

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.*

*This announcement is not, and does not form any part of, an offer or invitation for the sale of securities in the United States or to, or for the account or benefit of any “U.S. persons” (as defined in Regulation S under the Securities Act). The securities have not been and will not be registered under the Securities Act, and may not be offered, sold or otherwise transferred within the “United States” or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available.*



# 國藥控股股份有限公司 SINOPHARM GROUP CO. LTD.\*

*(A joint stock limited company incorporated in the People’s Republic of China with limited liability and carrying on business in Hong Kong as 國控股份有限公司)*

**(Stock Code: 01099)**

## PLACING OF H SHARES UNDER GENERAL MANDATE

**Placing Agents**  
*(in alphabetical order)*



On 17 January 2020, the Company entered into the Placing Agreement with the Placing Agents in relation to the Placing, on a best effort basis, of a maximum of 149,000,000 new H Shares at the Placing Price of HK\$27.30 per H Share.

The maximum of 149,000,000 Placing Shares represent 12.5% and 5.0%, respectively, of the existing total issued H Shares and the total issued share capital of the Company as at the date of this announcement and 11.1% and 4.8%, respectively, of the total issued H Shares and the total issued share capital of the Company as enlarged by the issue of the maximum of 149,000,000 Placing Shares.

The Placing Shares will be issued under the General Mandate and sold to not less than six Placees on a best effort basis, subject to termination in certain events, as set out below under the heading “Conditions of the Placing”.

The maximum amount of net proceeds of the Placing will be approximately HK\$4,021.5 million. The Company intends to use the net proceeds from the Placing for the expansion of pharmaceutical distribution, retail network and medical device business as well as improvement of working capital after the expansion. Details of the actual use of the proceeds will be disclosed in the next published periodic report of the Company.

**Since completion of the Placing is subject to fulfilment of the conditions precedent under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.**

## THE PLACING AGREEMENT

Date                    17 January 2020

Parties                (i) The Company  
                              (ii) The Placing Agents

## PLACING

Pursuant to the Placing Agreement, the Placing Agents have severally (but not jointly nor jointly and severally) agreed to act as the agents of the Company to procure, on a best effort basis, professional, institutional and/or other investors to subscribe for an aggregate of 149,000,000 Placing Shares.

## INDEPENDENCE OF THE PLACING AGENTS

Each of the Placing Agents is not a connected person of the Company and is independent of and not connected with any connected person of the Company.

## PLACEES

The Placing Agents will place the Placing Shares to not less than six Placees, who will be professional,

institutional or other investors. Each of the Placing Agents shall use its reasonable endeavours, based on information available to the Placing Agents, information provided by the Company and confirmations from the Placees, to ensure that each Placee is not a connected person of the Company. It is expected that none of the individual Placees will become a Substantial Shareholder of the Company immediately after completion of the Placing.

## **NUMBER OF PLACING SHARES**

The Placing Shares comprise 149,000,000 new H Shares to be issued and allotted by the Company.

The Placing Shares represent 12.5% and 5.0%, respectively, of the existing total issued H Shares and the total issued share capital of the Company as at the date of this announcement and 11.1% and 4.8%, respectively, of the total issued H Shares and the total issued share capital of the Company as enlarged by the issue of the maximum of 149,000,000 Placing Shares.

The aggregate nominal value of the Placing Shares will be RMB149,000,000 (equivalent to approximately HK\$168,361,582, at the exchange rate of RMB1=HK\$1.1299).

## **PLACING PRICE**

The Placing Price of HK\$27.30 per H Share represents:

- (i) a discount of approximately 7.3% to the closing price of HK\$29.45 per H Share as quoted on the Stock Exchange on 16 January 2020, being the last trading day prior to the entering into of the Placing Agreement;
- (ii) a discount of approximately 5.6% to the average closing price of HK\$28.92 per H Share as quoted on the Stock Exchange for the last 5 trading days up to and including 16 January 2020; and
- (iii) a discount of approximately 4.4% to the average closing price of HK\$28.55 per H Share as quoted on the Stock Exchange for the last 10 trading days up to and including 16 January 2020.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agents which has taken into account recent market price of the H Shares and the current market conditions.

## **CONDITIONS OF THE PLACING**

Completion of the Placing is conditional upon, inter alia, the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares.

If any of such conditions shall not have been fulfilled at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date, the Company and the Placing Agents shall have no obligations or liabilities to each other under the Placing and neither the Company nor the Placing Agents shall have any claim against the other for costs, damages, compensation or otherwise arising under the Placing Agreement save for antecedent breaches.

## **TERMINATION**

The Placing Agreement may be terminated by the Placing Agents, after consultation with the Company and by giving written notice to the Company at any time prior to 8:00 a.m. (Hong Kong time) on the Closing Date, in accordance with the terms thereof, such as on the grounds of material breach of any of the representations, warranties and undertakings by the Company as set out in the Placing Agreement or the occurrence of certain force majeure events.

## COMPLETION OF THE PLACING

The Placing is expected to be completed on the Closing Date.

Since completion of the Placing is subject to fulfilment of the conditions precedent under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

## EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of the Placing Agreement and immediately after completion of the Placing on the Closing Date (assuming no other changes made to the issued share capital of the Company between the date of the Placing Agreement and the Closing Date) :

Name	Class of Share	As at the date of the Placing Agreement		On the Closing Date	
		No. of Shares	Approximate percentage of issued share capital (%)	No. of Shares (maximum)	Approximate percentage of issued share capital (%)
CNPGC ( <i>Note</i> )	Domestic Shares	207,289,498	6.98	207,289,498	6.64
Sinopharm Industrial Investment Co., Ltd. (國藥產業投資有限 公司)	Domestic Shares	1,571,555,953	52.88	1,571,555,953	50.36
Placees	H Shares	-	-	149,000,000	4.77
Other Public Shareholders	H Shares	<u>1,192,810,740</u>	<u>40.14</u>	<u>1,192,810,740</u>	<u>38.22</u>
<b>Total</b>		<b><u>2,971,656,191</u></b>	<b>100</b>	<b><u>3,120,656,191</u></b>	<b>100</b>

*Note:* CNPGC holds 51% equity interest in Sinopharm Industrial Investment Co., Ltd. (國藥產業投資有限公司), therefore it is deemed to be interested in 1,778,845,451 Shares of the Company pursuant to the Securities and Futures Ordinance.

## LOCK-UP UNDERTAKING

The Company has undertaken to the Placing Agents that for a period from the date of the Placing Agreement up to 60 days after the Closing Date, except for the allotment and issue of Placing Shares and

the sale, transfer or disposal of Shares in accordance with the Restricted Share Incentive Scheme, neither the Company nor any person acting on its behalf will (i) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interests in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agents.

## **GENERAL MANDATE TO ISSUE THE PLACING SHARES**

The Placing Shares will be issued and allotted by the Company pursuant to the General Mandate. Pursuant to the General Mandate, the Directors are authorised to allot and issue up to 355,769,090 Domestic Shares and 238,562,148 H Shares. As at the date of this announcement, the Company has not issued any Domestic Shares or H Shares pursuant to the General Mandate.

## **REGULATORY AND CORPORATE APPROVALS**

The Company has obtained all necessary PRC regulatory approvals in respect of the Placing, being the approvals from the CSRC and SASAC, as well as the necessary corporate approvals, being the General Mandate and the relevant Board approval.

The Placing is not subject to the approval of the Shareholders.

## **RANKING OF THE PLACING SHARES**

The Placing Shares will rank *pari passu* in all respects with the existing H Shares in issue as at the Closing Date including the right to receive all dividends and distributions declared or made after the Closing Date.

## **REASONS FOR THE PLACING**

The Directors consider that the placing of the Placing Shares represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company.

The Directors are of the view that the terms of the Placing Agreement (including the placing fee and the Placing Price) are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The maximum amount of net proceeds (after deducting all applicable costs and expenses, including commission and legal fees) of approximately HK\$4,021.5 million from the Placing of the Placing Shares is intended to be used for the expansion of pharmaceutical distribution, retail network and medical device business as well as improvement of working capital after the expansion. Details of the actual use of the proceeds will be disclosed in the next published periodic report of the Company. The net price (after deducting all applicable costs and expenses, including commission and legal fees) raised per H Share

upon completion of the Placing will be approximately HK\$26.99.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

There has not been any equity fund raising activity or any issue of equity securities of the Company in the 12 months immediately preceding the date of this announcement.

## **APPLICATION FOR LISTING**

An application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

## **TERMS AND DEFINITIONS**

In this announcement, unless the context otherwise requires, the expressions below shall have the following meanings:

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday and public holidays in Hong Kong) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong
“Closing Date”	the Business Day after the date on which the conditions to completion of the Placing as set out in the Placing Agreement are fulfilled but in any event no later than 23 January 2020 or such other date as the Company and the Placing Agents may agree in writing
“CNPGC”	China National Pharmaceutical Group Co., Ltd. (中國醫藥集團有限公司), a state wholly-owned enterprise established in the PRC and the ultimate controlling Shareholder
“Company”	Sinopharm Group Co. Ltd. (國藥控股股份有限公司), a joint stock limited company established in the PRC, and whose H Shares are listed and traded on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Directors”	the directors of the Company
“Domestic Share(s)”	the domestic ordinary share(s) with a nominal value of RMB1.00 each in the registered share capital of the Company, which is/are

subscribed for in RMB

“General Mandate”	the general mandate granted by the Shareholders to the Directors at the last annual general meeting of the Company held on 27 June 2019 to allot, issue, and/or deal with additional Domestic Shares and/or H Shares not exceeding 20% of each of its Domestic Shares and H Shares in issue as at 27 June 2019
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas-listed foreign invested ordinary share(s) with a nominal value of RMB1.00 each in the registered share capital of the Company, which is/are subscribed for and traded on the Stock Exchange in HK\$
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placement of the Placing Shares pursuant to the Placing Agreement
“Placing Agents”	China International Capital Corporation Hong Kong Securities Limited, Haitong International Securities Company Limited, Merrill Lynch (Asia Pacific) Limited, Morgan Stanley & Co. International plc, and UBS AG Hong Kong Branch
“Placing Agreement”	the placing agreement entered into on 17 January 2020 between the Company and the Placing Agents in respect of the Placing
“Placing Price”	the price payable for the Placing Shares at HK\$27.30 per H Share
“Placing Shares”	a maximum of 149,000,000 new H Shares to be issued by the Company under the Placing
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Restricted Share Incentive Scheme”	means the restricted share incentive scheme approved by the Shareholders and adopted by the Company on 18 October 2016 whereby awards of H Shares may be made to scheme participants
“SASAC”	State-owned Assets Supervision and Administration Commission

of the State Council of the PRC (中國國務院國有資產監督管理委員會)

“Securities Act” the United States Securities Act of 1933, as amended

“Shareholders” the shareholders of the Company

“Shares” Domestic Shares and H Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Substantial Shareholder” has the meaning ascribed to it under the Listing Rules

By order of the Board  
**Sinopharm Group Co. Ltd.**  
**Li Zhiming**  
Chairman

Shanghai, the PRC  
17 January 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Li Zhiming, Mr. Yu Qingming and Mr. Liu Yong; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. Ma Ping, Mr. Hu Jianwei, Mr. Deng Jindong, Mr. Wen Deyong, Ms. Guan Xiaohui and Ms. Dai Kun; and the independent non-executive directors of the Company are Mr. Yu Tze Shan Hailson, Mr. Tan Wee Seng, Mr. Liu Zhengdong, Mr. Zhuo Fumin and Mr. Chen Fangruo.*

*\* The Company is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance under its Chinese name and the English name “Sinopharm Group Co. Ltd.”.*