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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1035)

**CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS
RELATING TO THE ENTERING INTO OF THE LOAN AGREEMENT,
SUPPLEMENTAL EQUITY PLEDGE AGREEMENT
AND BUSINESS SUPPORT AGREEMENT WITH SANGON HEALTH**

Reference is made to the announcement of the Company dated 3 March 2017 regarding the entering into of the VIE Agreements by the Company and the establishment of the VIE Structure.

The Board is pleased to announce that, on 24 July 2018 (after trading hours), Sangon Biotech (a subsidiary of the Company), Mr. Wang (an executive Director, a controlling Shareholder and the sole shareholder of Sangon Health) and Sangon Health entered into the Loan Agreement and the Supplemental Equity Pledge Agreement and Sangon Biotech and Sangon Health entered into the Business Support Agreement.

Mr. Wang, being an executive Director and a controlling Shareholder (currently deemed to be interested in approximately 56.86% of the issued share capital of the Company under Part XI of the SFO), and Sangon Health, being a company wholly-owned by Mr. Wang, are connected persons of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the Loan Agreement and the Supplemental Equity Pledge Agreement constitute connected transactions of the Company and the transactions contemplated under the Business Support Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

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

As each of the relevant applicable percentage ratios of the largest annual cap of the Business Support Agreement and each of the relevant applicable percentage ratios of the Loan Agreement is more than 0.1% but less than 5%, the Business Support Agreement and the Loan Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 3 March 2017 regarding the entering into of the VIE Agreements by the Company and the establishment of the VIE Structure.

On 24 July 2018 (after trading hours), Sangon Biotech (a subsidiary of the Company), Mr. Wang (an executive Director, a controlling Shareholder and the sole shareholder of Sangon Health) and Sangon Health entered into the Loan Agreement and the Supplemental Equity Pledge Agreement and Sangon Biotech and Sangon Health entered into the Business Support Agreement to further facilitate the development of the genetic diagnosis business of the Group.

THE AGREEMENTS

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

(1) Loan Agreement

Date:	24 July 2018
Parties:	(1) Mr. Wang (2) Sangon Biotech (3) Sangon Health
Principal amount:	RMB10.0 million
Term:	The Loan Agreement became effective upon signing by all parties and remains valid until the loan amount of RMB10.0 million (the “ Loan ”) and the interest accrued therefrom have been fully repaid.
Interest rate:	4.75% per annum

Subject: Sangon Biotech agrees to grant the Loan to Sangon Health as working capital. Sangon Health shall repay the Loan and any accrued interest by 24 July 2021 or upon the termination of the Exclusive Consultancy and Technology Support Services Agreement, the Power of Attorney and the Exclusive Option Agreement (whichever is earlier), unless otherwise agreed by the parties in writing (the “**Repayment Obligations**”). Mr. Wang has provided a guarantee on the repayment of the Loan in the event Sangon Health does not fulfil its Repayment Obligations. The Loan is secured by Mr. Wang’s equity interests in Sangon Health, which details are more particularly set out in the Supplemental Equity Pledge Agreement.

(2) Supplemental Equity Pledge Agreement

Date: 24 July 2018

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

Term: The Supplemental Equity Pledge Agreement became effective upon signing by all parties and remains in effect until all of the contractual obligations of Mr. Wang and Sangon Health under the Loan Agreement, the Business Support Agreement, the Previous Loan Agreement, the Exclusive Consultancy and Technology Support Services Agreement, the Exclusive Option Agreement and the Power of Attorney have been duly performed; and all the outstanding debts of Sangon Health under the Loan Agreement, the Business Support Agreement, the Previous Loan Agreement, the Exclusive Consultancy and Technology Support Services Agreement and the Exclusive Option Agreement have been repaid in full.

Subject: Mr. Wang irrevocably confirms that the pledge provided by him under the equity pledge agreement dated 3 March 2017 shall be extended to cover (i) the obligations of Sangon Health and Mr. Wang under the Loan Agreement and the Repayment Obligations; and (ii) the obligations of Sangon Health under the Business Support Agreement and liabilities of Sangon Health in the event of breach of its obligations under the Business Support Agreement.

(3) Business Support Agreement

- Date: 24 July 2018
- Parties: (1) Sangon Biotech
(2) Sangon Health
- Term: The Business Support Agreement became effective upon signing by both parties and remains valid for three years from the date of signing which may be renewed by written agreement of both parties within 30 days before its termination subject to compliance with the Listing Rules.
- Nature of transaction: Sangon Health intends to purchase and procure from Sangon Biotech certain raw materials including enzymes, reagents, DNA and lab consumables (the “**Relevant Raw Materials**”) and certain lab products and services including DNA analysis, genetic engineering services and lab equipment (the “**Relevant Products and Services**”).
- Pricing terms: The price of the Relevant Raw Materials and Relevant Products and Services shall be determined with reference to the prevailing market price quoted by at least two other suppliers which are independent third parties providing similar services. Sangon Health shall obtain quotation from Sangon Biotech whenever it intends to purchase or procure from Sangon Biotech the Relevant Raw Materials and/or the Relevant Products and Services and the prices under the quotation provided by Sangon Biotech shall be the price of such Relevant Raw Materials and/or Relevant Products and Services for that particular transaction.
- Payment terms: Sangon Biotech shall provide transaction settlement breakdown for the transactions under the Business Support Agreement with Sangon Health of the preceding month within 5 Business Days of the end of the preceding month. Sangon Health shall confirm the transaction settlement breakdown within 5 Business Days upon receipt of such breakdown and shall settle the payment for the transactions of the preceding month within 15 days of such confirmation.

Annual caps:

The maximum annual transaction amounts payable by Sangon Health for the financial years ending 31 December 2018, 2019 and 2020 under the Business Support Agreement are set out as follows:

	Maximum transaction amount (RMB)
From 24 July 2018 to 31 December 2018	1,800,000
From 1 January 2019 to 31 December 2019	4,500,000
From 1 January 2020 to 31 December 2020	8,000,000

Since the Company has not entered into agreement for the provision of Relevant Raw Materials and Relevant Products and Services with Sangon Health previously, no historical value is available for reference.

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

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

INFORMATION ON THE COMPANY, SANGON BIOTECH AND SANGON HEALTH

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

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

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

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Directors (including the independent non-executive Directors) are of the view that the transactions under the Agreements are beneficial to the Group's business and would enable the Group to further facilitate the development of its genetic diagnosis business, and that the terms of the Agreements have been arrived at after arm's length negotiations, are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

So far as the Company is aware, save and except Mr. Wang's interest in Sangon Health, none of the Directors had any material interest in the transactions under the Agreements. Save and except Mr. Wang, Ms. Wang LuoJia and Ms. Wang Jin, none of the Directors was required to abstain from voting on the Board resolutions approving the entering into of the Agreements.

LISTING RULES IMPLICATIONS

Mr. Wang, being an executive Director and a controlling Shareholder (currently deemed to be interested in approximately 56.86% of the issued share capital of the Company under Part XV of the SFO), and Sangon Health, being a company wholly-owned by Mr. Wang, are connected persons of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the Loan Agreement and Supplemental Equity Pledge Agreement constitute connected transactions of the Company and the transactions contemplated under the Business Support Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

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

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

DEFINITIONS

“Agreements”	the Loan Agreement, the Supplemental Equity Pledge Agreement and the Business Support Agreement;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Business Support Agreement”	《業務支持協議》 the business support agreement dated 24 July 2018 entered into between Sangon Biotech and Sangon Health;
“Company”	BBI Life Sciences Corporation, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Equity Pledge Agreement”	《股權質押協議》 the equity pledge agreement dated 3 March 2017 entered into among Mr. Wang, Sangon Biotech and Sangon Health;
“Exclusive Consultancy and Technology Support Services Agreement”	《戰略諮詢及服務協議》 the exclusive consultancy and technology support services agreement dated 3 March 2017 and entered into between Sangon Biotech and Sangon Health;
“Exclusive Option Agreement”	《獨家選擇權協議》 the exclusive option agreement dated 3 March 2017 and entered into between Mr. Wang, Sangon Biotech and Sangon Health;
“Group”	the Company and its subsidiaries;
“HK” or “Hong Kong”	Hong Kong Special Administration Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Agreement”	《運營資金借款協議》 the loan agreement dated 24 July 2018 and entered into among Sangon Biotech, Sangon Health and Mr. Wang;
“Mr. Wang”	Mr. Wang Qisong, who owns 100% of the equity interests in Sangon Health, a controlling Shareholder, an executive Director and the Chairman of the Board;

“percentage ratios”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules;
“Power of Attorney”	《授權委託書》 the power of attorney dated 3 March 2017 executed by Mr. Wang in favour of Sangon Biotech;
“PRC”	the People’s Republic of China;
“Previous Loan Agreement”	《運營資金借款協議》 the loan agreement dated 3 March 2017 and entered into among Sangon Biotech, Sangon Health and Mr. Wang;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sangon Biotech”	生工生物工程(上海)股份有限公司 (Sangon Biotech Engineering (Shanghai) Company Limited*), a joint stock company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company;
“Sangon Health”	生工健康科技(上海)有限公司 (Sangon Health Technology (Shanghai) Company Limited*), a company established under the laws of the PRC on 4 January 2017 with limited liability, wholly-owned by Mr. Wang and an indirect non-wholly owned subsidiary of the Company;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Equity Pledge Agreement”	《股權質押協議之補充協議》 the supplemental equity pledge agreement dated 24 July 2018 entered into among Mr. Wang, Sangon Biotech and Sangon Health;
“VIE Agreements”	collectively, (i) the Exclusive Option Agreement; (ii) the Power of Attorney; (iii) the Equity Pledge Agreement; (iv) the Exclusive Consultancy and Technology Support Services Agreement; and (v) the Previous Loan Agreement, further details of these agreements are provided in the announcement of the Company dated 3 March 2017;

“VIE Structure” the structure established through the entering into of the VIE Agreements, which enables the Group to effectively hold and control Sangon Health; and

“%” per cent.

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

Hong Kong, 24 July 2018

As at the date of this announcement, the executive directors of the Company are Mr. WANG Qisong, Ms. WANG Luoia and Ms. WANG Jin; the non-executive director of the Company is Mr. ZHOU Mi; and the independent non-executive directors of the Company are Mr. XIA Lijun, Mr. HO Kenneth Kai Chung and Mr. LIU Jianjun.

* *For identification purpose only*