



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 Luoja
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to the SPA, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.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 LuoJia 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 Luoia 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.

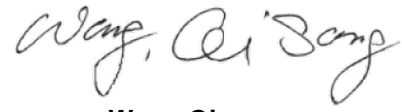
It is emphasised that none of the Offeror, the Company and Haitong International nor any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result 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

A handwritten signature in black ink, reading "Wang, Qi Song". The signature is written in a cursive, flowing style.

Wang Qisong
Chairman