genetic sequencing coverage of 50% for all the newborns in the PRC by that time.

With the current support from the PRC government policy, it is expected the prospect of the PRC life science industry remains positive in near future. However, the financial performance of the Group would be affected if the PRC Government changes its plan or policy which would in turn affect the budgets of the major customers of the Group in the PRC.

(ii) The overall expenditure on research and development

Set out below is the information about the overall R&D expenditure and the R&D expenditure on pharmaceutical industry in the PRC:





Note: The above data are extracted from national statistic report on science and technology expenses (全国科技经费投入统计公报) published by National Bureau Statistics. The latest 2018 report was published on 30 August 2019 and no information regarding the R&D expenditures on pharmaceutical industry for 2018 was included in such report.

As set out in the above charts, both the overall R&D expenditure and the R&D expenditure on pharmaceutical industry in the PRC showed a modest growing momentum in the recent years. As set out in the national statistic report on science and technology expenses (全国科技经费投入统计公报) published by National Bureau Statistic, the overall R&D expenditure in the PRC recorded 2014-2018 CAGR of around 10.95% while the R&D expenditure on pharmaceutical industry in the PRC recorded a 2014-2017 CAGR of around 11.03%. As discussed with the Management, it is expected that the R&D expenditure on pharmaceutical industry in the PRC will continue to grow in forthcoming years. We acknowledge that the data in respect of the R&D expenditure on pharmaceutical industry in the PRC was up to 2017 only, which is the latest available information published by National Bureau Statistic, but we consider such information is relevant as it indicated a steady growth of the R&D expenditure in the recent years.

(iii) China-US trade relations

We understand from the Management that the recent China-US trade war may drive the demand for the pharmaceutical products produced in the PRC. Certain research institutes, laboratories and universities in the PRC have been sourcing the DNA synthesis products from well-known US suppliers such as Thermo Fisher Scientific, Illumina, Inc. and Integrated DNA Technologies, Inc.. We understand from the Management that additional 10% to 15% tariffs have been imposed on the pharmaceutical products importing from US as a results of the China-US trade war. It is believed that the imposition of additional tariffs would weaken the competitiveness of the products imported from the US. Some of the target customers may switch to source the pharmaceutical products produced in China, and the Group may be benefited from it should the China-US trade relationship remain stagnant. However, the prolonged China-US trade war may cast uncertainties on the PRC's economic fundamentals which may adversely affect the Group's business. We consider the recent China-US trade

war present both opportunities and challenge to the Group's business.

(iv) The pandemic of the COVID-19 virus

We understand from the Management that one of the Group's principal production facilities in Wuhan has been temporarily closed since 23 January 2020 but so far the Group still manages to deliver its products and services to customers on time. However, as a result of the pandemic of the COVID-19, the PRC Government may allocate more resources to alleviate the situation and the major customers of the Group including colleges, universities and research institutes in the PRC may also adjust their budgets which would in turn affect the financial results of the Group. As advised by the Management, the demand for the Group's offerings of genetic engineering services segment and the protein and antibody related products and services segment in the first quarter of 2020 decreased as compared with the corresponding period in FY2019 given the colleges, universities and research institutes in the PRC, which are the major customers of the Group, were temporarily closed as a result of the pandemic of the COVID-19 virus. However, the demand for products and services of the DNA synthesis products segment and life sciences research consumables in the first quarter of 2020 increased as compared with the corresponding period in FY2019 as these products are used as reagent in testing for COVID-19 virus and consumables for anti-epidemic materials. We also understand from the Management the procurement of raw materials for anti-epidemic products may become challenging due to the temporary shortage of materials resulting from the pandemic of the COVID-19 virus and may cast uncertainty on the Group's future business and operations. The Management has been closely monitoring the situation and assessing the impact on the businesses of the Group. We concurred with the Management's view that the pandemic may affect the business of the Group and it is still premature and impracticable to assess its overall impact on the Group at this stage.

Based on our discussion with the Management, together with our review of the historical financial information of the Group and the available public market information, we consider the market fundamental of the PRC life science industry is still strong. With the uncertainty of the prolonged China-US trade war, the Group has the capabilities to face the fast changing business and economic environment and to implement necessary changes to the operating strategies if necessary. We also concur with the Management that the financial impact of the pandemic of the COVID-19 virus is yet to known and it may cast uncertainties on the Group's future prospects.

2. Reasons for and benefits of the Proposal

As set out in the section headed "Reasons for and benefits of the Proposal" in the "Letter from the Board" contained in the Scheme Document, the reasons for and the benefits of the Proposal are as follows:

(i) Facilitate long-term growth

Implementation of the Proposal will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from regulatory constraints, the pressure of market expectations and share price fluctuations which arise from being a publicly listed company. The Offeror believes that the Company will benefit from the flexibility which a non-listed company enjoys, including access to additional growth capital from investors, without exposure to market volatility. Prices of the Shares have not been

satisfactory since the Company's listing on the Stock Exchange in 2014, which the Offeror considers to not only have a negative impact on Company's public image but more importantly, the depressed valuation of the Company also limits its fund raising opportunities on the secondary market with an appropriate valuation, especially the expected significant value to be created through the Company's planned strategies to be implemented as mentioned below. It is the Offeror's view that with the Proposal and the delisting, the Company will be able to access additional growth capital from investors and business partners without burdens of depressed valuation and undesired stock volatility, thus enhancing its fund raising opportunities.

The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Company to manage the Group's business.

Further, as detailed in the Company's annual report for the year ended 31 December 2018, the pharmaceutical industry saw an acceleration in the launching of policies such as the approval of the innovative drug, the establishment of Super National Healthcare Security Administration, "4+7" city centralised purchasing and Diagnosis Related Groups pilot scheme. In order to reposition itself in such dynamic business environment, the Offeror intends to implement strategies to support the Group's long-term growth, including the entering into of cooperative relationships with investors and downstream business partners (such as renowned pharmaceutical companies) so as to expand and broaden the Group's sales channels and product portfolio. The Offeror believes that after its delisting and the lifting of its depressed valuation, the Company will be better positioned to explore business opportunities and form strategic alliance with such investors and business partners.

(ii) Low liquidity of Shares

The liquidity of Shares has been at a relatively low level over a prolonged period of time, with an average daily trading volume of 639,205 Shares for the 24 months up to and including the Last Trading Day, representing less than 0.12% of the total issued Shares as at the Last Trading Day. Low trading liquidity of Shares renders it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. Further, the Directors (excluding members of the Independent Board Committee whose views are set out in the "Letter from the Independent Board Committee" in Part V of this Scheme Document) believe that such low liquidity hinders the Company's ability to raise funds from the public equity market, which no longer serves as a viable source of funding for developing the Group's business.

(iii) Attractive opportunity to realise investments

The Proposal is intended to provide the Scheme Shareholders with an attractive opportunity to realise their investments in the Company for cash at a premium. The Cancellation Price represents a premium of approximately (a) 16.28% over the closing price of the Shares on the Last Trading Day; (b) 31.43% over the average closing price of the Shares for the 10 trading days up to and including the Last Trading Day; (c) 42.45% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day; (d) 46.10% over the average closing price of the Shares for the 60 trading days up to and including the Last Trading Day; (e) 55.65% over the average closing price of the

Shares for the 120 trading days up to and including the Last Trading Day; (f) a premium of approximately 109.58% over the unaudited consolidated net asset value attributable to equity holders of the Company per Share as at 30 June 2019; (g) 98.86% over the audited consolidated net asset value attributable to equity holders of the Company per Share as at 31 December 2019; and (h) 85.68% over the Adjusted NAV per Share as at 31 December 2019.

Having noted the performance of the Share Price, the thin trading liquidity of the Shares, the absence of positive catalysts to the Share price and the premium offered by the Cancellation Price compared to the current trading price of the Shares (of which the corresponding analyses are detailed in the sections below), we consider that the Proposal offers a good opportunity for the Independent Shareholders to realise their holdings through a cash exit which would not normally be available through the market, and redeploy capital invested in the Company into other investments which they consider more attractive and thus concur in the Board's view on the benefits of the Proposal.

3. Information on the Offeror and its intention regarding the Company

(i) Information on the Offeror, the HoldCo and other Offeror Concert Parties

The Offeror is an investment holding company incorporated in the BVI with limited liability and a wholly-owned subsidiary of HoldCo. The directors of the Offeror are Ms. Wang LuoJia and Ms. Wang Jin.

HoldCo is an investment holding company incorporated in the BVI with limited liability which is held as to approximately 25.32%, 41.13%, 25.32% and 8.23% by Ms. Wang LuoJia (an executive Director), Ms. Wang Jin (an executive Director), Mr. Benjamin Mai (son of Ms. Wang LuoJia) and Ms. Claire Si-Jia Lu (daughter of Ms. Wang Jin), respectively. Ms. Wang LuoJia and Ms. Wang Jin are sisters. The ultimate shareholdings of the Offeror are held by the families of Ms. Wang LuoJia and Ms. Wang Jin and are structured to reflect their respective current interests in the Company through LJ Hope, LJ Peace and LJ Venture. The directors of the HoldCo are Ms. Wang LuoJia and Ms. Wang Jin.

LJ Hope is an investment holding company incorporated in Ontario, Canada with limited liability and held as to 100% by Ms. Wang LuoJia. LJ Peace is an investment holding company incorporated in Canada with limited liability and held as to 51.15% and 48.85% by Wang J Family Trust and Wang L Family Trust, respectively. LJ Venture is an investment holding company incorporated in Canada with limited liability and held as to 50% and 50% by Wang J Family Trust and Wang L Family Trust, respectively. Wang J Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong as the settlor, Ms. Wang LuoJia as the trustee, and Ms. Wang Jin and her children as the beneficiaries. Wang L Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong as the settlor, Ms. Wang Jin as the trustee, and Ms. Wang LuoJia and her son as the beneficiaries.

As at the Latest Practicable Date, the Offeror Concert Group held 310,629,424 Shares, representing approximately 55.42% of all the issued Shares.

(ii) Intentions of the Offeror regarding the Company

The Offeror intends to continue the existing business of the Group, and does not have specific plans to make major changes to such business (including any redeployment of the Company's fixed assets) upon the privatisation of the Company other than exploring new development opportunities and implementing long-term growth strategies.

Further, the Offeror has no intention to discontinue the employment of the Group's employees after the implementation of the Proposal, except for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues.

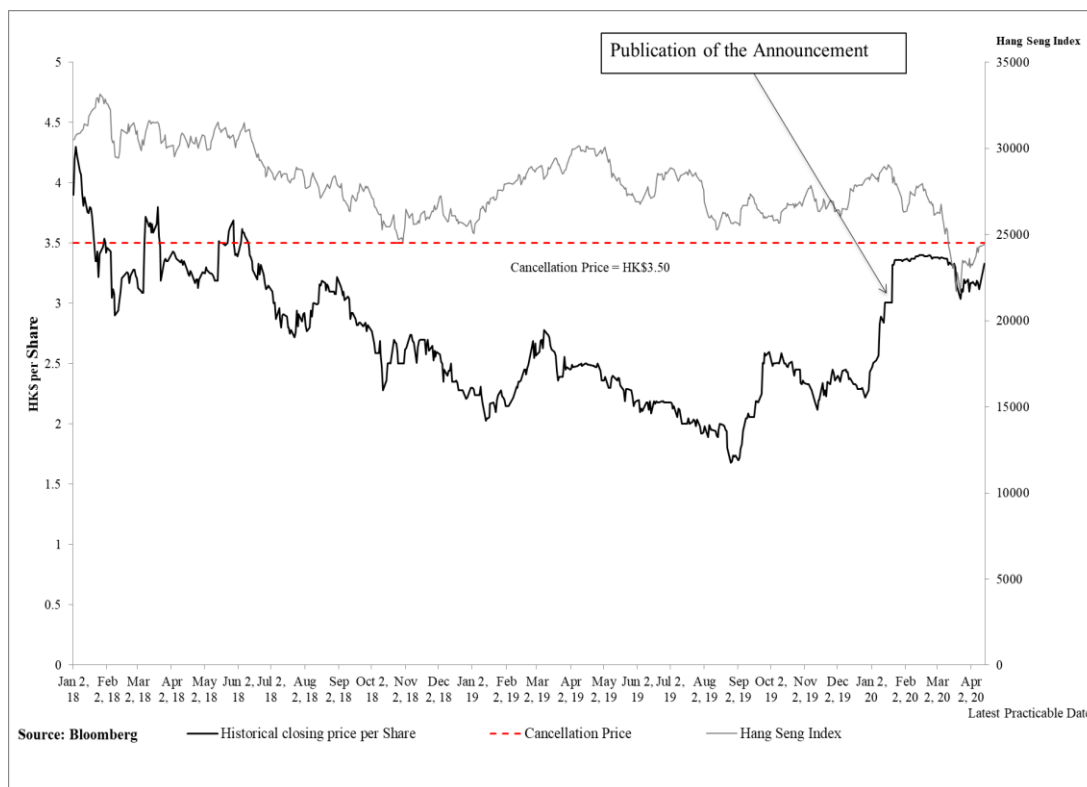
Upon the Scheme becoming effective, the Offeror expects that (i) the accounts of the Offeror will consolidate the accounts of the Group (including assets, liabilities, profits and losses of the Group) and (ii) its investment in the Group will remain the principal business of the Offeror.

The Board welcomes the Offeror's intentions regarding the Company that, among others, (i) the existing business of the Group and (ii) the employment of the Group's existing employees (save for changes in the ordinary course of business), will be continued following completion of the Proposal and will cooperate with and provide support to the Offeror, and will continue to act in the best interests of the Group and the Shareholders as a whole.

4. Analysis of price performance and trading liquidity of the Shares

(i) Historical Share price performance

The chart below illustrates the movements of the closing prices of the Shares as quoted on the Stock Exchange for the period from 1 January 2018 up to and including the Latest Practicable Date (the "**Review Period**") and a comparison of the Share price performance with Hang Seng Index and the Cancellation Price. In order to provide the Independent Shareholders an analysis on the Share prices on a longer term, we consider that the Review Period, which covers at least two full financial years of the Company, a reasonable period of time within which the prevailing market price of the Shares would be useful for the Independent Shareholders in considering the Proposal and the Scheme.



Source: the websites of Bloomberg

As illustrated in the chart above, the Share price has been in declining trend and has underperformed the Hang Seng Index in January 2018. We have discussed with the Management regarding the possible reasons for such price fall and they were not aware of any specific reasons which may lead to the aforesaid decrease in Share price. After the substantial fall in January 2018, the fluctuations in closing Share price was generally in line with that of the Hang Seng Index. The closing price of the Share was HK\$3.90 as at the beginning of the Review Period and the closing price of the Share as at the Last Trading Day was HK\$3.01, representing a considerable decrease of approximately 22.8%; whereas the Hang Seng Index decreased by around 5.3% during the same period. As shown in the chart above, the Share price is generally underperformed compared to the Hang Seng Index.

During the period from 1 January 2018 to the Last Trading Day (the “**Pre-Announcement Period**”), the Shares closed in the range between HK\$1.68 and HK\$4.30 per Share, with an average and a median of approximately HK\$2.67 and approximately HK\$2.51 per Share respectively.

The Shares closed at HK\$3.01 per Share on 14 January 2020 (i.e. the Last Trading Day) and the trading in the Shares was suspended from 15 January 2020 to 20 January 2020. On 20 January 2020, the Company published the Announcement and trading in the Shares resumed on 21 January 2020. The closing Share price surged to HK\$3.32 per Share on 21 January 2020, representing an increase of approximately 10.3% as compared to the Last Trading Day. Since then, the closing Share prices fluctuated between HK\$3.04 and HK\$3.40 and closed at HK\$3.33 as at the Latest Practicable Date.

On over 92% of the trading days during the Review Period, Share price closed at a price below the Cancellation Price of HK\$3.50 per Share. The Cancellation Price represented a discount of approximately 18.6% to and a premium of approximately 108.3% over the highest closing price HK\$4.30 on 4 January 2018 and lowest closing price of HK\$1.68 on 26 August 2019, respectively. Further, the closing prices of the Share during the Review Period might reflect the market perception and expectation on the Group's financial performance. It is uncertain as to whether the Share prices will rise to a level over the Cancellation Price in the future.

From the Independent Shareholders' perspective, the Cancellation Price represents an immediate uplift in Shareholder's value as compared to the recent Share prices. We are of the view that the aforesaid surge in Share prices was primarily driven by the Announcement of the Proposal, in particular, the Cancellation Price of HK\$3.50 per Scheme Share. The holders of the Scheme Shares should note that the closing Share prices on most of the trading days during the Pre-Announcement Period were substantially below the Cancellation Price and the prevailing Share prices may not be sustained if the Scheme is not approved or the Proposal otherwise lapses.

(ii) Trading liquidity

Set out in the table below are the average daily trading volumes, the comparison of such trading volumes to the total issued share capital of the Company and the comparison of such trading volumes to the public float of the Company during the Review Period:

	Average daily trading volume of the Shares	Percentage of the average daily trading volume of the Shares to the total issued Shares <i>(Note 1)</i>	Percentage of the average daily trading volume of the Shares to the public float of the Company <i>(Note 2)</i>
<i>2018</i>			
January	5,672,604	1.04%	2.41%
February	1,382,589	0.25%	0.59%
March	2,116,557	0.39%	0.90%
April	612,155	0.11%	0.26%
May	649,956	0.12%	0.28%
June	534,925	0.10%	0.23%
July	311,881	0.06%	0.13%
August	179,391	0.03%	0.08%
September	123,527	0.02%	0.05%
October	113,857	0.02%	0.05%

	Average daily trading volume of the Shares	Percentage of the average daily trading volume of the Shares to the total issued Shares (Note 1)	Percentage of the average daily trading volume of the Shares to the public float of the Company (Note 2)
November	197,902	0.04%	0.08%
December	134,348	0.02%	0.06%
<i>2019</i>			
January	72,987	0.01%	0.03%
February	134,853	0.02%	0.06%
March	152,572	0.03%	0.06%
April	263,763	0.05%	0.11%
May	149,143	0.03%	0.06%
June	147,789	0.03%	0.06%
July	251,391	0.05%	0.11%
August	470,045	0.09%	0.20%
September	1,311,451	0.24%	0.55%
October	285,048	0.05%	0.12%
November	378,034	0.07%	0.16%
December	149,492	0.03%	0.06%
<i>2020</i>			
January	2,767,264	0.50%	1.14%
January (prior to the date of the publication of the Announcement) (Note 3)	1,354,714	0.24%	0.56%
January (on and after the date of the publication of the Announcement) (Note 3)	6,164,692	1.11%	2.54%
February	2,509,681	0.45%	1.01%
March	1,621,218	0.29%	0.65%
April (up to the Latest Practicable Date)	1,080,000	0.19%	0.43%

Source: *the website of the Stock Exchange*

Notes:

1. *The calculation is based on the average daily trading volumes of the Shares divided by the total issued share capital of the Company at the end of each month or as at the Latest Practicable Date, as applicable.*
2. *The total number of Shares held by the public is calculated based on the number of total issued Shares excluding those held by the Offeror and the Offeror Concert Parties, at the end of each month or as at the Latest Practicable Date, as applicable.*
3. *Trading of the Shares was suspended from 15 January 2020 to 20 January 2020 pending the publication of the Announcement.*

As illustrated in the above table, the average daily trading volume of the Shares during the Review Period represented approximately 0.01% to 1.11% of the total issued Shares, equivalent to approximately 0.03% to 2.54% of the public float of the Shares. During the Pre-Announcement Period, the trading liquidity of the Shares was generally thin, save for the period during 2 January 2018 to 31 January 2018. The management of the Company advised us that they were not aware of any reasons for the higher trading volume in January 2018. The average daily trading volume of the Shares surged to 6,164,692 in January 2020, representing approximately 1.11% of the number of total issued Shares, which was mainly due to the publication of the Announcement, which we considered to be mainly attributable to the Independent Shareholders' or investors' reaction to the Scheme.

Given the relatively thin historical trading volume of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market. The relatively higher level of trading volume subsequent to the Announcement is unlikely to remain sustainable if the Proposal and the Scheme lapse.

We consider the Proposal provides the Independent Shareholders, especially those holding a large block of the Shares, a cash exit to realise their holdings at the Cancellation Price if they so wish, without creating a significant downside pressure on the trading price of the Shares.

(iii) The Cancellation Price

The Cancellation Price of HK\$3.50 per Scheme Share in cash represents:

- (a) a premium of approximately 16.28% over the closing price of HK\$3.01 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 31.43% over the average closing price of approximately HK\$2.66 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;

- (c) a premium of approximately 42.45% over the average closing price of approximately HK\$2.46 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 46.10% over the average closing price of approximately HK\$2.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 47.92% over the average closing price of approximately HK\$2.37 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 55.65% over the average closing price of approximately HK\$2.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 56.68% over the average closing price of approximately HK\$2.23 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (h) a premium of approximately 109.58% over the unaudited consolidated net asset value attributable to the equity holders of the Company per Share of approximately RMB1.48 (based on RMB to HK\$ exchange rate of RMB0.8869 to HK\$1, being the exchange rate as quoted by the People's Bank of China on the Last Trading Day) as at 30 June 2019;
- (i) a premium of approximately 98.86% over the audited consolidated net asset value attributable to the equity holders of the Company per Share of approximately RMB1.56 (based on RMB to HK\$ exchange rate of RMB0.8869 to HK\$1, being the exchange rate as quoted by the People's Bank of China on the Last Trading Day) as at 31 December 2019;
- (j) a premium of approximately 85.68% over the Adjusted NAV (as defined below) as at 31 December 2019; and
- (k) a premium of approximately 5.11% over the closing price of HK\$3.33 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

In summary, the Cancellation Price of HK\$3.50 per Scheme Share represents (i) premia in a range of approximately 16.28% to 56.68% over the closing Share prices for different periods before the Last Trading Day; (ii) a premium of approximately 109.58% over the unaudited consolidated net asset value attributable to equity holders of the Company per Share as at 30 June 2019; (iii) a premium of approximately 98.86% over the audited consolidated net asset value attributable to equity holders of the Company per Share as at 31 December 2019; and (iv) a premium of approximately 85.68% over the Adjusted NAV (as defined below) as at 31 December 2019, which is considered favourable to the Independent Shareholders.

5. Valuation of the property interests and adjusted NAV

(i) Property interests

The financial positions of the Group as at 31 December 2019 is set out in the section headed “1. Information and prospect of the Group” of this letter above. As discussed in the aforesaid section, NAV attributable to equity holders of the Company amounted to approximately RMB857.7 million (equivalent to approximately HK\$967.1 million) as at 31 December 2019, and major portion of the assets of the Group relates to properties interest owned by the Group for production, office, ancillary and dormitory purposes.

APCA, an independent property valuer, has prepared an independent valuation of the property interests of the Group as at 31 January 2020 (the “**Valuation Date**”). Full details of the valuation are set out in Appendix II to the Scheme Document. The market values of the Group’s property interests are summarised as follows:

	Market value of the property interests in existing state attributable to the Group as at the Valuation Date
	<i>(RMB'000)</i>
Held for owner occupation in the PRC <i>(Note)</i>	433,385
Held for owner occupation in overseas countries	23,761
	<hr/>
Total	457,146
	<hr/> <hr/>

Note:

As the title documents of certain of the property interest were not yet obtained as at the Valuation Date, no commercial value has been ascribed by APCA to those portion of the property interests. For indicative purposes only and assuming the relevant title documents were obtained and the property interest were freely transferrable in the market, the aggregate market value of such property interests would be approximately RMB217,325,000.

We have reviewed the valuation as contained in Appendix II to the Scheme Document, and have discussed with APCA on (a) bases and assumptions used; (b) valuation methodology adopted; and (c) due diligence work performed. We noted that APCA has used various valuation methodologies for arriving at valuations of the property interest including (a) comparison approach, pursuant to which the value of an asset is provided by comparing the assets with identical or comparable assets for which price information is available; and (b) cost approach, pursuant to which an asset is valued by calculating the current replacement cost of an asset and making deductions for physical deterioration and all relevant forms of obsolescence and optimization. We have discussed the overall approach to the property valuation and queried the selection of relevant valuation methodologies for major property interests. We concur with the valuation approaches APCA has taken in valuing the different

types of properties.

(ii) Adjusted NAV

As part of our assessment of the Cancellation Price, we have compared it with the NAV of the Group based on the audited consolidated NAV of the Group as at 31 December 2019, adjusted as follows (the “**Adjusted NAV**”):

	RMB'000
Audited consolidated NAV of the Group attributable to owners of the Company as at 31 December 2019	857,692
<i>Adjustments:</i>	
- Net revaluation surplus arising from the valuation of property interests attributable to the Group as at the Valuation Date (<i>Note 1</i>)	94,080
- Net tax as a result of the revaluation surplus on the property interest (<i>Note 2</i>)	(14,716)
Adjusted NAV	<u>937,056</u>
Adjusted NAV per Share (<i>Note 3&4</i>)	RMB1.672 (equivalent to approximately HK\$1.885)

Notes:

- The net revaluation surplus represents the difference between the market value of the property interests of the Group as valued by APCA of approximately RMB457.1 million as at the Valuation Date and their corresponding book values of approximately RMB363.1 million as at 31 December 2019.

As set out in this section above, APCA has ascribed no commercial value to certain of the property interests as there are defects in titleship documents of the relevant property interests as at the Valuation Date. We note from the Valuation Report that such property interest would not be freely transferrable by the Group. These property interests mainly include certain portions of property number 1 and property number 2, property number 9, property number 10, property number 16 and property number 23 (collectively, the “**No Title Properties**”) as stated in the Valuation Report. For the purpose of this Adjusted NAV analysis, the aforesaid property properties with defects in titleship documents have been excluded in the above revaluation surplus calculation.

For the illustration purpose, we have also computed the Adjusted NAV which included

the abovementioned No Title Properties. The book value of the No Title Properties amounted to approximately RMB223,320,000 as at 31 December 2019 and the market value of which as valued by APCA as at the Valuation Date amounted to approximately RMB217,325,000 and the net tax as a result of the valuation deficit amounted to approximately RMB899,000. The Adjusted NAV would be decreased to approximately RMB931,960,000 and the Adjusted NAV per Share would be decreased to RMB1.663 (equivalent to approximately HK\$1.875). For the avoidance of doubt, such computation is for reference only.

2. As advised by the Management, this represents the potential PRC corporate income tax attributable to the revaluation surplus on the property interests of the Group.
3. Amount in HK\$ is calculated at an exchange rate of HK\$1 : RMB0.8869 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Day) for illustrative purpose.
4. Calculated based on 560,522,623 Shares in issue as at the Latest Practicable Date.

We consider that the Adjusted NAV better reflects the underlying net asset backing of the Group. The Cancellation Price of HK\$3.50 per Scheme Share represents premium of approximately 85.68% over the Adjusted NAV per Share.

6. Comparison with Reference Companies

We have followed the norm and sought to identify comparable companies (the “**Direct Comparable Companies**”) exhaustively on Bloomberg based on the criteria that (i) the shares of which are listed on the Main Board of the Stock Exchange with closing market capitalisation as at the Latest Practicable Date between HK\$800 million and HK\$2,000 million (which represents the approximate lowest and highest market capitalisation of the Company during the Review Period); (ii) it is engaged in the business similar to the principal businesses of the Group as discussed under the paragraph headed “1. Information and prospect of the Group” above (“**Similar Business**”); and (iii) over 50% of the total revenue of the company was generated from the Similar Business in their most recent financial year. However, no Direct Comparable Companies can be identified.

In this circumstance, we have instead sought to identify companies exhaustively on Bloomberg based on less stringent criteria (the “**Reference Companies**”) that (i) the company is listed on the Stock Exchange, the New York Stock Exchange (“**NYSE**”), the Nasdaq stock market (“**NASDAQ**”), the Shanghai Stock Exchange (“**SHSE**”), the Shenzhen Stock Exchange (“**SZSE**”), or the Singapore Stock Exchange (“**SSE**”); (ii) it is engaged in the Similar Business; and (iii) its revenue generated from the Similar Business for the most recent financial year was more than 50%. We have identified four Reference Companies which are listed on the Stock Exchange, the NYSE and NASDAQ and SZSE, respectively. We have not identified any company engaging in the Similar Business which is listed on the SHSE or SSE.

As discussed under the paragraph headed “1. Information and prospect of the Group” above, the Group is mainly engaged in the development, manufacture and sale of various life science products used in scientific research, and the provision of life science related services. In assessing the relevancy of the business of the Reference Companies, we have also discussed with the Management the business of each of the Reference Companies and the Management concurred that each of the Reference Companies is carrying on the Similar Business. Independent Shareholders should be reminded that (i) the Reference Companies identified based on the less stringent criteria are not direct and perfect comparable companies and (ii) the small sample size of the Reference Companies may not form any meaningful comparable analysis, therefore the comparison below based on the price-to-earnings ratio (the “**PE Ratio**”) and price-to-net-asset-value (the “**PB Ratio**”) of the Reference Companies are for illustration purpose only. It should not be considered as principal factors for determining the merits of the Proposal.

Set out below are the details of the Reference Companies:

Reference Companies	Stock code	Stock Exchange	Principal activities	% of revenue generated from Similar Business in the most recent financial year	Market capitalisation as at the Latest Practicable Date HK\$ (million) (Note)
Genscript Biotech Corporation (“ Genscript ”)	1548	Stock Exchange	Provision of bio-science services and products, biologics development services, industrial synthetic biology products, and cell therapy.	62	24,587.1
Thermo Fisher Scientific Inc. (“ Thermo ”)	TMO	NYSE	Provision of life science research instruments, consumables, reagents, and services that are used in biological research of genes, proteins, and cells within academic research,	68	977,737.8

Reference Companies	Stock code	Stock Exchange	Principal activities	% of revenue generated from Similar Business in the most recent financial year	Market capitalisation as at the Latest Practicable Date HK\$ (million) <i>(Note)</i>
			clinical research, and commercial applications.		
Illumina, Inc. (“Illumina”)	ILMN	NASDAQ	Provision of sequencing- and array-based solutions for genetic analysis.	100	330,807.8
BGI Genomics Co., Ltd (“BGI”)	300676	SZSE	Provision of genomic analysis and related downstream services including sanger sequencing, NGS sequencing, genotyping, proteomics, and metabolomics services.	100	40,853.6

Note: The market capitalisation of the Reference Companies are based on RMB to HK\$ and US\$ to HK\$ exchange rate of RMB0.8869 to HK\$1 and US\$1 to HK\$7.77 as quoted by the People’s Bank of China on the Last Trading Day).

We note that the NYSE or NASDAQ (collectively, the “**US Stock Markets**”) and the SZSE are relatively different from the Hong Kong stock market, in particular their premium of valuations of the stocks over the Hong Kong stock market. Accordingly, to take into account the difference in valuation of stocks between (i) the US Stock Markets and the Hong Kong stock market and (ii) the SZSE and the Hong Kong stock market and, we have adjusted the respective PE Ratio and PB Ratio of the Reference Company (i) listed on the US Stock Markets with a factor of 0.55 and 0.34 (“**US Factor**”), calculated based on the PE ratio and PB ratio of Hang Seng Index of the Stock Exchange of approximately 9.93 times and 1.04 times over the PE ratio and the PB ratio of SP500 Index of approximately 18.10 times and 3.02 times, respectively; and (ii) listed on SZSE with a factor of 0.41 and 0.38 (“**SZSE Factor**”), calculated based on the PE ratio and PB ratio of Hang Seng Index of the Stock Exchange of approximately 9.93 times and 1.04 times over the PE ratio and the PB ratio of SZSE Component Index of approximately 24.42 times and 2.74 times, respectively. The respective PE and the PB ratios of the respective stock indices were extracted from Bloomberg as at the Latest Practicable Date for illustration purpose only. We acknowledge the adjustment of the PE and PB ratios of the Reference Companies with reference to the stock indices of the relevant stock exchanges which comprise securities of companies which are not engaging in the Similar Business may have inherent limitation. However, taking into account that (i) there is no specific stock index which comprises only securities of companies engaging in the Similar Business in the respective stock exchanges; and (ii) the comparison analysis for the Reference Companies is for

reference only and will not form the basis of our opinion, we consider it is fair and reasonable to adjust the PE and PB ratios of the Reference Companies with reference to the stock indices of the relevant stock exchanges given the aforesaid adjustments will provide a more relevant and coherent results for the Shareholders to understand the PE ratio and the PB ratio of the Company calculated based on the Cancellation Price as compared to the price performance of the Reference Companies and such analysis is only for reference of the Shareholders. Set out below are the PE Ratio and PB Ratio of the Reference Companies:

Reference Companies (times)	PE Ratio	Adjusted PE Ratio	PB Ratio	Adjusted PB Ratio
	<i>(Note 1)</i>	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 2)</i>
Genscript	N/A	N/A	8.26	8.26
Thermo	34.03	18.67	4.24	1.46
Illumina	42.46	23.30	9.22	3.18
BGI	93.71	38.11	8.12	3.08
Average	56.73	26.69	7.46	4.00
Median	42.46	23.30	8.19	3.13
Maximum	93.71	38.11	9.22	8.26
Minimum	34.03	18.67	4.24	1.46
Cancellation Price (Note 3)	19.75	19.75	2.03	2.03

Notes:

- The PE ratio of the Reference Companies (except Genscript) are calculated based on the market capitalisation of the Reference Companies as at the Latest Practicable Date divided by the respective profit attributable to shareholders of the Reference Companies as shown on its latest annual report. The adjusted PE ratios of the Reference Companies were adjusted with the US Factor and SZSE Factor.*

As set out in the annual results announcement of Genscript dated 27 March 2020, Genscript recorded a loss of approximately US\$117.5 million for the year ended 31 December 2019. Therefore, PE ratio analysis for Genscrip is not applicable.

- The PB ratio of the Reference Companies are calculated based on the market capitalisation of the Reference Companies as at the Latest Practicable Date divided by the respective NAV attributable to shareholders of the Reference Companies as at the latest financial reporting date as shown on its latest annual report or quarterly report. The adjusted PB ratios of the Reference Companies were adjusted with the US Factor and SZSE Factor.*

3. *The implied PE ratio represented by the Cancellation Price of approximately 19.75 times is calculated based on the theoretical market capitalisation of the Cancellation Price for the Shares of HK\$1,961.8 million, divided by the net profit attributable to the Shareholders for FY2019 of approximately HK\$99.3 million. The implied PB ratio represented by the Cancellation Price of approximately 2.03 times is calculated based on the theoretical market capitalisation of the Cancellation Price for the Shares of HK\$1,961.8 million, divided by the NAV attributable to the Shareholders as at 31 December 2019 of approximately HK\$967.1 million.*

PE ratio

As set out in the table above, the adjusted PE Ratios of the Reference Companies range from 18.67 times to 38.11 times, with an average of 26.69 times and a median of approximately 23.30 times. The implied PE ratio of the Company at the Cancellation Price of 19.75 times is within the range of the adjusted PE Ratios of the Reference Companies, lower than the average and the median of those of the Reference Companies.

PB ratio

As set out in the table above, the adjusted PB Ratios of the Reference Companies range from 1.46 times to 8.26 times, with an average of 4.00 times and a median of approximately 3.13 times. The implied PB ratio of the Company at the Cancellation Price of 2.03 times is within the range of the adjusted PB Ratios of the Reference Companies, lower than the average and the median of those of the Reference Companies.

7. Privatisation precedents

We have compared the Proposal and the Scheme to privatisation proposals of other companies listed on the Main Board of the Stock Exchange announced since 1 January 2018 and up to the Latest Practicable Date, excluding privatisation proposals which were not/yet to be approved (or, where applicable, required acceptance level were not or yet to be achieved) or without a cash cancellation consideration/offer price (the “**Privatisation Precedents**”). The Privatisation Precedents set out below represent an exhaustive list of privatisation proposals, we were able to identify from the Stock Exchange’s website satisfying the above selection criteria. The table below illustrates the premia/discounts represented by the cancellation consideration/offer price over the respective last trading day and respective last 10 days, 30 days, 60 days, 90 days, 120 days and 180 days average share prices in respect of such privatisation proposals. The Privatisation Precedents set out below provide a comparison between the cancellation consideration/offer price and the then prevailing market prices per share of successful privatisation proposals. Although the business nature, financial performance and position and scale of each company vary, and some aspects of pricing may be industry-specific, the below analysis, in our view, demonstrates the pricing of recent privatisations of Main Board listed companies in the Hong Kong stock market as a whole under recent market sentiments towards privatisations, a factor we consider relevant in assessing the range of reasonable cancellation prices/offer prices required for successful privatisations in the market. As such, we consider the Privatisation Precedents an appropriate basis in assessing the fairness and reasonableness of the Cancellation Price.

Date of the announcement	Company name and stock code	Cancellation consideration/offer price	Premium of the cancellation consideration/offer price over						
			closing price per share on the last trading day	average closing price per share for the last 10 trading days up to and including the last trading day	average closing price per share for the last 30 trading days up to and including the last trading day	average closing price per share for the last 60 trading days up to and including the last trading day	average closing price per share for the last 90 trading days up to and including the last trading day	average closing price per share for the last 120 trading days up to and including the last trading day	average closing price per share for the last 180 trading days up to and including the last trading day
		HK\$	%	%	%	%	%	%	%
12-Dec-19	Joyce Boutique Group Limited (stock code: 647)	0.28	91.78	94.44	82.17	62.70	50.05	39.79	32.20
1-Nov-19	Springland International Holdings Limited (stock code: 1700)	2.30	63.10	64.40	56.80	55.40	53.20	51.30	48.60
20-Oct-19	Dah Chong Hong Holdings Limited (stock code: 1828)	3.70	37.50	42.40	54.90	55.90	49.80	49.80	41.50
12-Aug-19	TPV Technology Limited (stock code: 903)	3.86	41.40	50.80	54.50	75.00	104.00	104.00	138.80
27-Jun-19	Asia Satellite Telecommunications Holdings Limited (stock code: 1135)	10.22	23.40	33.40	44.40	50.40	63.50	63.50	71.00
18-Jun-19	C.P. Lotus Corporation (stock code: 121)	0.11	10.00	12.00	29.40	30.30	28.10	28.10	21.90
14-Jun-19	China Automation Group Limited (stock code: 569)	1.50	11.10	13.60	15.40	29.90	37.50	37.50	38.50
4-Apr-19	China Hengshi Foundation Company Limited (stock code: 1197)	2.50	10.60	16.80	17.50	19.00	24.40	25.40	27.50
28-Mar-19	China Power Clean Energy Development Company Limited (stock code: 735) (Note 2)	5.45	41.90	60.90	78.40	94.10	101.80	105.70	88.80
5-Dec-18	Hopewell	38.80	46.70	51.60	55.50	54.10	49.60	48.20	43.70

	Holdings Limited (stock code: 54)								
30-Oct-18	Advanced Semiconductor Manufacturing Corporation Limited (stock code: 3355)	1.50	66.70	97.40	99.30	93.40	90.20	87.40	84.20
27-Sep-18	Sinotrans Shipping Limited (stock code: 368)	2.70	50.00	54.60	43.10	37.40	32.60	32.50	27.90
10-Jun-18	Hong Kong Aircraft Engineering Company Limited (stock code: 0044)	71.81	63.20	65.10	62.40	60.20	57.00	54.20	50.00
7-Jun-18	Portico International Holdings Limited (stock code: 0589)	4.10	50.20	53.20	49.20	45.20	45.80	48.10	49.90
		Mean	43.40	50.76	53.07	54.50	56.25	55.39	54.61
		Median	44.30	52.40	54.70	54.75	49.93	49.00	46.15
		Maximum	91.78	97.40	99.30	94.10	104.00	105.70	138.80
		Minimum	10.00	12.00	15.40	19.00	24.40	21.90	21.90
20-Jan-20	The Company	3.50	16.28	31.43	42.45	46.10	47.92	55.65	56.68

Source: Bloomberg and website of the Stock Exchange

Notes:

1. The premium of the cancellation consideration/offer price over the share price averages for the respective periods were calculated based on (i) the cancellation consideration/offer price as disclosed in the announcement/composite document/scheme document in relation to the privatization proposal; and (ii) the historical share prices of the companies extracted from Bloomberg.
2. The cash alternative of HK\$5.45 for each ordinary scheme share had been used for the purpose of this comparison. The reference value for the share alternative implies a consideration of each ordinary scheme share of approximately HK\$3.77 to HK\$5.39 as disclosed in the scheme document.
3. For the purpose of this table, last trading day represents the last full trading day in the respective shares immediately before the publication of the respective announcement.

As set out in the table above, the cancellation consideration/offer price of all of the Privatisation Precedents are at a premium over the last trading day share price, 10 days, 30 days,

60 days, 90 days, 120 days and 180 days average share prices of the respective companies. Based on the table above, the average premia of the Privatisation Precedents over the last trading day share price, 10 days, 30 days, 60 days, 90 days, 120 days and 180 days average share prices were approximately 43.40%, 50.76%, 53.07%, 54.50%, 56.25%, 55.39% and 54.61% respectively.

In comparison, the Cancellation Price represents a premium of approximately 16.28%, 31.43%, 42.45%, 46.10% and 47.92% as compared to the closing Share price on the Last Trading Day, 10 days, 30 days, 60 days and 90 days average share prices, respectively, which are below the corresponding average premium represented by the Precedent Privatisations but are within the range of the corresponding premium represented by the Precedent Privatisations. The Cancellation Price represents (i) a premium of approximately 55.65% as compared to the last 120 days average Share price which is above the average premium for 120 days average share price of the Privatisation Precedents of 55.39%; and (ii) a premium of approximately 56.68% as compared to the last 180 days average Share price which is above the average premium for 180 days average share price of the Privatisation Precedents of 54.61%. Overall, we consider the premia represented by the Cancellation Price is in line with market practice.

DISCUSSION

We consider that the terms of the Proposal, including the Cancellation Price offered by the Offeror, are fair and reasonable so far as the Independent Shareholders are concerned after taking into account the above principal factors and reasons, in particular:

- (i) the liquidity of the Shares was generally low and the Independent Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares;
- (ii) the Cancellation Price represents a premium of approximately 85.68% over the Adjusted NAV per Share of approximately HK\$1.885 as at 31 December 2019;
- (iii) the premia of the Scheme are within the range of the premia of the Privatisation Precedents over the Last Trading Day, 10 days, 30 days, 60 days and 90 days average share prices, and are above the average premia for the 120 days and 180 days average share prices, which suggests the basis of the Cancellation Price is in line with market practice;
- (iv) the potential increase in demand for the pharmaceutical products produced in the PRC as a result of the China-US trade war, which may also cast uncertainties on the PRC's economic fundamentals as discussed in the section headed "1. Information and prospect of the Group" above;
- (v) the impact on the Group's business in the PRC as a result of the pandemic of the COVID-19 virus and the uncertainties on the demand for the Group's offerings due to the potential reallocation of the PRC Government's resources from R&D to anti-epidemic measures as discussed in the section headed "1. Information and prospect of the Group" above; and
- (vi) the Proposal offers an assured cash exit opportunity to the Independent Shareholders to realise their investments in the Company amid thin trading liquidity and unsatisfactory performance of the Share prices and the uncertainties on the Group's prospects as a

result of the China-US trade war and the pandemic of the COVID-19 virus.

OPINION AND RECOMMENDATIONS

Based on the above analysis, we consider the terms of the Proposal and the Scheme to be fair and reasonable so far as the Independent Shareholders are concerned and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM and implement the Proposal and the Scheme.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Ng Ka Po
Senior Director, Corporate Finance

Mr. Ng Ka Po is a responsible officer of Optima Capital and a licensed person registered with the SFC to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of financial advisory and independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

This Explanatory Statement constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 1995 (revised).

**SCHEME OF ARRANGEMENT TO CANCEL ALL THE SCHEME SHARES
IN CONSIDERATION OF THE OFFEROR AGREEING TO PAY THE CANCELLATION
PRICE FOR EACH SCHEME SHARE**

1. INTRODUCTION

The Offeror and the Company jointly issued an announcement on 20 January 2020 that, on 14 January 2020 (after trading hours), the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Law. Upon completion of the Proposal and the share transfers pursuant to the SPA, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

The purpose of this Explanatory Statement is to explain the terms and effects of the Proposal, which is to be implemented by the Scheme, and to provide the Scheme Shareholders with other relevant information in relation to the Scheme and, in particular, to provide the intentions of the Offeror with regard to the Company and the shareholding structure of the Company before and after the Proposal.

Particular attention of the Scheme Shareholders is drawn to the following sections of this Scheme Document: (a) a letter from the Board set out in Part IV of this Scheme Document; (b) a letter from the Independent Board Committee set out in Part V of this Scheme Document; (c) a letter from Optima Capital, the Independent Financial Adviser, set out in Part VI of this Scheme Document; and (d) the terms of the Scheme set out in Appendix IV to this Scheme Document.

2. TERMS OF THE PROPOSAL

The Proposal is to be implemented by way of the Scheme.

The Scheme

Under the Scheme, the Scheme Shares will be cancelled and extinguished and, in consideration thereof, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$3.50 in cash for every Scheme Share. The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The Cancellation Price represents:

- a premium of approximately 16.28% over the closing price of HK\$3.01 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 31.43% over the average closing price of approximately HK\$2.66 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 42.45% over the average closing price of approximately HK\$2.46 per Share based on the daily closing prices as quoted on the Stock

Exchange for the 30 trading days up to and including the Last Trading Day;

- a premium of approximately 46.10% over the average closing price of approximately HK\$2.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 47.92% over the average closing price of approximately HK\$2.37 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 55.65% over the average closing price of approximately HK\$2.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 56.68% over the average closing price of approximately HK\$2.23 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 109.58% over the unaudited consolidated net asset value attributable to equity holders of the Company per Share of approximately RMB1.48 (based on RMB to HK\$ exchange rate of RMB0.8869 to HK\$1, being the exchange rate as quoted by the People's Bank of China on the Last Trading Day) as at 30 June 2019;
- a premium of approximately 98.86% over the audited consolidated net asset value attributable to equity holders of the Company per Share of approximately RMB1.56 (based on RMB to HK\$ exchange rate of RMB0.8869 to HK\$1, being the exchange rate as quoted by the People's Bank of China on the Last Trading Day) as at 31 December 2019; and
- a premium of approximately 5.11% over the closing price of HK\$3.33 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange, the financial information of the Group including the financial position of the Group as at 30 June 2019 and with reference to other privatisation transactions in Hong Kong in recent years.

As at the Latest Practicable Date, the Company had 560,522,623 Shares in issue and the Scheme Shares, comprising 250,093,199 Shares, represented approximately 44.62% of the issued share capital of the Company.

As at the Latest Practicable Date, the Company did not have in issue any options, derivatives, warrants or other securities convertible or exchangeable into Shares. Upon completion of the Proposal and the share transfers pursuant to the SPA, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange. The Proposal is conditional upon the fulfilment or waiver, as applicable, of the Conditions as described in the section headed "3. Conditions of the Proposal" below. All the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will not proceed and the Scheme will lapse. Further announcement(s) on any changes regarding the timetable of the Proposal will be made as and when necessary.

If the Proposal does not become unconditional, the Company has no intention to seek the immediate withdrawal of the listing of the Shares on the Stock Exchange.

3. CONDITIONS OF THE PROPOSAL

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

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

- (d) to the extent necessary, the compliance with the procedural requirements of sections 15 and 16 of the Companies Law in relation to the reduction of the issued share capital of the Company;
- (e) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals (if any) in connection with the Proposal or the Scheme having been obtained from, given by or made with (as the case may be) the Relevant Authorities in the Cayman Islands, Hong Kong and any other relevant jurisdiction;
- (f) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal or the Scheme remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authority which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each case up to and at the time when the Scheme becomes effective;
- (g) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (h) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets or undertakings of any member of the Group up to and at the time when the Scheme becomes effective, in each case which is material and adverse in the context of the Group taken as a whole.

With reference to the conditions referred to in paragraphs (e) and (f) above, save as disclosed, the Company and the Offeror were not aware of and did not reasonably foresee any such authorisation, registration, filing, rulings, consent, opinion, permission and approval as at the Latest Practicable Date. The Offeror reserves the right to waive conditions (e) through (h) either in whole or in part, either generally or in respect of any particular matter. Conditions (a) through (d) cannot be waived in any event.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will not proceed and the Scheme will lapse. The Company has no right to waive any of the Conditions.

As at the Latest Practicable Date, none of the Conditions have been fulfilled or waived.

Assuming that the above Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 4 June 2020. Further announcements will be made including, in particular, in relation to (i) the results of the Court Meeting and the EGM and, if all the resolutions are passed at those meetings; (ii) the result of the hearing by the Grand Court of the petition for the sanction of the Scheme; (iii) the Scheme Record Date; (iv) the Effective Date; and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange as further set out in “Part III – Expected Timetable” of this Scheme Document.

If approved, the Scheme will be effective and binding on all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM. If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company.

4. IRREVOCABLE UNDERTAKINGS

The Offeror received the Irrevocable Undertakings from the IU Shareholders (being Grandeur Peak, QVP II, QVP II-C, QMDF and BGI Tech), pursuant to which each IU Shareholder has undertaken to, among other things, exercise (or procure the exercise of) all voting rights attached to the relevant IU Shares held or owned by it at the Court Meeting and the EGM in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable). The 99,432,176 IU Shares held in aggregate by the IU Shareholders, which are the subject of the Irrevocable Undertakings, represented approximately 17.74% of the total issued share capital of the Company as at the Latest Practicable Date. Further, each IU Shareholder has undertaken not to deal in the relevant IU Shares (including, without limitation, not to (i) sell, transfer or otherwise dispose of the IU Shares held or owned by it or (ii) enter into any arrangement which would or might impede giving effect to the Scheme or the undertaking given by it under the relevant Irrevocable Undertaking (as the case may be)).

The Irrevocable Undertakings, each being a binding irrevocable undertaking, will terminate and the above obligations of the relevant IU Shareholders thereunder will cease to be binding if (i) the Offeror announces, with the consent of the Executive and before the Scheme Document is posted, that it does not intend to proceed with the Scheme or (ii) the Scheme does not become effective by 1 June 2020 (or such later date as the Grand Court may direct and as may be permitted under the Takeovers Code), lapses or is withdrawn in accordance with its terms and no new, revised or replacement Scheme is announced by the Offeror and/or the Company at the same time. For the avoidance of doubt, the Irrevocable Undertakings will remain valid and effective notwithstanding that the Scheme is only expected to become effective on 4 June 2020 as such date has been determined by reference to the date of the hearing of the petition to sanction the Scheme and to approve the capital reduction of the Company, as directed and fixed by the Grand Court.

5. THE SCHEME AND THE COURT MEETING

Pursuant to Section 86 of the Companies Law, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be held in such manner at the Grand Court directs.

Section 86 of the Companies Law provides that if a majority in number representing 75% in

value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company. The Grand Court has been requested to order the convening of the Court Meeting of the Independent Shareholders.

6. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements imposed by law as summarised above, under Rule 2.10 of the Takeovers Code, except with the consent of the Executive, the Scheme may only be implemented if:

- (a) it is approved by at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast either in person or by proxy against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to the Scheme Shares held by all the Independent Shareholders.

For the purpose of counting the votes for (a) and (b) above, Independent Shareholders comprise all Shareholders as at the Meeting Record Date other than the Offeror Concert Parties. Shareholders who are not independent Shareholders will be required to abstain from voting at the Court Meeting in accordance with the Takeovers Code.

As at the Latest Practicable Date, the Independent Shareholders held in aggregate 249,893,199 Scheme Shares. On that basis, 10% of the votes attached to all the Scheme Shares referred to in (b) above represented approximately 24,989,320 Shares as at the Latest Practicable Date.

7. BINDING EFFECT OF THE PROPOSAL

Upon the Proposal becoming effective, it will be binding on the Company and all the Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the EGM.

8. SHAREHOLDING STRUCTURE OF THE COMPANY

On the assumption that there is no change in shareholding of the Company before the Effective Date, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and as at the Effective Date:

Shareholders	As at the Latest Practicable Date		As at the Effective Date	
	Number of Shares	Approximate % <i>(Note 2)</i>	Number of Shares <i>(Note 3)</i>	Approximate % <i>(Note 2)</i>
Offeror	–	–	250,093,199	44.62
Offeror Concert				

Shareholders	As at the Latest Practicable Date		As at the Effective Date	
	Number of Shares	Approximate % (Note 2)	Number of Shares (Note 3)	Approximate % (Note 2)
Parties (Note 1)				
<i>LJ Peace</i> (Notes 4, 5)	184,156,346	32.85	184,156,346	32.85
<i>LJ Venture</i> (Notes 4, 5)	118,049,745	21.06	118,049,745	21.06
<i>LJ Hope</i> (Note 6)	8,223,333	1.47	8,223,333	1.47
<i>Mr. Wang Qisong</i> (Note 1)	200,000	0.04	—	—
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	310,629,424	55.42	560,522,623	100
IU Shareholders				
<i>Grandeur Peak</i> (Note 7)	58,555,000	10.45	—	—
<i>QVP II</i>	19,022,628	3.39	—	—
<i>QVP II-C</i>	1,671,011	0.30	—	—
<i>QMDF</i>	277,037	0.05	—	—
<i>BGI Tech</i>	22,833,000	4.07	—	—
Aggregate number of Shares held by the IU Shareholders	102,358,676	18.26	—	—
Other Independent Shareholders	147,534,523	26.32	—	—
Total number of Scheme Shares	250,093,199	44.62	—	—
Total number of Shares	560,522,623	100.00	560,522,623	100

Notes:

- (1) Shares in which LJ Peace, LJ Venture and LJ Hope are interested will not form part of the Scheme Shares and will not be cancelled and extinguished upon the Scheme becoming effective. Shares in which Mr. Wang Qisong is interested will form part of the Scheme Shares and will be cancelled and extinguished upon the Scheme becoming effective. Pursuant to the terms of the SPA, subject to the fulfilment of all the conditions referred to in paragraphs (1) and (2) under the section headed "3. Conditions of the Proposal" above, the Shares held by LJ Peace, LJ Venture and LJ Hope will be transferred to the Offeror. Please refer to the paragraph headed "The SPA" in this section for further details.
- (2) All percentages are approximations.
- (3) Under the Scheme, part of the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. On the assumption that there is no change in shareholding of the Company before the Effective Date, upon such reduction, the issued share capital of the

Company will be increased to its former amount prior to the cancellation and extinguishment of the Scheme Shares by the issue at par to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued to the Offeror.

- (4) Wang J Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong (an executive Director) as the settlor, Ms. Wang Luojia (an executive Director and a director of the Offeror) as the trustee, and Ms. Wang Jin (an executive Director and a director of the Offeror) and her children as the beneficiaries. Wang J Family Trust owns 51.15% of the total issued share capital of LJ Peace and 50% of the total issued share capital of LJ Venture. Mr. Wang Qisong, Ms. Wang Luojia and Ms. Wang Jin are family members. Mr. Wang Qisong is the father of Ms. Wang Luojia and Ms. Wang Jin, who are sisters. LJ Peace and LJ Venture are therefore presumed to be acting in concert with the Offeror.
- (5) Wang L Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong (an executive Director) as the settlor, Ms. Wang Jin (an executive Director and a director of the Offeror) as the trustee, and Ms. Wang Luojia (an executive Director and a director of the Offeror) and her son as the beneficiaries. Wang L Family Trust owns 48.85% of the total issued share capital of LJ Peace and 50% of the total issued share capital of LJ Venture. Mr. Wang Qisong, Ms. Wang Luojia and Ms. Wang Jin are family members. Mr. Wang Qisong is the father of Ms. Wang Luojia and Ms. Wang Jin, who are sisters. LJ Peace and LJ Venture are therefore presumed to be acting in concert with the Offeror.
- (6) LJ Hope is a company incorporated under the laws of Canada with limited liability and wholly-owned by Ms. Wang Luojia, an executive Director and a director of the Offeror. LJ Hope is therefore presumed to be acting in concert with the Offeror.
- (7) As at the Latest Practicable Date, Grandeur Peak is interested in 58,555,000 Shares, of which 55,628,500 Shares are subject to the relevant Irrevocable Undertaking (representing approximately 9.92% of the total issued share capital of the Company).

The SPA

On 20 January 2020, the Offeror (as purchaser), LJ Peace, LJ Venture and LJ Hope (each as seller) entered into the SPA pursuant to which all the Shares held by LJ Peace, LJ Venture and LJ Hope will be transferred to the Offeror in return for the issuance and allotment of new shares of the Offeror to the HoldCo which, in turn, will issue and allot new shares to Ms. Wang Luojia, Ms. Wang Jin, Mr. Benjamin Mai and Ms. Claire Si-Jia Lu in proportion to their respective existing shareholding interests in the HoldCo, subject to the fulfilment of all the conditions referred to in paragraphs (a) and (b) under the section headed "3. Conditions of the Proposal" above. Transfers of such Shares are expected to take place after the Effective Date.

Upon completion of the Proposal and the share transfers pursuant to the SPA, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

As at the Latest Practicable Date, the Company had 560,522,623 Shares in issue and the Scheme Shares, comprising 250,093,199 Shares, represented approximately 44.62% of the issued share capital of the Company.

As at the Latest Practicable Date, the Offeror did not hold any Shares and the Offeror Concert Parties held in aggregate 310,629,424 Shares, representing approximately 55.42% of the issued share capital of the Company. The Shares held by LJ Peace, LJ Venture and LJ Hope will not form part of the Scheme Shares, but the Shares held by Mr. Wang Qisong will form part of the Scheme Shares. None of the Offeror Concert Parties will vote on the Scheme at the Court Meeting.

9. TOTAL CONSIDERATION AND FINANCIAL RESOURCES

On the assumption that no further Shares are issued on or before the Scheme Record Date, the amount of cash required to implement the Proposal is approximately HK\$875.33 million. The Offeror intends to finance the entire cash amount required to implement the Proposal from loan facility in the amount of up to HK\$900 million provided by CMB.

Haitong International, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal in accordance with its terms.

10. REASONS FOR AND BENEFITS OF THE PROPOSAL**Facilitate long-term growth**

Implementation of the Proposal will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from regulatory constraints, the pressure of market expectations and share price fluctuations which arise from being a publicly listed company. The Offeror believes that the Company will benefit from the flexibility which a non-listed company enjoys, including access to additional growth capital from investors, without exposure to market volatility. Prices of the Shares have not been satisfactory since the Company's listing on the Stock Exchange in 2014, which the Offeror considers to not only have a negative impact on Company's public image but more importantly, the depressed valuation of the Company also limits its fund raising opportunities on the secondary market with an appropriate valuation, especially given the expected significant value to be created through the Company's planned strategies to be implemented as mentioned below. It is the Offeror's view that with the Proposal and the delisting, the Company will be able to access additional growth capital from investors and business partners without burdens of depressed valuation and undesired stock volatility, thus enhancing its fund raising opportunities.

The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Company to manage the Group's business.

Further, as detailed in the Company's annual report for the year ended 31 December 2018, the pharmaceutical industry saw an acceleration in the launching of policies such as the approval of the innovative drug, the establishment of Super National Healthcare Security Administration, "4+7" city centralised purchasing and Diagnosis Related Groups pilot scheme. In order to reposition itself in such a dynamic business environment, the Offeror intends to implement strategies to support the Group's long-term growth, including the entering into of cooperative relationships with investors and downstream business partners (such as renowned pharmaceutical companies) so as to expand and broaden the Group's sales channels and product portfolio. The Offeror believes that after its delisting and the lifting of its depressed valuation, the Company will be better positioned to explore business opportunities and form strategic alliances with such investors and partners.

Low liquidity of Shares

The liquidity of Shares has been at a relatively low level over a prolonged period of time, with an average daily trading volume of 639,205 Shares for the 24 months up to and including the Last

Trading Day, representing less than 0.12% of the total issued Shares as at the Last Trading Day. Low trading liquidity of Shares renders it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. Further, the Directors (excluding members of the Independent Board Committee whose views are set out in the “Letter from the Independent Board Committee” in Part V of this Scheme Document) believe that such low liquidity hinders the Company’s ability to raise funds from the public equity market, which no longer serves as a viable source of funding for developing the Group’s business.

Attractive opportunity to realise investments

The Proposal is intended to provide the Scheme Shareholders with an attractive opportunity to realise their investments in the Company for cash at a premium. The Cancellation Price represents a premium of approximately (i) 16.28% over the closing price of the Shares on the Last Trading Day; (ii) 31.43% over the average closing price of the Shares for the 10 trading days up to and including the Last Trading Day; (iii) 42.45% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day; (iv) 46.10% over the average closing price of the Shares for the 60 trading days up to and including the Last Trading Day; (v) 55.65% over the average closing price of the Shares for the 120 trading days up to and including the Last Trading Day; (vi) 109.58% over the unaudited consolidated net asset value attributable to equity holders of the Company per Share as at 30 June 2019; and (vii) 98.86% over the audited consolidated net asset value attributable to equity holders of the Company per Share as at 31 December 2019.

11. INFORMATION ON THE GROUP AND THE OFFEROR

The Group

The Company was incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 1035. The Group is principally engaged in the provision of DNA synthesis products, genetic engineering services, life sciences research consumables and protein and antibody related products and services.

The Offeror, the HoldCo and the other Offeror Concert Parties

The Offeror is an investment holding company incorporated in the BVI with limited liability and a wholly-owned subsidiary of HoldCo. The directors of the Offeror are Ms. Wang Luojia and Ms. Wang Jin.

HoldCo is an investment holding company incorporated in the BVI with limited liability which is held as to approximately 25.32%, 41.13%, 25.32% and 8.23% by Ms. Wang Luojia (an executive Director), Ms. Wang Jin (an executive Director), Mr. Benjamin Mai (son of Ms. Wang Luojia) and Ms. Claire Si-Jia Lu (daughter of Ms. Wang Jin), respectively. Ms. Wang Luojia and Ms. Wang Jin are sisters. The ultimate shareholdings of the Offeror are held by the families of Ms. Wang Luojia and Ms. Wang Jin and are structured to reflect their respective current interests in the Company through LJ Hope, LJ Peace and LJ Venture. The directors of the HoldCo are Ms. Wang Luojia and Ms. Wang Jin.

LJ Hope is an investment holding company incorporated in Ontario, Canada with limited liability and held as to 100% by Ms. Wang Luojia. LJ Peace is an investment holding company incorporated in Canada with limited liability and held as to 51.15% and 48.85% by Wang J Family Trust and Wang L Family Trust, respectively. LJ Venture is an investment holding company

incorporated in Canada with limited liability and held as to 50% and 50% by Wang J Family Trust and Wang L Family Trust, respectively. Wang J Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong as the settlor, Ms. Wang Luoia as the trustee, and Ms. Wang Jin and her children as the beneficiaries. Wang L Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong as the settlor, Ms. Wang Jin as the trustee, and Ms. Wang Luoia and her son as the beneficiaries.

12. INTENTIONS OF THE OFFEROR REGARDING THE COMPANY

The Offeror intends to continue the existing business of the Group, and does not have specific plans to make major changes to such business (including any redeployment of the Company's fixed assets) upon the privatisation of the Company other than exploring new development opportunities and implementing long-term growth strategies.

Further, the Offeror has no intention to discontinue the employment of the Group's employees after the implementation of the Proposal, except for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues.

Upon the Scheme becoming effective, the Offeror expects that (i) the accounts of the Offeror will consolidate the accounts of the Group (including assets, liabilities, profits and losses of the Group) and (ii) its investment in the Group will remain the principal business of the Offeror.

The Board welcomes the Offeror's intentions regarding the Company that, among others, (i) the existing business of the Group and (ii) the employment of the Group's existing employees (save for changes in the ordinary course of business), will be continued following completion of the Proposal and will cooperate with and provide support to the Offeror, and will continue to act in the best interests of the Group and the Shareholders as a whole.

13. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

In that case, the Company does not intend to maintain its listing on the Stock Exchange and will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from 4:00 p.m. on Monday, 8 June 2020.

The Scheme Shareholders will be notified by way of announcement of, among other things, the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. An indicative timetable of the Scheme is included in Part III of this Scheme Document.

14. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses, in which case

the Board expects that the Company will continue to meet the minimum public float requirements under the Listing Rules given that there will be no cancellation of Scheme Shares and assuming there is no change in the shareholding of the Company.

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

15. COSTS OF THE PROPOSAL

In light of the recommendation of the Independent Board Committee as set out in Part V of this Scheme Document and the recommendation of the Independent Financial Adviser as set out in Part VI of this Scheme Document, Rule 2.3 of the Takeovers Code is not applicable.

The Offeror and the Company have agreed that all costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or its advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Proposal will be shared between the Offeror and the Company equally.

16. GENERAL

The Offeror has appointed Haitong International as its financial adviser in connection with the Proposal.

The Independent Board Committee, which comprises all non-executive Directors who are not interested in the Proposal, namely, Mr. Zhou Mi, Mr. Xia Lijun, Mr. Ho Kenneth Kai Chung and Mr. Liu Jianjun, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal are, or are not, fair and reasonable and as to voting. Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal. The Independent Board Committee has provided its views and recommendations in the "Letter from the Independent Board Committee" in Part V of this Scheme Document.

Mr. Wang Qisong, Ms. Wang Luojia and Ms. Wang Jin, each being an Offeror Concert Party, have a material interest in the Proposal and the Scheme and have therefore abstained and will continue to abstain from voting on the relevant resolution(s) of the Board.

In addition, Optima Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal. The appointment of Optima Capital as the Independent Financial Adviser has been approved by the Independent Board Committee. The recommendations of the Independent Financial Adviser are set out in the "Letter from the Independent Financial Adviser" in Part VI of this Scheme Document.

Save for the Irrevocable Undertakings, no irrevocable commitment to vote for or against the Scheme had been received by the Offeror or any of the Offeror Concert Parties, as at the Latest Practicable Date.

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

17. REGISTRATION AND PAYMENT

Assuming that the Scheme Record Date falls on Thursday, 4 June 2020, it is proposed that the register of members of the Company will be closed from Monday, 25 May 2020 (or such other date as the Shareholders may be notified by announcement) in order to establish entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that transfers of their Shares are lodged with the Share Registrar at Shops 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration in their names or in the names of their nominees before 4:30 p.m. on Friday, 22 May 2020.

Payment of the Cancellation Price to the Scheme Shareholders

Upon the Scheme becoming effective, payment of the Cancellation Price for the Scheme Shares will be made to the Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Record Date. Assuming that the Scheme becomes effective on Thursday, 4 June 2020, cheques for cash entitlements will be despatched as soon as possible but in any event within seven Business Days following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Monday, 15 June 2020.

In the absence of any specific instructions to the contrary received in writing by the Share Registrar at Shops 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, cheques will be sent by ordinary post to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in such registers in respect of the joint holding. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Company, Haitong International and the Share Registrar will be responsible for any loss or delay in despatch.

Shareholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror. The Offeror shall hold such monies until the expiry of six years from the Effective Date and shall prior to such date, make payments therefrom of the sums to persons who satisfy the Offeror that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme.

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation and extinguishment of all the Scheme Shares and all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Thursday, 4 June 2020.

Settlement of the Cancellation Price to which the Scheme Shareholders are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Scheme Shareholder.

18. OVERSEAS SHAREHOLDERS

The making of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to take an action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction. Any acceptance by such Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

19. TAXATION

Hong Kong stamp duty and tax consequences

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) (the “**Stamp Duty Ordinance**”) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

The Scheme Shareholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Scheme and, in particular, whether the receipt of the Cancellation Price would make such Scheme Shareholder liable to taxation in Hong Kong or in other jurisdictions.

It is emphasised that none of the Offeror, the Company and Haitong International or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

20. COURT MEETING AND EGM

In accordance with the direction of the Grand Court, the Court Meeting will be held at 10:00 a.m. on Monday, 11 May 2020 at Boardroom 6, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). All the Independent Shareholders will be entitled to attend and vote, in person or by proxy, at the Court Meeting. Cayman Islands law requires the resolution to approve the Scheme to be passed by a majority in number representing not less than 75% in value of the Scheme Shares present and voting either in person or by proxy at the Court Meeting.

In addition, the Scheme will, in compliance with Rule 2.10 of the Takeover Code, only be implemented if: (i) the Scheme is approved (by way of a poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are voted at the Court Meeting (either in person or by proxy), and (ii) the number of votes cast (by way of a poll) against the resolution to approve the Scheme at the Court Meeting (either in person or by proxy) is not more than 10% of the votes attaching to the Scheme Shares held by all the Independent Shareholders. As at the Latest Practicable Date, the Independent Shareholders held in aggregate 249,893,199 Scheme Shares. On that basis, 10% of the votes attached to the Scheme Shares held by all the Independent Shareholders presented approximately 24,989,320 Shares as at the Latest Practicable Date.

In accordance with the direction from the Grand Court, HKSCC Nominees shall be permitted to vote once “for” and once “against” the Scheme in accordance with instructions received by it from CCASS Participants. For the purpose of calculating the majority in number, HKSCC Nominees shall be counted voting once “for” and once “against” the Scheme. The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be disclosed to the Grand Court and may be taken into account in deciding whether or not the Grand Court should exercise its discretion to sanction the Scheme.

The EGM will be held at 11:00 a.m. on Monday, 11 May 2020 or as soon thereafter as the Court Meeting convened for the same date and place has been concluded or adjourned. All Shareholders shall be entitled to attend and vote, in person or by proxy, at the EGM with respect to: (i) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares, and apply the reserve created as a result of the such cancellation and extinguishment to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror; and (iii) the special resolution to approve the withdrawal of the listing of the Shares on the Stock Exchange upon the Scheme becoming effective. The special resolutions described under (i) and (iii) above will be passed if not less than 75% of the votes cast by the Shareholders present and voting, in person or by proxy, at the EGM are in favour of each of the special resolutions. The ordinary resolution described under (ii) above will be passed if more votes are cast in favour of the ordinary resolution than against it by the Shareholders present and voting, in person or by proxy, at the EGM.

Notice of the Court Meeting is set out on pages V-1 to V-4 of this Scheme Document. A **pink** form of proxy for the Court Meeting is enclosed with this Scheme Document.

Notice of the EGM is set out on pages VI-1 to VI-4 of this Scheme Document. A **white** form of proxy for the EGM is enclosed with this Scheme Document.

Voting at the Court Meeting and at the EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

Pursuant to the Irrevocable Undertakings, each IU Shareholder has irrevocably undertaken to the Offeror to exercise or procure the exercise of all voting rights attached to the relevant IU Shares held by it at the Court Meeting and the EGM in favour of all the resolutions which are necessary to

implement or otherwise relate to the Proposal.

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and EGM in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. Information on the number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be included in such announcement.

It is important that as many votes as possible are cast at the Court Meeting so that the Grand Court may be satisfied that there is a fair and reasonable representation of opinion of the Independent Shareholders. You are therefore strongly urged to complete and return your pink form of proxy for the Court Meeting as soon as possible.

21. ACTIONS TO BE TAKEN

Action to be taken by Shareholders

For the purpose of determining the entitlements of the Independent Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 6 May 2020 to Monday, 11 May 2020 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Tuesday, 5 May 2020.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the EGM are enclosed with this Scheme Document. Subsequent purchasers of Scheme Shares will need to obtain the relevant proxy form from the transferor.

Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, if you are an Independent Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. **In order to be valid, the pink form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof, and the white form of proxy for use at the EGM should be lodged no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof.** Completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In such event, the returned form of proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and the EGM if, among other things, the resolutions are passed by the requisite majorities of the Independent Shareholders or the Shareholders (as the case may be). We therefore strongly urge you to attend and vote at the Court Meeting and the EGM in person or by proxy.

Voting at the Court Meeting and the EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM on Monday, 11 May 2020. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among others, the results of the hearing of the petition to sanction the Scheme by the Grand Court and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange, in accordance with the requirements of the Takeovers Code and the Listing Rules.

Actions to be taken by Beneficial Owners whose Shares are held through Trust or deposited in CCASS

The Company will not recognise any person as holding any Shares through any trust. If you are a Beneficial Owner whose Share(s) are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees), you should contact the Registered Owner and provide the Registered Owner with instructions and/or make arrangements with the Registered Owner in relation to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the EGM. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the EGM set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated above. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the EGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the Share(s) registered in the name of the Registered Owner to be transferred into your own name.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the EGM shall be in accordance with all relevant provisions in the articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

Completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his forms of proxy, the returned form of proxy

will be deemed to have been revoked.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with other CCASS Participants, regarding voting instructions to be given to such person(s) if you wish to vote at the Court Meeting and/or at the EGM in respect of the Scheme. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the EGM set by them, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Share(s) of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. The procedure for voting in respect of the Scheme by HKSCC Nominees with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the "General Rules of CCASS" and the "CCASS Operational Procedures" in effect from time to time.

HKSCC Nominees may also vote for and against the Scheme in accordance with instructions received from CCASS Participants (as defined under the General Rules of CCASS).

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting (if you are an Independent Shareholder) and the EGM (as a Shareholder). You can become a Shareholder of record by withdrawing all or any of your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Share(s) are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Share(s) into your name so as to qualify to attend and vote at the Court Meeting and the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Share(s) from CCASS and register them in your name.

Petition hearing in the Grant Court

Prior to the despatch of this Scheme Document, the Company obtained directions from the Grand Court for the convening of the Court Meeting to consider the Scheme and other procedural matters regarding the Scheme.

In accordance with sections 14, 15 and 86 of the Companies Law, if the resolutions are approved at the Court Meeting and the EGM, the Company must then make a further application to the Grand Court to confirm the resolution reducing the issued share capital of the Company and to sanction the Scheme.

The Company and the Offeror cannot complete the Scheme and the Proposal without obtaining these approvals. In this regard, the Company will seek these approvals from the Grand Court.

In determining whether to exercise its discretion and sanction the Scheme, the Grand Court will determine, among other things, whether the votes cast at the Court Meeting fairly represented the decision of the Scheme Shareholders.

If the Grand Court sanctions the Scheme and if all of the other conditions to the Scheme are satisfied or (to the extent allowed by law) waived, the Company intends to deliver a copy of the court order sanctioning the Scheme to the Registrar of Companies in the Cayman Islands on Thursday, 4 June 2020 or as otherwise directed by the Grand Court for registration, at which time the Scheme will become effective.

22. RECOMMENDATIONS

Your attention is drawn to the following:

- (a) the paragraph headed “Recommendations” in the “Letter from the Board” set out in Part IV of this Scheme Document;
- (b) the letter from the Independent Board Committee set out in Part V of this Scheme Document; and
- (c) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document.

23. FURTHER INFORMATION

Further information is set out in the Appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Statement. Shareholders should rely on the information contained in this Scheme Document. None of the Company, the Offeror and Haitong International or any of their respective affiliates has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

1. FINANCIAL SUMMARY

The following summary financial information for each of the three years ended 31 December 2017, 2018 and 2019 is extracted from the audited consolidated financial statements of the Group as set forth in the annual reports of the Company for the years ended 31 December 2017 (the “**2017 Annual Report**”) and 2018 (the “**2018 Annual Report**”), respectively, and the preliminary results announcement published by the Company on 31 March 2020 (the “**2019 Results Announcement**”). The auditor’s reports issued by PricewaterhouseCoopers in respect of the Group’s audited consolidated financial statements for each of the three years ended 31 December 2017, 2018 and 2019 did not contain any qualifications.

Consolidated income statement

	For the year ended 31 December		
	2017	2018	2019
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	462,403	581,600	703,774
Gross profit	230,779	283,281	348,670
Profit before tax	71,127	87,429	99,607
Income tax expense	(9,854)	(11,483)	(13,578)
Profit for the year	61,273	75,946	86,029
Total comprehensive income for the year	57,426	79,885	88,057
Profit for the year attributable to:			
owners of the Company	64,446	79,104	88,093
non-controlling interests	(3,173)	(3,158)	(2,064)
	61,273	75,946	86,029
Total comprehensive income for the year attributable to:			
owners of the Company	60,808	83,182	90,205
non-controlling interests	(3,382)	(3,297)	(2,148)
	57,426	79,885	88,057
Earnings per Share – basic (RMB)	0.118	0.145	0.161
Dividends – final	6,127	15,927	–
Dividends per Share (HK\$)	0.014	0.034	–

During the three years ended 31 December 2017, 2018 and 2019, the Group had incurred material one-off non-recurring expenses (being share-based payments) (2019: RMB5,286,000, 2018: RMB3,556,000 and 2017: RMB472,000). Save as disclosed, the Group did not record any material item of income or expense for each of the three years ended 31 December 2017, 2018 and

2019.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Results**”) are set out on pages 72 to 148 of the 2017 Annual Report, which was published on 23 April 2018. The 2017 Annual Report is posted on the websites of the Company (<http://www.bbi-lifesciences.com>) and the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2017 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0423/lt20180423326.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Results**”) are set out on pages 75 to 166 of the 2018 Annual Report for the year ended 31 December 2018, which was published on 24 April 2019. The 2018 Annual Report is posted on the websites of the Company (<http://www.bbi-lifesciences.com>) and the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2018 Annual Report:

<http://www1.hkexnews.hk/listedco/listconews/sehk/2019/0424/lt20190424566.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Results**”) are set out on pages 6] to 42 of the 2019 Results Announcement. The 2019 Financial Results are posted on the websites of the Company (<http://www.bbi-lifesciences.com>) and the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2019 Results Announcement:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0331/2020033103170.pdf>

The 2017 Financial Results, the 2018 Financial Results and the 2019 Financial Results (but not any other part of the 2017 Annual Report, the 2018 Annual Report and 2019 Results Announcement in which they respectively appear) are incorporated by reference into and form part of this Scheme Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Scheme Document, the Group had short term bank borrowings of RMB56,572,700.

Save as disclosed and apart from intra-group liabilities, intra-group guarantees, and normal trade and other payables and guarantees, the Group did not, as at 31 January 2020, have any bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

The recent pandemic of the COVID-19 resulted in the temporary suspension of business operations in the PRC. The PRC Government may allocate more resources to alleviate the situation and the major customers of the Group including colleges, universities and research institutes in the PRC may also adjust their budgets which may in turn affect the financial results of the Group. The

demand for products and services of genetic engineering services segment and the protein and antibody related products and services segment of the Group decreased in the first quarter of 2020 as compared to the corresponding period in 2019 given the colleges, universities and research institutes in the PRC, which are the major customers of the Group, were temporarily closed as a result of the pandemic of the COVID-19 virus while the demand for products and services of the DNA synthesis products segment and life sciences research consumables increased in the first quarter of 2020 as compared with the corresponding period in 2019 as these products are used as reagent in testing for COVID-19 virus and consumables for anti-epidemic materials. The procurement of raw materials for anti-epidemic products may become challenging due to the temporary shortage of materials resulting from the pandemic of the COVID-19 virus. The management of the Company has been closely monitoring the situation and assessing the impact on the businesses of the Group. Given the pandemic is dynamic, it is still premature and impracticable at this stage to assess its impact on the Group since 31 December 2019 up to and including the Latest Practicable Date.

The Directors confirm that as at the Latest Practicable Date, save as disclosed above, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. MATERIAL LITIGATION

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

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this document received from Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, in connection with its valuation as at 31 January 2020 of the property interests of the Group.

**Asia-Pacific Consulting and Appraisal Limited**

Flat/Rm A, 12/F,
Kiu Fu Commercial Building
300 Lockhart Road
Wan Chai
Hong Kong

17 April 2020

The Board of Directors
BBI Life Sciences Corporation
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Dear Sirs,

Instructions, Purpose and Valuation Date

In accordance with your instructions to value the property interests held by BBI Life Sciences Corporation (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”) and overseas countries. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 January 2020 (the “**valuation date**”).

For the purpose of this report, “property activities” mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments. Any other property interest is classified as “non-property activities”. The properties in this report refer to all property interests that form part of the Group’s non-property activities. Except for the property interests in the report, the Group has no any property interest that forms part of the Group’s property activities. As confirmed by the Group, the consolidated property assets represent approximately 49% of the book value of the Company’s consolidated total assets.

Basis of Valuation

Our valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

Methods of Valuation

We have valued the property nos. 3 to 28 by the comparison approach assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Where, due to the nature of the buildings and structures of the property nos.1 and 2 and the particular location in which they are situated, there are unlikely to be relevant market comparable sales comparables readily available, the buildings and structures of the properties have been valued by the cost approach with reference to their depreciated replacement costs.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

In valuing the portions under development as at the valuation date, we have assumed they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of value, we have taken into account the construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees to be expended to complete the development.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Valuation Standards

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; Rule 11 of The Code on Takeovers and Mergers by The Securities and Futures Commission; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various documents including Real Estate Title Certificates, Sales and Purchase Contracts and other official permits relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests and any material encumbrance that might be attached to the property interests or any tenancy amendment. For the properties located in the PRC, we have relied considerably on the advice given by the Company's PRC legal adviser –Tian Yuan Law Firm, concerning the validity of the property interests in the PRC.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Since January 2020, The novel coronavirus epidemic was sweeping in many countries, especially in China. As at the date of this report, many cities where the properties are located have implemented strict traffic control measures, which had a great effect on our physically on-site inspection. As an alternative procedure, we have sought the assistance from the Group's employees in the locations of the property nos. 3, 8 to 27, and photos or video recordings of the properties were taken to us so that we could understand the conditions of the properties. Our inspections of the valuation in respect of properties nos. 3, 8 to 27 have been based on the above alternative procedure. In the course of conducting the alternative procedure to onsite inspections, we not only trained the Group's employees by telephones and emails, but also analysed the information provided by them, information that is available through general searches on the internet and our existing databases to

ensure that we had a sufficient understanding on the situations of the properties. Such alternative procedure is compliant with HKIS Valuation Standard 2017, No.7.1.5 and No.7.1.8, and we are of the view that the alternative procedure does not have any material impact on our valuation of the Group's properties. We have tried to have a comprehensive understanding on the situations of the properties, although there may still be omissions or incompleteness in the above alternative procedures. Such omissions or incompleteness may arise from the lack of onsite inspections include, for example, as to the exact physical properties of the land and fixtures thereon and (if any) their loss of utility due to physical deterioration resulting from age and usage. However, based on the alternative procedures already adopted, we do not expect such discrepancies to be material in nature.

Inspection of the properties (excluding property nos. 3, 8 to 27, inspection of which was carried out based on the aforementioned alternative procedure) was carried out in March 2020 by Mr. David Cheng who is a member of Royal Institution of Chartered Surveyor and has 19 years' experience in the property valuation in the PRC; Ms. Kay Liu who has 8 years' experience in the property valuation in the PRC; and Mr. Teo Beng Hock who is a member of Singapore Institute of Surveyors & Valuers and a licensed appraiser has 22 years' experience in the property valuation in the Singapore.

Furthermore, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Currency

All monetary figures stated in this report are in Renminbi (RMB). Where necessary, the exchange rates adopted in our valuations are approximately USD1 = RMB6.88, CAD1 = RMB5.24 and SGD1 = RMB5.1, being the prevailing exchange rate as at the valuation date.

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
for and on behalf of

Asia-Pacific Consulting and Appraisal Limited

David G.D. Cheng

MRICS

Executive Director

Note: David G.D. Cheng is a Chartered Surveyor who has 19 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at the valuation date RMB
Group I: Properties held for owner occupation in the PRC		
1.	A parcel of land, 12 buildings and various structures No. 698Xiangmin Road Chedun town Songjiang District Shanghai The PRC	122,715,000 ⁽¹⁾
2.	A parcel of land and 7 buildings No. 655 Xiangmin Road Chedun town Songjiang District Shanghai The PRC	125,270,000 ⁽²⁾
3.	Unit 1002 of a 16-storey building in Laishidi Residential Community No. 8 Nong 223 Nandan East Road Xuhui District Shanghai The PRC	10,400,000
4.	A 5-storey building (known as Block 17) No. 37 Chaoqian Road Changping District Beijing The PRC	35,700,000
5.	Level 2 of a 3-storey industrial building (known as Block 2) No. 14 Huanke East Yi Road Tongzhou District Beijing The PRC	5,870,000
6.	Units 2001,2002 and 2003, Block B, Jinma Mansion No. 38 Xueqing Road Haidian District Beijing	14,350,000

APPENDIX II**PROPERTY VALUATION OF THE GROUP**

No.	Property	Market value in existing state as at the valuation date RMB
	The PRC	
7.	Unit 808, Block 1 No. 1 Liangshuihe Road Changping District Beijing The PRC	1,860,000
8.	Levels 4 and 5, Entrance 7, Block 1 No. 18 North section of Bayi Road Yongning Town Wenjiang District Chengdu City Sichuan Province The PRC	5,190,000
9.	Units 1502 and 1505, Entrance 1, Block 6 Phase II of Xuefu Xinglin Community No. 8 Nong 223 Yongning Town Wenjiang District Chengdu City Sichuan Province The PRC	No commercial value ⁽³⁾
10.	The west portion of Level 3, Block A1-2 Wuhan Optical Valley Biomedical Industrial Park No. 858 Gaoxin Avenue Donghu Gaoxin District Wuhan City Hubei Province The PRC	No commercial value ⁽⁴⁾
11.	Units 4 and 5 on Level 6, Block A Nan Fang Di Yuan No. 568 Wuluo Road Wuchang District Wuhan City Hubei Province The PRC	3,770,000
12.	A 5-storey industrial building (known as Block 14)	31,060,000

APPENDIX II

PROPERTY VALUATION OF THE GROUP

No.	Property	Market value in existing state as at the valuation date RMB
	No. 388 Gaoxin Er Road Donghu Gaoxin District Wuhan City Hubei Province The PRC	
13.	Unit 59 on Level 19, Block 162 No. 80 Dianchang Road Gaoxin District Zhengzhou City Henan Province The PRC	3,140,000
14.	Unit 3 on Level 3, Entrance 1, Block Y23 No. 11 Changchun Road Gaoxin District Zhengzhou City Henan Province The PRC	5,440,000
15.	A unit on Basement 1 of a 11-storey building Beida Resource Dream City No. 235 West Er Ring Road Guanshanhu District Guiyang City Guizhou Province The PRC	540,000
16.	Units 602,603 and 606, Block 5 Blue Biomedical Industrial Park No. 368 Hedong Road Gaoxin District Qingdao City Shandong Province The PRC	No commercial value ⁽⁵⁾
17.	Units 1517 and 1518, Block 9 Hengda Dijing Residential Community located at the junction of Wenhua Dong Road and Shanda Road Lixia District	4,860,000

APPENDIX II

PROPERTY VALUATION OF THE GROUP

No.	Property	Market value in existing state as at the valuation date RMB
	Jinan City Shandong Province The PRC	
18.	Levels 1 and 2 of Block F1 Phase II of Beihu Scie-Tech Industrial Park No. 3333 Shengbei Avenue Nandan East Road Beihu Scie-Tech Development Zone Changchun City Jilin Province The PRC	10,200,000
19.	Units 702, 802 and 902, Block 7 No. 188 Kaiyuan Avenue Huangpu District Guangzhou City Guangdong Province The PRC	27,320,000
20.	Unit 614 of Block C, Unit 101 of Block D and Units 211, 311, 411, 511 of Block F, Yipin Apartment No.192 Banhe Road Huangpu District Guangzhou City Guangdong Province The PRC	11,940,000
21.	Unit 0901, Entrance 1, Block C Beichen Fortune Centre No. 1109 Beijing Road Panlong District Kunming City Yunnan Province The PRC	1,560,000
22.	Units 8-11, Entrance 1, Block 2 Huayu Yuzhou Xindu No. 140 Daping Zheng Street Yuzhong District Chongqing The PRC	1,400,000

APPENDIX II

PROPERTY VALUATION OF THE GROUP

No.	Property	Market value in existing state as at the valuation date RMB
23.	Units 902,904,906, 908 and 912 on Level 9, Block D6 No. 9 Weidi Road Xianlin Sub-district Qixia District Nanjing City Jiangsu Province The PRC	No commercial value ⁽⁶⁾
24.	Unit F on Level 11, Zi Jin Ming Men No. 77 Muxuyuan Avenue Qinhuai District Nanjing City Jiangsu Province The PRC	1,530,000
25.	Units 26-1, 26-2 and 18-1, Min Shuang Ju Fu Yuan southeast side of Shuangchen North Road and Shuangfeng Road Beichen District Tianjin City The PRC	9,270,000
Sub-Total:		433,385,000
Group II: Properties held for owner occupation in overseas countries		
26.	A single-storey building 4160 Bailey Avenue, Amherst, New York The United States	1,802,000
27.	A 2-storey building 20 Konrad Crescent, Markham, Ontario Canada	19,511,000
28.	Unit 04-06 of The Elitist Tower, 25 Bukit Batok Crescent, Singapore	2,448,000

APPENDIX II

PROPERTY VALUATION OF THE GROUP

No. Property	Market value in existing state as at the valuation date RMB
Sub-Total:	23,761,000
Grand-Total:	457,146,000

Notes:

- (1) *For the portions without proper title certificates, we have not attributed commercial value to them. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding land element) as at the valuation date would be RMB102,370,000 assuming all relevant title certificates have been obtained and they could be freely transferred.*
- (2) *For the portions without proper title certificates, we have not attributed commercial value to them. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding land element) as at the valuation date would be RMB69,455,000 assuming all relevant title certificates have been obtained and they could be freely transferred.*
- (3) *As the Group has not obtained proper title certificates to the property, we have not attributed commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB1,800,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.*
- (4) *As the Group has not obtained proper title certificates to the property, we have not attributed commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB6,690,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.*
- (5) *As the Group has not obtained proper title certificates to the property, we have not attributed commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB11,940,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.*
- (6) *As the Group has not obtained proper title certificates to the property, we have not attributed commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB25,070,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.*
- (7) *Pursuant to Rule 11.3 of the Code on Takeovers and Mergers and Share Buy-backs, the potential tax liability which would arise if the property interests in Group I were to be sold at the amount of the valuation is estimated to be approximately RMB68 million. As advised by the Group, the taxes mainly include income tax, stamp tax, urban construction tax, business tax, education fee addition and land appreciation tax. But the likelihood of any tax liability being crystallized is remote as the Group has no present intention to dispose of the properties which are currently being used for the Group's operations.*
- (8) *Pursuant to Rule 11.3 of the Code on Takeovers and Mergers and Share Buy-backs, the potential tax liability which would arise if the property interests in Group II were to be sold at the amount of the valuation is estimated to be approximately RMB0.66 million. As advised by the Group, the taxes mainly include capital gains tax (CGT), stamp tax. But the likelihood of any tax liability being crystallized is remote as the Group has no present intention to dispose of the properties which are currently being used for the Group's operations.*

VALUATION CERTIFICATE

Group I - Properties held for owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
1.	A parcel of land, 12 buildings and various structures No. 698 Xiangmin Road Chedun town Songjiang District Shanghai The PRC	<p>The property is located at the southeastern side of the junction of Xiangmin Road and Maoting Road in Shanghai Songjiang District. It is well-served by public transportation with about 10 minutes' driving distance to Chedun Railway Station and about 20 minutes' driving distance to Songjiang South Railway Station.</p> <p>The property comprises a parcel of land with a site area of approximately 36,964 sq.m., 12 buildings and various structures erected thereon which were completed in various stages between 2009 and 2019.</p> <p>The buildings have a total gross floor area of approximately 53,038.07 sq.m., mainly include industrial buildings, dormitories and ancillary buildings.</p> <p>The structures mainly include sheds, stadium, pump rooms and waste water ponds.</p> <p>The land use rights of the property have been granted to the Group for a term expiring on 25 December 2055 for industrial use.</p>	The property is currently occupied by the Group for production and ancillary purposes.	122,715,000 (note 5)

Notes:

- Pursuant to a Real Estate Title Certificate – Hu (2019) Song Zi Bu Dong Chan Quan Di No. 012368 (沪(2019)松字不动

- 产权第012368号), (i) the land use rights of a parcel of land with a site area of approximately 36,964 sq.m. have been granted to Sangon Biotech Engineering (Shanghai) Company Limited ("**Sangon Biotech**", 生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company) for a term expiring on 25 December 2055 for industrial use; and (ii) 9 buildings with a total gross floor area of approximately 22,884.07 sq.m. are owned by Sangon Biotech.
2. For the remaining 3 buildings of the property with a total gross floor area of approximately 30,154 sq.m., we have not been provided with any title certificates except for the following documents:-
 - a. Pursuant to a Construction Work Planning Permit – Hu Song Jian (2016) FA31011720165405 (沪松建(2016)FA31011720165405) in favour of Sangon Biotech, 3 buildings with a total gross floor area of approximately 30,230.40 sq.m. have been approved for construction.
 - b. Pursuant to a Construction Work Commencement Permits –1602SJ0209D01in favour of Sangon Biotech, permission by the relevant local authority has been given to commence construction of the 3 aforesaid buildings with a total gross floor area of approximately 30,154 sq.m.
 3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. for the land mentioned in note 1, (i) Sangon Biotech has obtained the effective Real Estate Title Certificate. (ii) The land was subject to a mortgage in favour a third party. (iii) Sangon Biotech has the right to legally use the land according to the legal usage of the land. (iv) The land use rights cannot be transfer and lease unless the approval from the mortgagee has been obtained;
 - b. for the buildings mentioned in note 1, (i) Sangon Biotech has obtained the effective Real Estate Title Certificate. (ii) The buildings were subject to a mortgage in favour a third party. (iii) Sangon Biotech has the right to legally occupy and use the buildings in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.(iv) The buildings cannot be transferred, leased or disposed unless the approval from the mortgagee has been obtained; and
 - c. for 3 buildings mentioned in note 2, which have not been provided with Construction Work Completion and Inspection Certificates, Sangon Biotech will be subject to the following legal risks: (i) the relevant authority may order to make correction and impose a fine of 2% to 4% of contracted price; and (ii) if losses are caused, liability for compensation shall be assumed lawfully by Sangon Biotech.
 4. In the course of valuation, we have made reference to sales prices of land within the localities which have the similar characteristics comparable to the property. The prices of these comparable land sites range from about RMB1,545 to RMB1,588 per sq.m. on site area basis. Appropriate adjustments and analysis have been made taking into account the differences in location, size, plot ratio, usage of land, transaction date and other characters between the comparable properties and the property to arrive at our assumed unit rate of RMB1,520 per sq.m. on site area basis.
 5. In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the 3buildings of the property mentioned in note2which have not been obtained any proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding land element) as at the valuation date would be RMB102,370,000 assuming all relevant title certificates have been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
2.	A parcel of land and 7 buildings No. 655 Xiangmin Road Chedun town Songjiang District Shanghai The PRC	<p>The property is located at the southeastern side of the junction of Xiangmin Road and Maoting Road in Shanghai Songjiang District. It is well-served by public transportation with about 10 minutes' driving distance to Chedun Railway Station and about 20 minutes' driving distance to Songjiang South Railway Station.</p> <p>The property comprises a parcel of land with a site area of approximately 27,539.3 sq.m. and 4 buildings erected thereon which were completed in various stages between 2016 and 2018.</p> <p>The buildings include 2 industrial building, a dormitory and a transformer room together having a total gross floor area of approximately 20,282.17 sq.m.</p> <p>The property also comprises 3 industrial buildings which are currently under construction. ("CIP")</p> <p>As advised by the Group, (i) the CIP is scheduled to be completed in April 2020. Upon completion, the CIP will have a total gross floor area of approximately 24,829.11 sq.m. (ii) The total construction cost is estimated to be approximately RMB85,000,000, of which RMB81,479,693 has had been</p>	<p>The property is currently occupied by the Group for production and ancillary purposes except the CIP which is under construction.</p>	125,270,000 <i>(note 5)</i>

paid as at the valuation date.

The land use rights of the property have been granted for a term expiring on 10 June 2063 for industrial use.

Notes:

1. Pursuant to a Real Estate Title Certificate – Hu Fang Di Song Zi(2013) Di No. 009996 (沪房地松字(2013)第009996号), the land use rights of a parcel of land with a site area of approximately 27,539.3 sq.m. have been granted to Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company) for a term expiring on 10 June 2063 for industrial use.
2. For the 7 buildings of the property with a total gross floor area of approximately 45,111.28 sq.m., we have not been provided with any title certificates except for the following documents:-
 - a. Pursuant to a Construction Work Planning Permit – Hu Song Jian (2014) FA31011720144330 (沪松建(2014)FA31011720144330) in favour of Sangon Biotech, 7 buildings with a total gross floor area of approximately 45,111.28 sq.m. have been approved for construction.
 - b. Pursuant to 5 Construction Work Commencement Permits – 1302SJ0105D01, 1302SJ0105D02, 1302SJ0105D03, 1302SJ0105D04 and 1302SJ0105D05 in favour of Sangon Biotech, permission by the relevant local authority has been given to commence the construction of the 7 buildings with a total gross floor area of approximately 45,111.28 sq.m.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. for the land mentioned in note 1, (i) Sangon Biotech has obtained the effective Real Estate Title Certificate. (ii) Sangon Biotech has the right to legally use the land according to the legal usage of the land and has the right to transfer, lease and mortgage the land;
 - b. for the 4 completed buildings mentioned in note 2, which have not been provided with Construction Work Completion and Inspection Certificates, Sangon Biotech will be subject to the following legal risks: (i) the relevant authority may order to make correction and impose a fine of 2% to 4% of contracted price; and (ii) if losses are caused, liability for compensation shall be assumed lawfully by Sangon Biotech;
 - c. for the remaining 3 buildings mentioned in note 2 are currently under construction.
4. In the course of valuation, we have made reference to sales prices of land within the localities which have the similar characteristics comparable to the property. The prices of these comparable land sites range from about RMB1,545 to RMB1,588 per sq.m. on site area basis. Appropriate adjustments and analysis have been made taking into account the differences in location, size, plot ratio, usage of land, transaction date and other characters between the comparable properties and the property to arrive at our assumed unit rate of RMB1,520 per sq.m. on site area basis.
5. The market value of the CIP (excluding land element) as if completed as at the valuation date is estimated to be approximately RMB85,000,000.
6. In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the 4 buildings which have not been obtained any proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding land element) as at the valuation date would be RMB69,455,000 assuming all relevant title certificates have been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
3.	Unit 1002 of a 16-storey building in Laishidi Residential Community No. 8 Nong 223 Nandan East Road Xuhui District Shanghai The PRC	<p>The property is located at the junction of Nandan East Road and Suixi North Road in Shanghai Xuhui District. It is well-served by public transportation with about 10 minutes' driving distance to West District Bus Station and about 5 minutes' driving distance to Xujiahui Subway Station. The locality of the property is a Commercial Center area.</p> <p>The property comprises a unit on Level 10 of a 16-storey building which was completed in 2005.</p> <p>The property has a gross floor area of approximately 107.08 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 17 September 2072 for residential use.</p>	The property is currently occupied by the Group for residential purpose.	10,400,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Hu (2019) Xu Zi Bu Dong ChanQuan Di No.014867 (沪(2019)徐字不动产权第014867号), a unit of the property with a gross floor area of approximately 107.08 sq.m. is owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company). The relevant land use rights of the property have been granted for a term expiring on 17 September 2072 for residential use.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB96,759 per sq.m. to RMB98,039 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB97,100 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificate; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
4.	A 5-storey building (known as Block 17) No. 37 Chaoqian Road Changping District Beijing The PRC	<p>The property is located at the junction of Chaoqian Road and Zhenyang Road in Beijing Changping District. It is well-served by public transportation with about 10 minutes' driving distance to Changping New Town Binhe Forest Park and about 15 minutes' driving distance to Changping Railway Station.</p> <p>The property comprises a 5-storey building which was completed in 2017.</p> <p>The property has a total gross floor area of approximately 1,566 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 7 March 2061 for industrial use.</p>	The property is currently occupied by the Group for production purpose.	35,700,000

Notes:

1. Pursuant to a Real Estate Title Certificate –Jing (2017) Chang Bu Dong Chan Quan Di No.0037241 (京(2017)昌不动产权第0037241号), a 5-storey building of the property with a total gross floor area of approximately 1,566 sq.m. is owned by Beijing Branch of Sangon Biotech Engineering (Shanghai) Company Limited (“**Beijing Branch of Sangon Biotech**”, 生工生物工程(上海)股份有限公司北京销售分公司, a wholly-owned subsidiary of the Company).The relevant land use rights of the property have been granted for a term expiring on 7 March 2061 for industrial use.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB22,000 per sq.m. to RMB25,000 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB22,800 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Beijing Branch of Sangon Biotech has obtained the effective Real Estate Title Certificate; and
 - b. Beijing Branch of Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
5.	Level 2 of a 3-storey industrial building (known as Block 2) No. 14 Huanke East Yi Road Tongzhou District Beijing The PRC	<p>The property is located at the junction of Xizhou Road and Xinxi Road in Beijing Tongzhou District. It is well-served by public transportation with about 5 minutes' driving distance to Majuqiao exit of the Beijing-Tianjin-Tongzhou Expressway.</p> <p>The property comprises the whole of Level 2 of a 3-storey building which was completed in 2011.</p> <p>The property has a gross floor area of approximately 747.34 sq.m.</p> <p>The land use rights of the property have been granted to the Group.</p>	The property is currently occupied by the Group for production purpose.	5,870,000

Notes:

1. Pursuant to a Building Ownership Certificate –X Jing Fang Quan Zheng Tong ZiDi No.1324701 (X京房权证通字第1324701号), Level 2 of a 3-storey industrial building with a gross floor area of approximately 734.34 sq.m. is owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company). The relevant land use rights of the property are of grant nature. There is no record relating to land tenure and usage on the aforesaid Building Ownership Certificate.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,000 per sq.m. to RMB8,500 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB8,000 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificate; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
6.	Units 2001,2002 and 2003, Block B, Jinma Mansion No. 38 Xueqing Road Haidian District Beijing The PRC	<p>The property is located at the northeast corner of the junction of Xueqing Road and Qinghua East Road, which is the central area of Zhongguancun Science and Technology Park. It is well-served by public transportation with about 3 minutes' walking distance to Liudaokou Station Beijing Subway Line 15 and 45 minutes' driving distance to Beijing Capital Airport.</p> <p>The property comprises 3 units on Level 18 of a 20-storey building which was completed in 2017.</p> <p>The property has a total gross floor area of approximately 404.4 sq.m.</p> <p>The land use rights of the property have been granted to the Group for composite (office) use.</p>	The property is currently occupied by the Group for office purpose.	14,350,000

Notes:

1. Pursuant to 3 Real Estate Title Certificates – Jing (2017) Hai Bu Dong Chan Quan Di Nos.0010709,0010711 and 0011219 (京(2017)海不动产权第0010709,0010711和0011219号), 3 units of the property with a total gross floor area of approximately 404.4 sq.m. are owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company).The relevant land use rights of the property have been granted for composite (office) use. There is no record relating to land tenure on the aforesaid Real Estate Title Certificates.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB34,889 per sq.m. to RMB36,000 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB35,500 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificates; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
7.	Unit 808, Block 1 No. 1 Liangshuihe Road Changping District Beijing The PRC	<p>The property is located at the south-western side of the junction of Baifuquan Road and Liangshuihe Road, which is the core area of Changping District. The transportation is convenient with about 4 kilometers away from the Changping Station Beijing Subway Changping Line and about 200 meters to the bus station.</p> <p>The property comprises a unit on Level 8 of a 12-storey building which was completed in 2018.</p> <p>The property has a gross floor area of approximately 58.3 sq.m.</p> <p>The land use rights of the property have been granted to the Group for office use.</p>	<p>The property is currently occupied by the Group for office purpose.</p>	1,860,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Jing (2018) Chang Bu Dong Chan Quan Di No.0058139 (京(2018)昌不动产权第0058139号), a unit of the property with a gross floor area of approximately 58.3 sq.m. is owned by Beijing Branch of Sangon Biotech Engineering (Shanghai) Company Limited (“**Beijing Branch of Sangon Biotech**”, 生工生物工程(上海)股份有限公司北京销售分公司, a wholly-owned subsidiary of the Company).The relevant land use rights of the property have been granted for office use. There is no record relating to land tenure on the aforesaid Real Estate Title Certificates.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB29,160 per sq.m. to RMB34,306 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB31,900 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Beijing Branch of Sangon Biotech has obtained the effective Real Estate Title Certificate; and
 - b. Beijing Branch of Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
8.	Levels 4 and 5, Entrance 7, Block 1 No. 18 North section of Bayi Road Yongning Town Wenjiang District Chengdu City Sichuan Province The PRC	<p>The property is located at the junction of the northern end of Bayi Road and Heju North Road in Chengdu Wenjiang District. It is well-served by public transportation with about 20 minutes' driving distance to Chengdu West Railway Station.</p> <p>The property comprises the whole of Levels 4 and 5 of a 5-storey building which was completed in 2016.</p> <p>The property has a total gross floor area of approximately 649.46 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 8 July 2053 for commercial and service uses.</p>	The property is currently occupied by the Group for production purpose.	5,190,000

Notes:

1. Pursuant to 2 Real Estate Title Certificates – Chuan (2017) Wenjiang Qu Bu Dong Chan Quan Di Nos.0039208 and 0041679 (川(2017)温江区不动产权第0039208和0041679号), Levels 4 and 5 of the property with a total gross floor area of approximately 649.46 sq.m. are owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company).The relevant land use rights of the property with a total apportioned area of approximately 97.83 sq.m. have been granted for a term expiring on 8 July 2053 for commercial and service uses.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,000 per sq.m. to RMB9,237 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB8,000 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificates; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
9.	Units 1502 and 1505, Entrance 1, Block 6 Phase II of XuefuXinglin Community	The property is located in the southwestern corner of Furong Avenue and Longping Road in a high-end community. It is well-served by public transportation, close to Wenjiang Passenger Station.	The property is currently occupied by the Group for dormitory purpose.	No commercial value
	No. 8 Nong 223 Yongning Town Wenjiang District Chengdu City Sichuan Province The PRC	The property comprises 2 units on Level 15 of a 19-storey building which was completed in 2016. The property has a total gross floor area of approximately 178.09 sq.m. The land use rights of the property have been granted for a term expiring on 16 November 2081 for residential and commercial uses.		

Notes:

1. Pursuant to 2 Sale & Purchase Contracts dated 5 August 2016, (i) 2 units with a total gross floor area of approximately 178.09 sq.m. were contracted to be sold to Sangon Biotech Engineering (Shanghai) Company Limited ("**Sangon Biotech**", 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company) at a total consideration of RMB826,635; and (ii) the land use rights of the property have been granted for a term expiring on 16 November 2081 for residential and commercial uses.
2. We have not been provided with any title certificates to the property. As advised by the Group, the title certificates are in process of application.
3. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,958 per sq.m. to RMB11,229 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB10,100 per sq.m. for the property.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has paid the purchase price on time according to the provisions of the Sale & Purchase Contracts, the Sangon Biotech has the right to request the transferor to deliver or apply for a Real Estate Title Certificates in accordance with the Sale & Purchase Contracts.
5. In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB1,800,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
10.	The west portion of Level 3,Block A1-2,Wuhan Optical Valley Biomedical Industrial Park No. 858 Gaoxin Avenue Donghu Gaoxin District Wuhan City Hubei Province The PRC	<p>The property is located at the junction of Gaoxin Avenue Road and Guanggu seven Road in Wuhan Donghu High-tech District. It is well-served by public transportation with about 5 minutes' walking distance to Guanggu Seven Road Subway Station.</p> <p>The property comprises the west portion of Level 3 of a3-storey building which was completed in 2012.</p> <p>The property has a gross floor area of approximately 1,285.7 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 19 March 2060.</p>	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

- Pursuant to a Sale & Purchase Contract dated 8 June 2011, (i) the west portion of Level 3 of a building (known as Block A1-2) with a gross floor area of approximately 1,285.7 sq.m. was contracted to be sold to Zhengzhou Branch of Sangon Biotech Engineering (Shanghai) Company Limited ("Zhengzhou Branch of Sangon Biotech", 生工生物工程(上海)股份有限公司郑州分公司, a wholly-owned subsidiary of the Company) at a total consideration of RMB5,399,940; (ii) the land use rights of the property have been granted for a term expiring on 19 March 2060; and (iii) The property can be used for warehousing and logistics, manufacturing, R&D and office.
- We have not been provided with any title certificates to the property. As advised by the Group, the title certificates are in process of application.
- In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB5,200 per sq.m. to RMB5,500 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB5,200 per sq.m. for the property.
- We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

- a. Zhengzhou Branch of Sangon Biotech has paid the purchase price on time according to the provisions of the Sale & Purchase Contract, the Zhengzhou Branch of Sangon Biotech has the right to request the transferor to deliver or apply for a Real Estate Title Certificate in accordance with the Sale & Purchase Contract.

5. In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB6,690,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
11.	Units 4 and 5 on Level 6, Block A, Nan Fang Di Yuan No. 568 Wuluo Road Wuchang District Wuhan City Hubei Province The PRC	<p>The property is located at Wuge Road in Wuhan Wuchang District. It is well-served by public transportation with about 5 minutes' walking distance to Baotongsi Subway Station and about 10 minutes' driving distance to Wuchang Railway Station.</p> <p>The property comprises 2 units on Level 6 a 33-storey building which was completed in 2019.</p> <p>The property has a total gross floor area of approximately 147.69 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 5 June 2072 for residential use.</p>	The property is currently occupied by the Group for office purpose.	3,770,000

Notes:

1. Pursuant to 2 Real Estate Title Certificates – E (2018) Wuhan City Wuchang Bu Dong Chan Quan Di Nos.0039734 and 0039735 (鄂(2018)武汉市武昌不动产权第0039734和0039735号), 2 units with a total gross floor area of approximately 147.69 sq.m. are owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company). The relevant land use rights of the property with a total apportioned area of approximately 8.26 sq.m. have been granted for a term expiring on 5 June 2072 for residential use.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB25,521 per sq.m. to RMB26,869 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB25,500 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificates; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
12.	A 5-storey industrial building (known as Block 14) No. 388 Gaoxin Er Road Donghu Gaoxin District Wuhan City Hubei Province The PRC	<p>The property is located at the Biological Park West Road in Wuhan Donghu High-tech District. It is well-served by public transportation with about 10 minutes' walking distance to Guanggu Seven Road Subway Station.</p> <p>The property comprises a 5-storey industrial building which was completed in 2019.</p> <p>The property has a total gross floor area of approximately 5,975.66 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 26 October 2062 for industrial use.</p>	The property is currently occupied by the Group for production purpose.	31,060,000

Notes:

1. Pursuant to 5 Real Estate Title Certificates – E (2018) Wuhan City Dong Kai Bu Dong Chan Quan Di Nos.0057388, 0057290, 0057416, 0057323 and 0057450 (鄂(2018)武汉市东开不动产权第0057388, 0057290, 0057416, 0057323和0057450号), a 5-storey building of the property with a total gross floor area of approximately 5,975.66 sq.m. is owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company). The relevant land use rights of the property with a total apportioned area of approximately 1,162.28 sq.m. have been granted for a term expiring on 26 October 2062 for industrial use.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB5,200 per sq.m. to RMB5,500 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB5,200 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificates; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
13.	Unit 59 on Level 19, Block 162 No. 80 Dianchang Road Gaoxin District Zhengzhou City Henan Province The PRC	<p>The property is located at the junction of Dianchang Road and Jinghe Road in Zhengzhou High-tech District. It is well-served by public transportation with about 10 minutes' driving distance to North Zhengzhou Station and about 15 minutes driving distance to Nanyangzhai Station. The locality of the property is a high-tech industrial area.</p> <p>The property comprises a unit on Level 19 of a 21-storey building which was completed in 2018.</p> <p>The property has a gross floor area of approximately 340.61 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 28 February 2061 for science and education uses.</p>	The property is currently occupied by the Group for office purpose.	3,140,000

Notes:

- Pursuant to a Sale & Purchase Contract dated 31 May 2017, (i) a unit with a gross floor area of approximately 340.9 sq.m. was contracted to be sold to Sangon Biotech Engineering (Shanghai) Company Limited ("Sangon Biotech", 生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company) at a total consideration of RMB1,798,107; and (ii) the land use rights of the property have been granted for a term expiring on 28 February 2061 for science and education uses.
- Pursuant to a Real Estate Title Certificate – Yu (2019) Zhengzhou City Bu Dong Chan Quan Di No. 0035975 (豫(2019)郑州市不动产权第0035975号), a unit of the property with a gross floor area of approximately 340.61 sq.m. is owned by Sangon Biotech. The relevant land use rights of the property have been granted for a term expiring on 28 February 2061 for science and education uses.
- In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB9,000 per sq.m. to RMB9,597 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB9,200 per sq.m. for the property.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificate; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
14.	Unit 3 on Level 3, Entrance 1,Block Y23 No. 11 Changchun Road Gaoxin District Zhengzhou City Henan Province The PRC	<p>The property is located at Changchun Road in Zhengzhou High-tech District. It is well-served by public transportation with about 10 minutes' walking distance to Wutong Street Subway Station.</p> <p>The property comprises the whole of Level 3 a 7-storey building which was completed in 2018.</p> <p>The property has a gross floor area of approximately 591.17 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 26 August 2056 for industrial use.</p>	The property is currently occupied by the Group for production purpose.	5,440,000

Notes:

1. Pursuant to a Real Estate Title Certificate –Yu (2018) Zhengzhou City Bu Dong Chan Quan Di No.0376788 (豫(2018)郑州市不动产权第0376788号), a unit of the property with a gross floor area of approximately 591.17 sq.m. is owned by Zhengzhou Branch of Sangon Biotech Engineering (Shanghai) Company Limited (“**Zhengzhou Branch of Sangon Biotech**”, 生工生物工程(上海)股份有限公司郑州分公司, a wholly-owned subsidiary of the Company).The relevant land use rights of the property have been granted for a term expiring on 26 August 2056 for industrial use.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB9,000 per sq.m. to RMB9,597 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB9,200 per sq.m. for the property.
3. As advised by the Company, Sangon Biotech is a wholly-owned subsidiary of the Company.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Zhengzhou Branch of Sangon Biotech has obtained the effective Real Estate Title Certificate; and
 - b. Zhengzhou Branch of Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
15.	A unit on Basement 1 of a 11-storey building in Beida Resource Dream City No. 235 West Er Ring Road Guanshanhu District Guiyang City Guizhou Province The PRC	<p>The property is located at Yangguan Avenue in Guiyang Guanshanhu District. It is well-served by public transportation with about 5 minutes' driving distance to Bailu Lake Subway Station and 5 minutes' driving distance to Guiyang North Station.</p> <p>The property comprises a unit on Basement 1 of an 11-storey building which was completed in 2018.</p> <p>The property has a gross floor area of approximately 43.17 sq.m.</p>	The property is currently occupied by the Group for office purpose.	540,000

Notes:

1. Pursuant to a Commodity Property Subscription Agreement dated 25 June 2017, an apartment unit with a gross floor area of approximately 43.17 sq.m. was contracted to be sold to Sangon Biotech Engineering (Shanghai) Company Limited ("Sangon Biotech", 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company) at a total consideration of RMB349,677.
2. Pursuant to a Real Estate Title Certificate – Qian (2019) Guiyang City Bu Dong Chan Quan Di No. 0115758 (黔 (2019) 贵阳市不动产权第0115758号), a unit of the property with a gross floor area of approximately 43.17 sq.m. is owned by Sangon Biotech. The relevant land use rights of the property have been granted for a term expiring on 4 July 2053 for business finance and office use.
3. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB11,977 per sq.m. to RMB12,755 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB12,400 per sq.m. for the property.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificate; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
16.	Units 602,603 and 606,Block 5, Blue Biomedical Industrial Park No. 368 Hedong Road Gaoxin District Qingdao City Shandong Province The PRC	<p>The property is located at the junction of Guangyu Road and Huazhong Road in Jinan Chengyang District. It is well-served by public transportation with about 2 minutes' walking distance to Riverside Park.</p> <p>The property comprises 3 units on Level 6 of an 8-storey building which was completed in 2018.</p> <p>The property has a total gross floor area of approximately 1,244.34 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 16 December 2060 for industrial use.</p>	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Pursuant to 2 Sale & Purchase Contracts dated 12 June 2017,(i) 3 units with a total gross floor area of approximately 1,244.34 sq.m. were contracted to be sold to Sangon Biotech Engineering (Shanghai) Company Limited ("**Sangon Biotech**", 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company) at a total consideration of RMB9,208,116; and (ii) the land use rights of the property have been granted for a term expiring on 16 December 2060 for industrial use.
2. We have not been provided with any title certificates to the property. As advised by the Group, the property is currently occupied by Qingdao Qisong Biotech Company Limited ("**Qingdao Qisong**", 青岛启松生物科技有限公司, a wholly-owned subsidiary of the Company) and the title certificates are in process of application.
3. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB9,200 per sq.m. to RMB9,739 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB9,600 per sq.m. for the property.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has paid the purchase price on time according to the provisions of the Sale & Purchase Contracts, Sangon Biotech has the right to request the transferor to deliver or apply for a Real Estate Title Certificates in

accordance with the Sale & Purchase Contracts.

5. In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB11,940,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
17.	Units 1517 and 1518,Block 9,Hengda Dijing Residential Community located at the junction of Wenhua Dong Road and Shanda Road Lixia District Jinan City Shandong Province The PRC	<p>The property is located at the northwestern corner of the junction of Wenhua East Road and Shanda Road in a high-end residential community. It is well served with public transportation, close to Shandong Provincial Government.</p> <p>The property comprises 2 units on Level 15 of a 23-storey building which was completed in 2018.</p> <p>The property has a total gross floor area of approximately 303.93 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 19 October 2052 for commercial and financial uses.</p>	Unit 1518 is currently occupied by the Group for office purpose and Unit 1517 is occupied by a tenant.	4,860,000

Notes:

- Pursuant to 2 Sale & Purchase Contracts dated 10 September 2017,(i) 2 units with a total gross floor area of approximately 303.79 sq.m. were contracted to be sold to Sangon Biotech Engineering (Shanghai) Company Limited (“Sangon Biotech”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company) at a total consideration of RMB4,406,084; and (ii) the land use rights of the property have been granted for a term expiring on 19 October 2052 for commercial and financial uses.
- Pursuant to 2 Real Estate Title Certificates – Lu (2019) Jinan City Bu Dong Chan Quan Di Nos.0294356 and 0294363 (鲁(2019)济南市不动产权第0294356和0294363号), the 2 units of the property with a total gross floor area of approximately 303.93 sq.m. are owned by Sangon Biotech. The relevant land use rights of the property have been granted for a term expiring on 19 October 2052 for business finance and office use.
- Pursuant to a Tenancy Agreement, Unit 1517 with a gross floor area of approximately 150.7sq.m.was leased to a tenant for a term from 15 January 2018 to 31 December 2022, the daily rent was RMB2.7 per sq.m. (inclusive of management fees) for the first three years and would be increased at an annual growth rate of not less than 6% and not more than 10%from the fourth year.
- In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB15,000 per sq.m. to RMB16,700 per sq.m. Appropriate adjustments and analysis have been made taking into account the

differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB16,000 per sq.m. for the property.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificates; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.

VALUATION CERTIFICATE

No. Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
18. Levels 1 and 2 of Block F1, Phase II of Beihu Scie-Tech Industrial Park No. 3333Shengbei Avenue Nandan East Road BeihuScie-Tech Development Zone Changchun City Jilin Province The PRC	<p>The property is located at Shengbei Avenue in Changchun Kuancheng District. It is well-served by public transportation with about 5 minutes' driving distance to Guangji Road Subway Station.</p> <p>The property comprises the whole of Levels 1 and 2 of a 4-storey building which was completed in 2019.</p> <p>The property has a total gross floor area of approximately 1,308.07 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 11 July 2062 for industrial use.</p>	The property is currently occupied by the Group for production purpose.	10,200,000

Notes:

1. Pursuant to 2 Real Estate Title Certificates – Ji (2019) Changchun City Bu Dong Chan Quan Di Nos.0624548 and 0624549 (吉(2019)长春市不动产权第0624548和0624549号), 2 units of the property with a total gross floor area of approximately 1,308.07 sq.m. are owned by Sangon Biotech Engineering (Changchun) Company Limited (“**Changchun Company**”, 生工生物工程(长春)有限公司, a wholly-owned subsidiary of the Company).The relevant land use rights of the property with a total apportioned area of approximately 306.31 sq.m. have been granted for a term expiring on 11 July 2062 for industrial use.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,778 per sq.m. to RMB8,077 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate for of RMB7,800 per sq.m. the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Changchun Company has obtained the effective Real Estate Title Certificates; and
 - b. Changchun Company has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.

VALUATION CERTIFICATE

No. Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
19. Units 702, 802 and 902, Block 7 No. 188 Kaiyuan Avenue Huangpu District Guangzhou City Guangdong Province The PRC	<p>The property is located at the Kaiyuan Avenue in Guangzhou Huangpu District. It is well-served by public transportation with about 8 minutes' walking distance to Guangzhou Obligatory Botanical Park and 7 minutes' driving distance to Xiangxue Subway Station.</p> <p>The property comprises 3 units on Levels 7, 8 and 9 of a 9-storey building which was completed in 2019.</p> <p>The property has a total gross floor area of approximately 1,739.39 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years commencing from 27 April 2010 for industrial use.</p>	The property is currently occupied by the Group for production purpose.	27,320,000

Notes:

1. Pursuant to 3 Real Estate Title Certificates – Yue (2019) Guangzhou City Bu Dong Chan Quan Di Nos.06202684, 06202690 and 06202691 (粤(2019)广州市不动产权第06202684, 06202690和06202691号), 3 units of the property with a total gross floor area of approximately 1,739.39 sq.m. are owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company).The relevant land use rights of the property have been granted for a term of 50 years commencing from 27 April 2010 for industrial use.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB15,000 per sq.m. to RMB15,800 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB15,700 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificates; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
20.	Unit 614 of Block C, Unit 101 of Block D and Units 211, 311, 411, 511 of Block F, Yipin Apartment No.192 Banhe Road Huangpu District Guangzhou City Guangdong Province The PRC	<p>The property is located in the side of Banhe Road in a high-end residential community, it is well served with public transportation, close to Guangzhou Tree plantation park.</p> <p>The property comprises 6 units on Levels 1, 3 to 6 of three 15-storey buildings which were completed in 2019.</p> <p>The property has a total gross floor area of approximately 471.66 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years commencing from 21 December 2011 for office use.</p>	The property is currently occupied by the Group for office and dormitory purposes.	11,940,000

Notes:

1. Pursuant to 6 Real Estate Title Certificates –Yue (2019) Guangzhou City Bu Dong Chan Quan Di Nos.06067201, 06067218, 06067225, 06067226, 06067311and 06067124 (粤(2019)广州市不动产权第06067201, 06067218, 06067225, 06067226, 06067311和06067124号), 6 units of the property with a total gross floor area of approximately 471.66 sq.m. are owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company).The relevant land use rights of the property have been granted for a term of 40 years commencing from 21 December 2011 for office use.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB23,333 per sq.m. to RMB26,359 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB25,300 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificates; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
21.	Unit 0901, Entrance 1, Block C, Beichen Fortune Centre No. 1109 Beijing Road Panlong District Kunming City Yunnan Province The PRC	<p>The property is located at the junction of Beijing Road extension line and Beichen Avenue in a commercial community. It is well served with public transportation, close to Beichen Station Light Rail Line 2 and multiple bus stations.</p> <p>The property comprises a unit on Level 9 of a 33-storey building which was completed in 2017.</p> <p>The property has a gross floor area of approximately 143.01 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 24 April 2047 for commercial and financial uses.</p>	The property is currently occupied by the Group for office purpose.	1,560,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Yun (2017) Panlong Qu Bu Dong Chan Quan Di No.0010237 (云(2017)盘龙区不动产权第0010237号), a unit of the property with a gross floor area of approximately 143.01 sq.m. is owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company). The relevant land use rights of the property with an apportioned area of approximately 6.04 sq.m. have been granted for a term expiring on 24 April 2047 for commercial and financial uses.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB10,400 per sq.m. to RMB11,800 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB10,900 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificate; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
22.	Units 8-11, Entrance 1, Block 2 HuayuYuzhouXindu No. 140 Daping Zheng Street Yuzhong District Chongqing The PRC	<p>The property is located at the junction of Daping Zheng Street and Heyun Road in a residential community. It is well served with public transportation, close to Light Rail Line 1 and multiple bus stations.</p> <p>The property comprises a unit on Level 8 of an 11-storey building which was completed in 2016.</p> <p>The property has a gross floor area of approximately 90.08 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 15 March 2054 for residential use.</p>	The property is currently occupied by the Group for office purpose.	1,400,000

Notes:

1. Pursuant to a Real Estate Title Certificate –Yu (2016) Yuzhong Qu Bu Dong Chan Quan Di No. 000730692 (渝(2016)渝中区不动产权第000730692号), a unit of the property with a gross floor area of approximately 90.08 sq.m. is owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company).The relevant land use rights of the property have been granted for a term expiring on 15 March 2054 for residential use.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB15,000 per sq.m. to RMB15,752 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB15,500 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificate; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
23.	Units 902, 904, 906, 908 and 912 on Level 9, Block D6 No. 9 Weidi Road Xianlin Sub-district Qixia District Nanjing City Jiangsu Province The PRC	<p>The property is located at Weidi Road in Qixia District. It is well-served by public transportation with about 2 minutes' walking distance to Nanjing Xiantihui Stadium and 20 minutes' walking distance to Nanda Xianlin Campus Subway Station.</p> <p>The property comprises 5 units on Level 9 of an 11-storey building which was completed in 2018.</p> <p>The property has a total gross floor area of approximately 1,501.05 sq.m.</p>	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Pursuant to a Sale & Purchase Contract dated 30 June 2017 and a Supplementary Contract dated 13 October 2017, 5 units with a total gross floor area of approximately 1,501.05 sq.m. of the property were contracted to be sold to Nanjing Qisong Biotech Company Limited ("**Nanjing Qisong**", 南京启松生物科技有限公司, a wholly-owned subsidiary of the Company) at a total consideration of RMB9,906,930. The property can be used for life technology, public health and biomaterial industries only.
2. We have not been provided with any title certificates to the property. As advised by the Group, the title certificates are in process of application.
3. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB15,833 per sq.m. to RMB17,361 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB16,700 per sq.m. for the property.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Nanjing Qisong has paid the purchase price on time according to the provisions of the Sale & Purchase Contract, Nanjing Qisong has the right to request the transferor to deliver or apply for a Real Estate Title Certificate in accordance with the Sale & Purchase Contract.
5. In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB25,070,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
24.	Unit F on Level 11 Zi Jin Ming Men No. 77 Muxuyuan Avenue Qinhuai District Nanjing City Jiangsu Province The PRC	<p>The property is located at the junction of Muxuyuan Avenue and Zimu Road. It is well served with public transportation, close to Muxuyuan Station Light Rail Line 2 and multiple bus stations.</p> <p>The property comprises a unit on Level 11 of an 18-storey building which was completed in 2018.</p> <p>The property has a gross floor area of approximately 108.25 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 29 September 2049 for wholesale and retail uses.</p>	The property is currently occupied by the Group for office purpose.	1,530,000

Notes:

1. Pursuant to a Real Estate Title Certificate –Su (2018) Ning Qin Bu Dong Chan Quan Di No.0003853 (苏(2018)宁秦不动产权第0003853号), a unit of the property with a gross floor area of approximately 108.25 sq.m. is owned by Sangon Biotech Engineering (Shanghai) Company Limited (“**Sangon Biotech**”, 生工生物工程(上海)股份有限公司, a wholly-owned subsidiary of the Company).The relevant land use rights of the property have been granted for a term expiring on 29 September 2049 for wholesale and retail uses.
2. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB13,700 per sq.m. to RMB15,000 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB14,100 per sq.m. for the property.
3. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Biotech has obtained the effective Real Estate Title Certificates; and
 - b. Sangon Biotech has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.

VALUATION CERTIFICATE

No. Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
25. Units 26-1, 26-2 and 18-1, Min Shuang Ju Fu Yuan southeast side of Shuangchen North Road and Shuangfeng Road Beichen District Tianjin City The PRC	<p>The property is located at the junction of Shuangchen North Road and Shuangfeng Road in Beichen District. It is well-served by public transportation, close to National Highway 112 and multiple bus stations.</p> <p>The property comprises 3 units on Levels 1 to 3 of 2 3-storey buildings which were completed in 2019.</p> <p>The property has a total gross floor area of approximately 1,117.05 sq.m.</p>	The property is occupied by a tenant.	9,270,000

Notes:

1. Pursuant to 3 Sale & Purchase Contracts dated 28 March 2019 and 4 October 2019, 3 units with a total gross floor area of approximately 1,117.05 sq.m. of the property were contracted to be sold to Sangon Health and Technology (Shanghai) Company Limited ("Sangon Health", 生工健康科技(上海)股份有限公司, a wholly-owned subsidiary of the Company) at a total consideration of RMB9,000,000. The relevant land use rights of the property have been granted for a term expiring on 4 March 2053 for industrial use.
2. Pursuant to 3 Real Estate Title Certificates –Jin (2019) Bei Chen Qu Bu Dong Chan Quan Di Nos.1006884, 1006931 and 1045210 (津(2019)北辰区不动产权第1006884、1006931和1045210号), 3 units of the property with a gross floor area of approximately 1,117.05 sq.m. are owned by Sangon Health. The relevant land use rights of the property have been granted for a term expiring on 4 March 2053 for industrial use.
3. In the course of our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB8,000 per sq.m. to RMB8,500 per sq.m. Appropriate adjustments and analysis have been made taking into account the differences in location, size, transaction date, usage and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB8,300 per sq.m. for the property.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Sangon Health has obtained the effective Real Estate Title Certificates; and
 - b. Sangon Health has the right to legally occupy, use, transfer, lease and dispose the property in accordance with valid term and usage of the land stipulated in the Real Estate Title Certificates.

VALUATION CERTIFICATE

Group II: Properties held for owner occupation in overseas countries

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
26.	A single-storey building 4160 Bailey Avenue, Amherst, New York The United States	The property comprises a single-storey building which was completed in various stages between 1960, 1972 and 1979. The property has a gross floor area of approximately 608 sq.m.	The property is currently occupied by the Group for warehouse purpose.	1,802,000

Notes:

1. The registered owner of the property is Bio Basic Inc. (US) vide SBL No. 67.73-1-8.1.
2. As advised by the Company, Bio Basic Inc. (US) is a wholly-owned subsidiary of the Company.
3. The exchange rate adopted in our valuation for the property is USD1 equivalent to RMB6.88, which was approximately the prevailing exchange rate as at the valuation date.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
27.	A 2-storey building 20 Konrad Crescent, Markham, Ontario Canada	The property comprises a 2-storey building which was completed in 1996. The property has a gross floor area of approximately 2,017 sq.m.	The property is currently occupied by the Group for production purpose.	19,511,000

Notes:

1. The registered owner of the property is Bio Basic Canada Inc. vide PCL 39-1, SEC 65M2481; LT39, PL 65M2481.
2. As advised by the Company, Bio Basic Canada Inc. is a wholly-owned subsidiary of the Company.
3. The exchange rate adopted in our valuation for the property is CAD1 equivalent to RMB5.24, which was approximately the prevailing exchange rate as at the valuation date.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
28.	Unit 04-06 of The Elitist Tower, 25 Bukit Batok Crescent, Singapore	<p>The property comprises a unit on Level 4 of a 10-storey building which was completed in 1997.</p> <p>The property has a gross floor area of approximately 83 sq.m.</p>	The property is currently occupied by the Group for office purpose.	2,448,000

Notes:

1. The registered owner of the property is Bio Basic Asia Pacific Pte Ltd. vide No. NI/201407532.
2. As advised by the Company, Bio Basic Asia Pacific Pte Ltd. is a wholly-owned subsidiary of the Company.
3. The exchange rate adopted in our valuation for the property is SGD1 equivalent to RMB5.1, which was approximately the prevailing exchange rate as at the valuation date.

1. RESPONSIBILITY STATEMENTS

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

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

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 Shares, and the Company had 560,522,623 Shares in issue;
- (b) all of the Shares ranked pari passu in all respects as regards rights to capital, dividends and voting;
- (c) there were no options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares; and
- (d) a total number of 10,313,721 new Shares had been issued since 31 December 2019, being the end of the last financial year of the Company.

3. MARKET PRICE

The table below sets out the closing price of the Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the period commencing six months preceding the Announcement Date and ending on the Latest Practicable Date; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

	Closing price for each Share <i>(HK\$)</i>
31 July 2019	1.93
30 August 2019	1.74
30 September 2019	2.60

	Closing price for each Share (HK\$)
31 October 2019	2.36
29 November 2019	2.36
31 December 2019	2.43
14 January 2020 (Last Trading Day)	3.01
31 January 2020	3.36
28 February 2020	3.38
31 March 2020	3.10
14 April 2020 (Latest Practicable Date)	3.33

The lowest and highest closing prices of Shares as quoted on the Stock Exchange during the period commencing six months preceding the Announcement Date and ending on the Latest Practicable Date were HK\$1.68 per Share on 26 August 2019 and HK\$3.40 per Share on each of 14 February 2020, 17 February 2020, 18 February 2020 and 24 February 2020.

4. DISCLOSURE OF INTERESTS

For the purpose of this paragraph, (i) “interested” has the same meaning as given to it in Part XV of the SFO and (ii) the “Disclosure Period” means the period beginning from the date which is six months prior to the Announcement Date and ending with the Latest Practicable Date, both dates inclusive.

(a) Interests and dealings in Shares

- (1) As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties had the following interests in Shares:

Name	Number of Shares	Approximate % ^(Note 4)
Offeror	–	–
Offeror Concert Parties		
<i>LJ Peace</i> ^(Notes 1, 2)	184,156,346	32.85
<i>LJ Venture</i> ^(Notes 1, 2)	118,049,745	21.06
<i>LJ Hope</i> ^(Note 3)	8,223,333	1.47
<i>Mr. Wang Qisong</i> ^(Notes 1, 2)	200,000	0.04
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	310,629,424	55.42

Notes:

- (1) Wang J Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong (an executive Director) as the settlor, Ms. Wang Luojia (an executive Director and a director of the Offeror) as the trustee, and Ms. Wang Jin (an executive Director and a director of the Offeror) and her children as the beneficiaries. Wang J Family Trust owns 51.15% of the total issued share capital of LJ Peace and 50% of the total issued share capital of LJ Venture. Mr. Wang Qisong, Ms. Wang Luojia and Ms. Wang Jin are family members. Mr. Wang Qisong is the father of Ms. Wang Luojia and Ms. Wang Jin, who are sisters. Each of Mr. Wang Qisong, LJ Peace and LJ Venture are therefore presumed to be acting in concert with the Offeror. The Shares held by LJ Peace, LJ Venture and LJ Hope will not form part of the Scheme Share, but the Shares held by Mr. Wang Qisong will form part of the Scheme Shares. None of the Offeror Concert Parties will vote on the Scheme at the Court Meeting.
- (2) Wang L Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong (an executive Director) as the settlor, Ms. Wang Jin (an executive Director and a director of the Offeror) as the trustee, and Ms. Wang Luojia (an executive Director and a director of the Offeror) and her son as the beneficiaries. Wang L Family Trust owns 48.85% of the total issued share capital of LJ Peace and 50% of the total issued share capital of LJ Venture. Mr. Wang Qisong, Ms. Wang Luojia and Ms. Wang Jin are family members. Mr. Wang Qisong is the father of Ms. Wang Luojia and Ms. Wang Jin, who are sisters. Each of Mr. Wang Qisong, LJ Peace and LJ Venture are therefore presumed to be acting in concert with the Offeror. The Shares held by LJ Peace, LJ Venture and LJ Hope will not form part of the Scheme Share, but the Shares held by Mr. Wang Qisong will form part of the Scheme Shares. None of the Offeror Concert Parties will vote on the Scheme at the Court Meeting.
- (3) LJ Hope is a company incorporated under the laws of Canada with limited liability and wholly-owned by Ms. Wang Luojia, an executive Director and a director of the Offeror. LJ Hope is therefore presumed to be acting in concert with the Offeror.
- (4) All percentages are approximations.
- (2) Save as disclosed in paragraphs 4(a)(1) and 4(a)(9) of this section, as at the Latest Practicable Date, none of the Offeror, the Offeror Concert Parties or any director of the Offeror had owned or controlled, or were interested in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares. None of the Offeror, the Offeror Concert Parties or any director of the Offeror had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Disclosure Period.
- (3) As at the Latest Practicable Date, the IU Shareholders which have entered into the Irrevocable Undertakings with the Offeror (each being an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Offeror) had the following interests in Shares:

Name	Number of Shares	Approximate % ^(Note 1)
IU Shareholders		
<i>Grandeur Peak</i> ^(Note 2)	58,555,000	10.45
<i>QVP II</i>	19,022,628	3.39
<i>QVP II-C</i>	1,671,011	0.30
<i>QMDF</i>	277,037	0.05
<i>BGI Tech</i>	22,833,000	4.07
Aggregate number of Shares held by the IU Shareholders	102,358,676	18.26

Notes:

- (1) All percentages are approximations.
- (2) As at the Latest Practicable Date, Grandeur Peak is interested in 58,555,000 Shares, of which 55,628,500 Shares are subject to the relevant Irrevocable Undertaking (representing approximately 9.92% of the total issued share capital of the Company).
- (4) As at the Latest Practicable Date, save for the IU Shareholders, no other person had irrevocably committed itself to accept or reject the Proposal. Save as disclosed in this paragraph, none of the IU Shareholders had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Disclosure Period:

Party	Dealing	Trade date	Number of Shares	Average dealing price per Share
Grandeur Peak	Buy	6 September 2019	300,000	1.8550
	Buy	12 September 2019	300,000	2.0700
	Buy	17 September 2019	187,500	2.0600
	Buy	18 September 2019	145,000	2.1000
	Buy	22 January 2020	393,000	3.3598
	Buy	5 February 2020	49,500	3.3600
	Buy	7 February 2020	211,500	3.3500
	Buy	11 March 2020	46,500	3.3600
	Buy	13 March 2020	270,000	3.2500
	Buy	19 March 2020	1,392,000	3.1094
	Buy	24 March 2020	75,000	3.0656
	Buy	25 March 2020	90,000	3.1200
	Buy	25 March 2020	39,000	3.1000
	Buy	7 April 2020	49,500	3.1900
Buy	8 April 2020	75,000	3.1600	
Buy	14 April 2020	235,500	3.2303	

- (5) As at the Latest Practicable Date, none of the Offeror or the Offeror Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.
- (6) As at the Latest Practicable Date, no subsidiary of the Company, pension fund of the Company or of any subsidiary of the Company or adviser of the Company as specified in class (5) of the

definition of “acting in concert” or class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares. During the Disclosure Period, no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

- (7) As at the Latest Practicable Date, no fund managers connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of the Shares. No such person has dealt for value during the Disclosure Period in the Shares or convertible securities, warrants, options or derivatives in respect of the Shares.
- (8) As at the Latest Practicable Date, none of the Company or any Director had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.
- (9) Save as disclosed in this paragraph, as at the Latest Practicable Date, none of the Directors had any interest in Shares or any convertible securities, warrants, options or derivatives in respect of the Shares:

Name of Director	Number of Shares	Approximate % ^(Note 4)
Wang Luoia ^(Note 1)	310,629,424	55.42
Wang Jin ^(Note 2)	310,629,424	55.42
Wang Qisong ^(Notes 3, 5)	310,629,424	55.42
Zhou Mi	595,288	0.11

Notes:

- (1) Ms. Wang Luoia, who (i) is the trustee of Wang J Family Trust which owns 51.15% and 50% of the issued share capital of LJ Peace and LJ Venture, respectively, and (ii) owns 100% of the issued share capital of LJ Hope, is deemed to be interested in the Shares held by each of LJ Peace, LJ Venture and LJ Hope. LJ Peace, LJ Venture and LJ Hope are interested in 184,156,346 Shares, 118,049,745 Shares, and 8,223,333 Shares, respectively. Ms. Wang Luoia is a party to a deed of confirmation dated 4 November 2014 pursuant to which she, Mr. Wang Qisong and Ms. Wang Jin agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any shareholders' meeting of the Company in a unanimous manner (the **Deed**). Each of Ms. Wang Luoia, Ms. Wang Jin and Mr. Wang Qisong is therefore deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- (2) Ms. Wang Jin, who is the trustee of Wang L Family Trust which owns 48.85% and 50% of the issued share capital of LJ Peace and LJ Venture, respectively, is deemed to be interested in the Shares held by each of LJ Peace and LJ Venture. Pursuant to the Deed, each of Ms. Wang Luoia, Ms. Wang Jin and Mr. Wang Qisong is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- (3) Mr. Wang Qisong, who is the settlor of both Wang J Family Trust and Wang L Family Trust, is deemed to be interested in the Shares held by each of LJ Peace and LJ Venture. Mr. Wang Qisong is personally interested in 200,000 Shares. Pursuant to the Deed, each of Ms. Wang Luoia, Ms. Wang Jin and Mr. Wang Qisong is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- (4) All percentages are approximations.
- (5) The Shares held by Mr. Wang Qisong will form part of the Scheme Shares but will not be voted on at the

Court Meeting.

During the Disclosure Period, none of the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares. Each of Mr. Wang Qisong, Mr. Zhou Mi, Ms. Wang Luojia (acting through LJ Hope, LJ Peace and LJ Venture) and Ms. Wang Jin (acting through LJ Peace and LJ Venture) intends to vote in favour of all the resolutions to be proposed at the EGM, and Mr. Zhou Mi intends to vote in favour of the Scheme at the Court Meeting, in respect of their respective beneficial shareholdings in the Company.

(b) Interests and dealings in the Offeror's shares

Save as disclosed in the section headed "11. Information on the Group and the Offeror" of the Explanatory Statement, none of the Company or any Director had any interest in the Offeror's shares or convertible securities, warrants, options or derivatives in respect of the Offeror's shares as at the Latest Practicable Date. During the Disclosure Period, neither the Company nor any of its Directors had dealt for value in any such shares or any such convertible securities, warrants, options or derivatives.

5. ARRANGEMENTS IN CONNECTION WITH THE PROPOSAL

(a) Arrangements affecting Directors

- (i) No benefit would be given to any Director as compensation for loss of office or otherwise in connection with the Proposal.
- (ii) There are no agreements or arrangements between any Director and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal.
- (iii) There are no material contracts entered into by the Offeror in which any Director has a material personal interest.

(b) Arrangements with the Offeror in connection with the Proposal

- (i) Save for the Irrevocable Undertakings, there is no agreement, arrangement or understanding (including any compensation arrangement) that exists between the Offeror or any of the Offeror Concert Parties on the one hand and any of the Directors, recent Directors, Shareholders or recent Shareholders on the other hand having any connection with or dependence upon the Proposal.
- (ii) Save for the Conditions, there is no agreement or arrangement to which Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.
- (iii) Pursuant to the loan agreement entered into between the Offeror and CMB for the purpose of financing the cash consideration payable under the Proposal, the Offeror has agreed to grant a first fixed charge in favour of CMB over all of its interest in the Company following the implementation of the Scheme and the share transfers pursuant

to the SPA, as security for the payment and discharge of its obligations under the loan agreement. As at the Latest Practicable Date, CMB had no interest in the securities of the Company. Save as disclosed, the Offeror has no intention to transfer, charge or pledge any securities in the Company acquired pursuant to the Proposal to any other person, and has no agreement, arrangement or understanding with any third party to do so.

- (iv) Save for the Irrevocable Undertakings, there is no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Offeror or any of the Offeror Concert Parties.
- (v) Save for the Cancellation Price, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or the Offeror Concert Parties to the Scheme Shareholders or their concert parties in connection with the cancellation of the Scheme Shares.
- (vi) Save for the Irrevocable Undertakings, there is no agreement, arrangement, understanding or special deal between (i) any Shareholder and (ii)(a) the Offeror and the Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

(c) Arrangements with the Company in connection with the Proposal

Save for the Irrevocable Undertakings, there is no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definitions of associate under the Takeovers Code.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within the six months before the Announcement Date; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

7. MATERIAL CONTRACTS

None of the members of the Group have entered into any material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) after the date two years before the Announcement Date up to and including the Latest Practicable Date.

8. EXPERTS

The following are the qualifications of each of the experts who has given opinions or advice which are contained in this Scheme Document:

Name	Qualifications
Haitong International	a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities
Optima Capital	a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
Asia-Pacific Consulting and Appraisal Limited	independent property valuer
Tian Yuan Law Firm	legal advisers to the Company as to PRC laws

9. CONSENTS

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of the text of its opinions and/or letters, as the case may be, and/or the references to its name and/or opinions and/or letters, as the case may be, in the form and context in which they respectively appear.

10. MISCELLANEOUS

- (a) The Offeror is incorporated in the BVI with limited liability on 3 January 2020 and a wholly-owned subsidiary of HoldCo. Its registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110.
- (b) Haitong International is the financial adviser of the Offeror in relation to the Proposal, and its registered address is at 8/F Li Po Chun Chambers, 189 Des Voeux Road, Central, Hong Kong.
- (c) The principal members of the Offeror's concert group include the HoldCo, LJ Hope, LJ Peace, LJ Venture, Mr. Wang Qisong, Ms. Wang Luojia, Ms. Wang Jin, Mr. Benjamin Mai and Ms. Claire Si-Jia Lu. The registered office of HoldCo is at Commerce House, Wickhams Cay 1, P.O.Box 3140, Road Town, Tortola, British Virgin Islands VG1110. The registered office of LJ Hope is at 2 Doulton Court Markham ON L3R 8N8, Canada. The registered office of LJ Peace is at 2 Doulton Court Markham ON L3R 8N8, Canada. The registered office of LJ Venture is at 34 Burr Crescent, Markham, ON, L3R 9B7, Canada. The address of Mr. Wang Qisong is at Room 505, No. 14 Nong 158, Baocheng Road, Minhang District, Shanghai, the PRC. The addresses of Ms. Wang Luojia and Mr. Benjamin Mai are at 2 Doulton Court, Markham, Ontario, L3R 8N8, Canada. The addresses of Ms. Wang Jin and Ms. Claire Si-Jia Lu are at 34 Burr Crescent, Markham, Ontario, L3R 9B7, Canada. Ms. Wang Luojia is the sole shareholder of LJ Hope. LJ Peace is held as to 51.15% and 48.85% by Wang J Family Trust and Wang L Family Trust, respectively. LJ Venture is held as to 50% and 50% by Wang J Family Trust and Wang L Family Trust, respectively. Wang J Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong as the settlor, Ms. Wang Luojia as the trustee, and Ms. Wang Jin and her children as the beneficiaries. Wang L Family Trust is an irrevocable trust constituted under the laws of the Province of Ontario, Canada, with Mr. Wang Qisong as the settlor, Ms. Wang Jin

as the trustee, and Ms. Wang Luojia and her son as the beneficiaries.

- (d) The directors of the Offeror, the HoldCo, LJ Peace and LJ Venture are Ms. Wang Luojia and Ms. Wang Jin. Ms. Wang Luojia is the sole director of LJ Hope.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC at <http://www.sfc.hk>; (ii) on the website of the Company at <http://www.bbi-lifesciences.com>; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at the principal place of business of the Company in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, from the date of this Scheme Document up to the Effective Date or the date on which the Scheme lapses or is withdrawn:

- (a) the articles of association of the Company;
- (b) the articles of association of the Offeror;
- (c) the 2017 Annual Report, the 2018 Annual Report and the 2019 Results Announcement;
- (d) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (g) the Irrevocable Undertakings;
- (h) the property valuation report of the Group (including the valuation certificates) prepared by Asia-Pacific Consulting and Appraisal Limited;
- (i) the legal opinion dated 17 April 2020 from Tian Yuan Law Firm in relation to the Group's property interests in the PRC;
- (j) written consents referred to in the section headed "9. Consents" in this Appendix III of this Scheme Document; and
- (k) this Scheme Document.

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

Cause No. FSD 41 of 2020

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES LAW (2020 REVISION) (AS AMENDED)

AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102

AND IN THE MATTER OF BBI LIFE SCIENCES CORPORATION (BBI生命科學有限公司)

SCHEME OF ARRANGEMENT

Between

BBI LIFE SCIENCES CORPORATION
(BBI生命科學有限公司)

and

THE SCHEME SHAREHOLDERS
(as hereinafter defined)

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set opposite them:

“acting in concert”	has the same meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“Cancellation Price”	the cancellation price of HK\$3.50 per Scheme Share payable in cash by the Offeror for every Scheme Share cancelled and extinguished pursuant to the Scheme of Arrangement
“Company”	BBI Life Sciences Corporation (BBI生命科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 10 July 2013, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1035)
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

“Composite Scheme Document”	the composite scheme document of the Company and the Offeror issued to, among others, the Independent Shareholders containing, inter alia, further details of the Proposal
“Court Meeting”	a meeting of the Independent Shareholders convened at the direction of the Grand Court at which the Scheme of Arrangement will be voted upon
“Director”	a director of the Company
“Effective Date”	the date on which the Scheme of Arrangement, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the Order of the Grand Court sanctioning the Scheme of Arrangement is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Holdco”	LJ Family Ltd., a company incorporated in the BVI with limited liability on 2 January 2020, which is being held as to approximately 25.32% by Ms. Wang Luojia, 41.13% by Ms. Wang Jin, 25.32% by Mr. Benjamin Mai and 8.23% by Ms. Claire Si-Jia Lu
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company, comprising Mr. Zhou Mi, Mr. Xia Lijun, Mr. Ho Kenneth Kai Chung and Mr. Liu Jianjun, established by the Board to make a recommendation to the Independent Shareholders in respect of the Proposal
“Independent Financial Adviser”	Optima Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Proposal and a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror Concert Parties

“IU Shareholders”	Grandeur Peak Global Advisors LLC, Qiming Managing Directors Fund II, L.P., Qiming Venture Partners II, L.P., Qiming Venture Partners II-C, L.P. and BGI Tech Holding (Hong Kong) Co., Limited
“IU Shares”	collectively, the 55,628,500 Shares held by Grandeur Peak Global Advisors LLC, the 19,022,628 Shares held by Qiming Venture Partners II, L.P., the 1,671,011 Shares held by Qiming Venture Partners II-C, L.P., the 277,037 Shares held by Qiming Managing Directors Fund II, L.P. and the 22,833,000 Shares held by BGI Tech Holding (Hong Kong) Co., Limited
“Latest Practicable Date”	14 April 2020, being the latest practicable date prior to the printing of the composite scheme document containing the Scheme of Arrangement for ascertaining certain information contained herein
“Offeror”	LJ Future Ltd., a company incorporated in the BVI with limited liability on 3 January 2020 and wholly-owned by Holdco
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror, excluding the Offeror, including Holdco, LJ Hope Ltd., LJ Peace Ltd., LJ Venture Ltd., Mr. Wang Qisong, Ms. Wang Luoja, Ms. Wang Jin, Mr. Benjamin Mai and Ms. Claire Si-Jia Lu
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme of Arrangement
“Register”	the principal or branch register of members of the Company (as the case may be)
“Scheme Court Meeting Record Date”	Monday, 11 May 2020 or such other date as may be announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Independent Shareholders to attend and vote at the Court Meeting
“Scheme of Arrangement”	the scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Law (subject to any modification(s) or addition(s) or condition(s) as may be approved or imposed by the Grand Court and agreed to by the Offeror), involving the cancellation and extinguishment of all the Scheme Shares in exchange for the Cancellation Price, the reduction of the issued share capital and the restoration of the issued share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares
“Scheme Record Date”	Thursday, 4 June 2020 (Hong Kong date) or such other date as may be announced to the Shareholders, being the record date

for the purpose of determining the entitlements of the Independent Shareholders to the Cancellation Price under the Scheme of Arrangement

“Scheme Share(s)”	Share(s) in issue on the Scheme Record Date held by the Shareholders, other than those directly or indirectly held by LJ Hope Ltd., LJ Peace Ltd. and LJ Venture Ltd.
“Scheme Shareholder(s)”	the holder(s) of the Scheme Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong

- (B) The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 10 July 2013.
- (C) The authorised share capital of the Company as at the Latest Practicable Date was HK\$20,000,000 divided into 2,000,000,000 Shares of par value of HK\$0.01 each.
- (D) The Offeror, which is wholly-owned by Holdco, has proposed the privatisation of the Company by way of the Scheme of Arrangement.
- (E) The primary purpose of the Scheme of Arrangement is to privatise the Company by cancelling and extinguishing all of the Scheme Shares in consideration for the Cancellation Price so that thereafter and after the transfer of the Shares held by the Offeror Concert Parties to the Offeror, the Offeror will own 100% of the Company. Simultaneously with the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be restored to its former amount by the issue to the Offeror at par credited as fully paid such number of Shares as is equal to the number of Scheme Shares cancelled and extinguished.
- (F) As at the Latest Practicable Date, 310,629,424 Shares were legally and/or beneficially owned by the Offeror Concert Parties and registered as follows:

Shareholders	As at the Latest Practicable Date		As at the Effective Date	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Offeror	–	–	250,093,199	44.62

Shareholders	As at the Latest Practicable Date		As at the Effective Date	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Offeror Concert Parties				
<i>LJ Peace Ltd.</i>	184,156,346	32.85	184,156,346	32.85
<i>LJ Venture Ltd.</i>	118,049,745	21.06	118,049,745	21.06
<i>LJ Hope Ltd.</i>	8,223,333	1.47	8,223,333	1.47
<i>Mr. Wang Qisong</i>	200,000	0.04	–	–
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	310,629,424	55.42	560,522,623	100
IU Shareholders				
<i>Grandeur Peak Global Advisors LLC</i>	58,555,000	10.45	–	–
<i>Qiming Venture Partners II, L.P.</i>	19,022,628	3.39	–	–
<i>Qiming Venture Partners II-C, L.P.</i>	1,671,011	0.30	–	–
<i>Qiming Managing Directors Fund II, L.P.</i>	277,037	0.05	–	–
<i>BGI Tech Holding (Hong Kong) Co., Limited</i>	22,833,000	4.07	–	–
Aggregate number of Shares held by the IU Shareholders	102,358,676	18.26	–	–
Other Independent Shareholders	147,534,523	26.32	–	–
Total number of Scheme Shares	250,093,199	44.62	–	–
Total number of Shares	560,522,623	100.00	560,522,623	100

- (G) The Offeror Concert Parties will procure that any Shares in respect of which they are legally or beneficially interested will not be represented or voted at the Court Meeting.
- (H) Each of the IU Shareholders has undertaken to the Offeror that it will exercise (or procure the exercise of) all voting rights attached to the IU Shares held or owned by it in favour of all the

resolutions to approve the Scheme of Arrangement and any matters in connection therewith at the Court Meeting.

- (l) The Offeror and the Offeror Concert Parties have undertaken to the Grand Court to be bound by the terms of the Scheme of Arrangement and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to and satisfying their respective obligations under the Scheme of Arrangement.

SCHEME OF ARRANGEMENT

PART I

Cancellation and extinguishment of the Scheme Shares and issue of new Shares credited as fully paid at par to the Offeror

1. On the Effective Date:
 - (a) the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares and the Scheme Shareholders shall cease to have any right with respect to the Scheme Shares except the right to receive the Cancellation Price;
 - (b) subject to and forthwith upon such reduction of issued share capital taking effect, the issued share capital of the Company will be restored to its former amount by issuing to the Offeror the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished; and
 - (c) the Company shall apply the credit arising in its books of account as a result of the cancellation and extinguishment of the Scheme Shares by paying up in full at par such number of Shares as is equal to the number of Scheme Shares cancelled and extinguished, which shall be allotted and issued and credited as fully paid at par to the Offeror as mentioned in paragraph (b) above.
2. After the Scheme of Arrangement has become effective, the Shares held by LJ Peace Ltd., LJ Venture Ltd. and LJ Hope Ltd. will be transferred to the Offeror so that the Offeror will own 100% of the Company.

PART II

Consideration for the cancellation and extinguishment of the Scheme Shares

3. In consideration of the cancellation and extinguishment of the Scheme Shares, the Offeror shall pay (or procure that there shall be paid) to each Scheme Shareholder (as appears in the Register on the Scheme Record Date):

for each Scheme Share cancelled and extinguished. HK\$3.50 in cash

PART III

General

4. (a) As soon as possible and in any event not later than five (5) Business Days after the Effective Date, on request the Company shall issue share certificate(s) to the Offeror.
- (b) As soon as possible and in any event not later than seven (7) Business Days following the Effective Date, the Offeror shall send or cause to be sent to the Scheme Shareholders cheques representing the Cancellation Price.
- (c) Unless otherwise indicated in writing to the Hong Kong branch share registrar and transfer office of the Company, being Computershare Hong Kong Investor Services Limited, all cheques to be despatched to the Scheme Shareholders shall be sent by ordinary post in envelopes addressed to the Scheme Shareholders at their respective addresses as appearing in the Register on the Scheme Record Date or, in the case of joint holders, to the registered addresses as appearing in the Register on the Scheme Record Date of the joint holder whose name stands first in the Register in respect of the relevant joint holding.
- (d) Cheques shall be posted at the risk of the addressees and neither the Offeror nor the Company shall be responsible for any loss or delay in receipt.
- (e) Cheques shall be in favour of the person to whom, in accordance with the provisions of paragraph (b) of this Clause 4, the envelope containing the same is addressed and the encashment of any such cheques shall be a good discharge to the Offeror for the monies represented thereby.
- (f) On or after the day being six calendar months after the posting of the cheques pursuant to paragraph (b) of this Clause 4, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been encashed or has been returned uncashed and shall place all monies represented thereby in a deposit account in the Offeror's name with a licensed bank in Hong Kong selected by the Offeror. The Offeror shall hold such monies on trust for those entitled under the terms of the Scheme of Arrangement until the expiration of six years from the Effective Date and shall prior to such date pay out of such monies the sums payable pursuant to the Scheme of Arrangement to persons who satisfy the Offeror that they are entitled thereto and the cheques referred to in paragraph (b) of this Clause 4 of which they are payees have not been encashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme of Arrangement. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
- (g) On the expiration of six years from the Effective Date, the Offeror and the Company shall be released from any further obligation to make any payments under the Scheme of Arrangement.
- (h) Paragraph (g) of this Clause 4 shall take effect subject to any prohibition or condition imposed by law.
- (i) Upon cancellation and extinguishment of the Scheme Shares, the Register shall be

updated to reflect such cancellation and extinguishment.

5. As from the Effective Date, any instruments of transfer relating to and all certificates representing the Scheme Shares shall cease to have effect as documents of title (and/or for any purpose as an instrument of transfer) and every Scheme Shareholder and every holder of such certificate shall be bound on the request of the Offeror to deliver up the same to the Offeror for cancellation thereof.
6. All mandates, representations, warranties, undertakings or relevant instructions to or by the Company in force on the Scheme Record Date relating to any of the Scheme Shares shall cease to be valid as effective mandates, representations, warranties, undertakings or instructions on the Effective Date.
7. The Scheme of Arrangement shall become effective as soon as a copy of the Order of the Grand Court sanctioning the Scheme of Arrangement has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law.
8. Unless the Scheme of Arrangement shall have become effective on or before 28 September 2020 or such later date, if any, as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and as the Grand Court on application of the Offeror or the Company may allow, the Scheme of Arrangement shall lapse and be of no effect.
9. The Company and the Offeror may, subject to the approval of the Grand Court, jointly consent for and on behalf of all concerned to any modification of or addition to the Scheme of Arrangement.
10. All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or its advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Proposal will be shared between the Offeror and the Company equally. If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, or the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

Date 17 April 2020

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

Cause No. FSD 41 of 2020

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES LAW (2020 REVISION) (AS AMENDED)

AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102

AND IN THE MATTER OF BBI LIFE SCIENCES CORPORATION (BBI生命科學有限公司)

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order dated 2 April 2020 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of the Independent Shareholders (as defined in the Scheme of Arrangement hereinafter mentioned) for the purpose of considering and, if thought fit, approving, with or without modification(s), a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made between BBI Life Sciences Corporation (BBI生命科學有限公司) (the “**Company**”) and the Scheme Shareholders (as defined in the Scheme of Arrangement) and that the Court Meeting will be held at Boardroom 6, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 11 May 2020 at 10:00 a.m. (Hong Kong time) at which place and time all Independent Shareholders are invited to attend.

A copy of the Scheme of Arrangement and a copy of an explanatory statement explaining the effect of the Scheme of Arrangement are incorporated in the composite scheme document of which this Notice forms part. A copy of the composite scheme document can also be obtained by the Independent Shareholders from the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Independent Shareholders may vote in person at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, to attend, speak and vote in their stead. A pink form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the composite scheme document dated 17 April 2020 despatched to among others, the Independent Shareholders on 17 April 2020. Completion and return of the pink form of proxy will not prevent an Independent Shareholder from attending and voting at the Court Meeting, or any adjournment thereof, in person if he/she wishes to do so and in such event, the pink form of proxy previously submitted shall be deemed to have been revoked by operation of law.

In the case of Independent Shareholders jointly holding ordinary shares of HK\$0.01 par value each in the share capital of the Company (the “**Shares**”), any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such Share as if he/she was solely entitled

thereto. However, if more than one of such joint holders be present at the Court Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the Register of Members of the Company in respect of such joint holding of Shares, the first named Independent Shareholder being the senior.

It is requested that pink forms appointing proxies be deposited at the Hong Kong branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 10:00 a.m. on Saturday, 9 May 2020.

By the Order, the Court has appointed Mr. Liu Jianjun, a director of the Company, or failing him, Mr. Ho Kenneth Kai Chung, also a director of the Company, or failing him, any other director or any other person nominated by the Company, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to a subsequent application seeking the sanction of the Court.

By Order of the Court
BBI Life Sciences Corporation
(BBI生命科學有限公司)
Wang Qisong
Chairman

Hong Kong, 17 April 2020

Registered Office

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

Principal Place of Business in Hong Kong

31/F., Tower Two,
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Notes:

- (1) An Independent Shareholder entitled to attend and vote at the Court Meeting is entitled to appoint one, and if such Independent Shareholder is the holder of two or more Shares, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company, but must attend the Court Meeting in person to represent him.
- (2) A pink form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the composite document containing the Scheme of Arrangement dated 17 April 2020 despatched to, among others, the Independent Shareholders.
- (3) In order to be valid, the pink form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before

the time for holding the Court Meeting or any adjournment thereof failing which the pink form of proxy will not be valid. Completion and return of the pink form of proxy will not preclude an Independent Shareholder from attending the Court Meeting and voting in person if he so wishes. In the event that an Independent Shareholder attends and votes at the Court Meeting after having lodged his pink form of proxy, his pink form of proxy shall be deemed to have been revoked by operation of law.

- (4) In the case of joint Independent Shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding of the Shares.
- (5) Voting at the Court Meeting will be taken by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Code on Takeovers and Mergers.
- (6) The Register of Members of the Company will be closed from Wednesday, 6 May 2020 to Monday, 11 May 2020 (both days inclusive) and during such period no transfer of Shares will be registered. In order to be entitled to attend and vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 5 May 2020.
- (7) Due to the uncertainty of the development of the novel coronavirus pandemic, the Company may be required to revise the date, time and/or venue of the Court Meeting and/or the book closure period (subject to the directions of the Grand Court and as may be permitted under the Takeovers Code). Further announcement(s) will be made by the Company as and when appropriate.
- (8) The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the Court Meeting to protect attending shareholders, staff and stakeholders from the risk of infection:
 - (i) compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue;
 - (ii) each attendee is required to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats; and
 - (iii) no refreshment will be served, and there will be no corporate gift.
 - (iv) each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the Court Meeting and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) instead of attending the meeting in person, by completing and return the proxy form attached to this Scheme Document.

If any shareholder has any question relating to the Court Meeting, please contact the Share Registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Email: hkinfo@computershare.com.hk
Tel: 2862 8555
Fax: 2865 0990

BBI LIFE SCIENCES CORPORATION**(BBI生命科學有限公司)***(Incorporated in the Cayman Islands as an exempted company with limited liability)***(Stock Code: 1035)****NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of holders of ordinary shares of HK\$0.01 par value each (the “**Shares**”) in the share capital of BBI Life Sciences Corporation (BBI生命科學有限公司) (the “**Company**”) will be held at Boardroom 6, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 11 May 2020 at 11:00 a.m. (Hong Kong time) (or as soon as after the conclusion or the adjournment of the meeting of the Independent Shareholders (as defined in the Scheme of Arrangement hereinafter mentioned) convened at the direction of the Grand Court of the Cayman Islands for the same day and place), for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS1. “**THAT:**

- (a) pursuant to the scheme of arrangement dated 17 April 2020 (the “**Scheme of Arrangement**”) between the Company and holders of the Scheme Shares (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the issued share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement); and
- (b) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the reduction of issued share capital of the Company pursuant to the Scheme of Arrangement, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of issued share capital of the Company which the Grand Court of the Cayman Islands may see fit to impose.”

2. “**THAT:**

- (a) subject to the Scheme of Arrangement becoming effective, the withdrawal of the listing of the shares of the Company from The Stock Exchange of Hong Kong Limited be and is hereby approved; and
- (b) any one of the directors of the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the shares of the Company.”

ORDINARY RESOLUTION

3. "THAT:

- (a) subject to and simultaneously with the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) taking effect, the issued share capital of the Company be restored to its former amount by allotting and issuing to the Offeror (as defined in the Scheme of Arrangement), credited as fully paid at par, the same number of ordinary shares of HK\$0.01 each in the share capital of the Company as is equal to the number of Scheme Shares cancelled and extinguished;
- (b) the credit arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) shall be applied by the Company in paying up in full at par the new ordinary shares allotted and issued to the Offeror, pursuant to resolution 3(a) above, and any one of the directors of the Company be and is hereby authorised to allot and issue the same accordingly; and
- (c) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the restoration of capital pursuant to the Scheme of Arrangement, including (without limitation) the giving of consent to any modification of, or addition to, the Scheme of Arrangement or the restoration of capital, which the Grand Court of the Cayman Islands may see fit to impose."

On behalf of the board of directors of
BBI Life Sciences Corporation
(BBI生命科學有限公司)
Wang Qisong
Chairman

Hong Kong, 17 April 2020

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

Principal Place of Business in Hong Kong
31/F., Tower Two,
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Notes:

- (1) A member entitled to attend and vote at the EGM is entitled to appoint one, and if such member is the holder of two or more Shares, more than one proxy to attend and vote instead of him. A proxy need not

- be a member of the Company, but must attend the EGM in person to represent him.
- (2) A white form of proxy for use at the EGM (or any adjournment thereof) is enclosed with the composite document containing the Scheme of Arrangement dated 17 April 2020 despatched to, among others, holders of Shares (the “Shareholders”).
 - (3) In order to be valid, the white form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged with Computershare Hong Kong Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time for holding the EGM or any adjournment thereof failing which the white form of proxy will not be valid. Completion and return of the white form of proxy will not preclude a Shareholder from attending the EGM and voting in person if he so wishes. In the event that a Shareholder attends and votes at the EGM after having lodged his white form of proxy, his white form of proxy will be deemed to have been revoked by operation of law.
 - (4) In the case of joint holders of Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding of the Shares.
 - (5) Voting at the EGM will be taken by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Code on Takeovers and Mergers.
 - (6) The Register of Members of the Company will be closed from Wednesday, 6 May 2020 to Monday, 11 May 2020 (both days inclusive) and during such period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 5 May 2020.
 - (7) Due to the uncertainty of the development of the novel coronavirus pandemic, the Company may be required to revise the date, time and/or venue of the EGM and/or the book closure period (subject to the directions of the Grand Court and as may be permitted under the Takeovers Code). Further announcement(s) will be made by the Company as and when appropriate.
 - (8) The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the EGM to protect attending shareholders, staff and stakeholders from the risk of infection:
 - (i) compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue;
 - (ii) each attendee is required to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats;
 - (iii) no refreshment will be served, and there will be no corporate gift; and
 - (iv) each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the Court Meeting and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions

may be denied entry into the meeting venue or be required to leave the meeting venue.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) instead of attending the meeting in person, by completing and return the proxy form attached to this Scheme Document.

If any shareholder has any question relating to the EGM, please contact the Share Registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Email: hkinfo@computershare.com.hk
Tel: 2862 8555
Fax: 2865 0990