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中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

Website: www.sinobiopharm.com

(Stock code: 1177)

**PROPOSED ISSUE OF EURO750,000,000 ZERO COUPON
CONVERTIBLE BONDS DUE 2025**



J.P.Morgan

**Goldman
Sachs**

PROPOSED ISSUANCE OF CONVERTIBLE BONDS

On 22 January 2020 (after trading hours), the Company and the Managers entered into the Subscription Agreement. Pursuant to the Subscription Agreement, among other things, the Company has conditionally agreed to issue to the Managers or as they may direct, and the Managers have conditionally agreed with the Company to severally and not jointly subscribe and pay for, the Bonds, subject to certain conditions set out in the Subscription Agreement.

A book-building exercise has been conducted by the Managers, after which the terms of the Bonds, including but not limited to, the principal amount and the initial Conversion Price, have been determined.

The Bonds may be converted into Conversion Shares pursuant to the Terms and Conditions. Assuming full conversion of the Bonds at the initial Conversion Price of HK\$19.09 per Share and no further issue of Shares, the Bonds will be convertible into 338,380,041 Shares, representing approximately 2.69 per cent. of the issued share capital of the Company as at the date of this announcement and approximately 2.62 per cent. of the issued share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds. The Conversion Shares to be issued upon conversion of the Bonds will rank *pari passu* and carry the same rights and privileges in all respects with the Shares then in issue on the relevant registration date.

The Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32). The Bonds were offered by way of debt issue to professional investors only.

The Bonds and the Conversion Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and no public offering will be made in the United States. Neither the Bonds nor the Conversion Shares may be offered or sold within the United States absent registration under, or an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and applicable state or local securities laws of the United States. The Bonds are being offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

The net proceeds from the Bonds (after deduction of commissions and other related expenses) are estimated to be approximately EURO741,750,000, representing a net issue price of approximately HK\$18.88 per Conversion Share based on the initial Conversion Price. The Group intends to apply the net proceeds from the issue of the Bonds for research and development expenditure, construction of manufacturing facilities, sales and marketing and general corporate purposes.

The Conversion Shares will be allotted and issued under the General Mandate and the issue of the Conversion Shares is not subject to the approval of the Shareholders.

The Company will make a formal application to the Stock Exchange for the listing of, and permission to deal in, the Bonds on the Stock Exchange under Chapter 37 of the Listing Rules. The Company will also make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

Completion of the transactions under the Subscription Agreement is subject to the satisfaction and/or waiver of certain conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “Subscription Agreement” below for further information.

WARNING: As the issue of the Bonds under the Subscription Agreement may or may not proceed to completion, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 22 January 2020 (after trading hours), the Company and the Managers entered into the Subscription Agreement. Pursuant to the Subscription Agreement, among other things, the Company has conditionally agreed to issue to the Managers or as they may direct, and the Managers have conditionally agreed with the Company to severally and not jointly subscribe and pay for, the Bonds, subject to certain conditions set out in the Subscription Agreement.

A book-building exercise has been conducted by the Managers, after which the terms of the Bonds, including but not limited to, the principal amount and the initial Conversion Price, have been determined.

SUBSCRIPTION AGREEMENT

Date: 22 January 2020

Parties: (1) the Company, as the issuer; and

(2) the Managers.

Subscription

The Company has conditionally agreed to issue to the Managers or as they may direct, and the Managers have conditionally agreed with the Company to severally and not jointly subscribe and pay for, the Bonds on the Closing Date.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Managers and their respective ultimate beneficial owners is a third party independent of the Company and is not a connected person of the Company.

Subscribers

The Managers have informed the Company that the Bonds will be offered and sold to no less than six independent placees (who will be professional investors).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the initial placees (and their respective ultimate beneficial owners) is a third party independent of the Company and is not a connected person of the Company.

Conditions Precedent to the Subscription Agreement

The obligations of the Managers to subscribe and pay for the Bonds are conditional on, among others:

- (a) **Due Diligence:** the Managers being satisfied with the results of their due diligence investigations with respect to the Company and its subsidiaries and the Offering Circular having been prepared in form and content satisfactory to the Managers;
- (b) **Other Contracts:** the execution and delivery (on or before the Closing Date) of the other Contracts, each in a form satisfactory to the Managers, by the respective parties;
- (c) **Shareholders' Lock-up:** each member of the Tse Family jointly having executed and delivered to the Managers the Lock-up Agreement on or before the Closing Date;
- (d) **Auditors' Letters:** on the date of the Offering Circular and on the Closing Date, there having been delivered to the Managers comfort letters, in form and substance satisfactory to the Managers, and addressed to the Managers from Ernst & Young, the reporting accountants to the Company;
- (e) **Compliance:** at the Closing Date, the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on, such date, the Company having performed all of its obligations under the Contracts to be performed on or before such date, and there having been delivered to the Managers a certificate confirming no material adverse change and no default signed by a duly authorised officer of the Company in the form as agreed in the Subscription Agreement;
- (f) **Other Consents:** on or prior to the Closing Date, there shall have been delivered to the Managers copies of all consents and approvals required in relation to the issue of the Bonds and the performance of the Company's obligations under the Trust Deed, the Agency Agreement and the Bonds (including the consents and approvals required from all lenders);

- (g) **Listing:** the Stock Exchange having agreed to list the Conversion Shares upon conversion of the Bonds and the Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Managers, to list the Bonds (or, in each case, the Managers being satisfied that such listing will be granted);
- (h) **NDRC Pre-Issuance Registration Certificate:** on or prior to the Closing Date, there having been delivered to the Managers a copy of the pre-issuance registration certificate for the issue of the Bonds evidencing the registration of the issue of the Bonds with the NDRC;
- (i) **CPI Consent Letter:** the Company has read and understood the CPI Consent Letter in the form set out in the Subscription Agreement, and acknowledges and agrees to the representations, waivers and consents contained in such CPI Consent Letter; and
- (j) **Legal Opinions:** on or before the Closing Date, there having been delivered to the Managers opinions, in form and substance satisfactory to the Managers of certain legal opinions on the laws of various jurisdictions.

The Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the above conditions (other than conditions (b) and (g) above).

As at the date of this announcement, not all of the above conditions have been satisfied and/or (as the case may be) waived. The Company is working towards the satisfaction of all of the above conditions by the Closing Date.

Termination

Notwithstanding anything contained in the Subscription Agreement, the Managers may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform, or breach of, any of the Company's undertakings or agreements in the Subscription Agreement;
- (b) if any of the conditions precedent specified in the Subscription Agreement has not been satisfied or waived by the Managers on or prior to the Closing Date;
- (c) if in the opinion of the Managers, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in their view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;

- (d) if, in the opinion of the Managers, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Shanghai Stock Exchange, the Singapore Stock Exchange and/or the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, the PRC, Singapore, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong, Singapore or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Company, the Bonds, and the Conversion Shares to be issued upon conversion of the Bonds or the transfer thereof; or
- (e) if, in the opinion of the Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

LOCK-UP UNDERTAKINGS

The Company

The Company has undertaken with the Managers that neither the Company nor any person acting on its behalf will:

- (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them;
- (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares;
- (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise; or

(d) announce or otherwise make public an intention to do any of the foregoing,

in any such case without the prior written consent of the Managers between the date of the Subscription Agreement and the date which is 60 days after the Closing Date (both dates inclusive) (the “**Lock-up period**”), except for (i) the issuance of the Bonds and the Conversion Shares and (ii) the entering into of any transaction, or the announcing or otherwise making public an intention to enter into a transaction, with respect to the issuance of any Shares as consideration for any acquisition in relation to the Group’s business provided that the issuance of any Shares pursuant to such acquisition occurs after the end of the Lock-up period.

The Tse Family

The Tse Family holds directly (or through nominees) or indirectly 6,185,349,757 Shares (the “**Lock-up Shares**”). Upon the execution and delivery of the Lock-up Agreement, the Tse Family will undertake with the Managers that, for a period commencing from the date of the Lock-up Agreement up to 60 days after the Closing Date, without the prior written consent of the Managers, he/she/it will not:

- (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them;
- (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Lock-up Shares;
- (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of the Lock-up Shares or other securities, in cash or otherwise; or
- (d) announce or otherwise make public an intention to do any of the foregoing.

The lock-up undertakings of the Company and the Tse Family will terminate if the Subscription Agreement is terminated in accordance with its terms.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

Issuer:	the Company
Principal amount:	EURO750,000,000
Issue Date:	17 February 2020 (the “ Issue Date ”)
Maturity Date:	17 February 2025 (the “ Maturity Date ”)
Issue Price:	100.00 per cent of the principal amount of the Bonds
Interest Rate:	The Bonds do not bear any interest
Default Interest:	<p>The Bonds are zero coupon and do not bear interest unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, such unpaid amount shall bear interest at the rate of 1.0 per cent. per annum (both before and after judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (B) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.</p>
Form and Denomination:	<p>The Bonds are in registered form in the denomination of EURO100,000 and integral multiples of EURO1,000 in excess thereof. Upon issue, the Bonds will be represented by a global certificate registered in the name of a nominee of, and deposited with a common depositary for Euroclear Bank SA/NV and Clearstream Banking, S.A.</p>
Status:	<p>The Bonds constitute direct, unconditional, unsubordinated and subject to the Terms and Conditions, unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the Terms and Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.</p>

Conversion Right:

Subject to and upon compliance with the Terms and Conditions, the conversion right in respect of a Bond may be exercised, at the option of the Bondholder, at any time (subject to any applicable fiscal or other laws or regulations and as provided in the Terms and Conditions) on or after 30 March 2020 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling ten days prior to the Maturity Date (both days inclusive) (but, except as provided in the Terms and Conditions, in no event thereafter), or if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than ten days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof, or if notice requiring redemption has been given by the Bondholder pursuant to the Terms and Conditions, then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice.

The number of Conversion Shares to be issued on exercise of a conversion right shall be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK\$8.6129 = EURO1.00) by the Conversion Price in effect on the relevant Conversion Date (as defined in the Terms and Conditions).

Conversion Price:

The initial Conversion Price is HK\$19.09 per Share.

The Conversion Price will be subject to adjustment for, among other things, consolidation, reclassification or subdivision of Shares, capitalisation of profits or reserves, distributions, rights issue of Shares or options over Shares at less than 95 per cent. of the Current Market Price, rights issues of other securities, issues of Shares or other options over Shares at less than 95 per cent. of the Current Market Price, issues of securities or other options over securities at less than 95 per cent. of the Current Market Price, modification of rights of conversion at less than 95 per cent. of the Current Market Price, other offers to Shareholders and other events as described in the Terms and Conditions.

The Conversion Price shall not in any event be reduced to below the nominal value of the Shares as a result of any adjustment under the Terms and Conditions unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable Shares.

Adjustment upon Change of Control:

If a Change of Control shall have occurred, the Company shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) within 14 days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice (with a copy to the Trustee and the principal agent), upon any exercise of conversion rights such that the relevant Conversion Date falls within the period of 30 days following the later of (1) the relevant Change of Control and (2) the date on which the Change of Control Notice is given to the Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} / (1 + (\text{CP} \times (\text{c}/\text{t})), \text{ where}$$

NCP = the Conversion Price after such adjustment;

OCP = the Conversion Price before such adjustment. For the avoidance of doubt, OCP for the purposes of this adjustment shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion to which this adjustment is applicable;

CP (or Conversion Premium) = 57.5 per cent. expressed as a fraction;

c = the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

t = the number of days from and including the Issue Date to but excluding the Maturity Date.

Ranking of Conversion Shares: The Conversion Shares will be fully paid and will in all respects rank pari passu with the fully paid Shares in issue on the relevant registration date except for any right excluded by mandatory provisions of applicable law and except that such Conversion Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant registration date.

Redemption at Maturity: Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at its principal amount.

Redemption for Taxation
Reasons:

The Company may redeem all and not some only of the Bonds, at its option, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Trustee and the principal agent in writing and to the Bondholders in accordance with the Terms and Conditions (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption (the "**Tax Redemption Date**") at its principal amount, if the Company satisfies the Trustee immediately prior to the giving of such notice that (a) the Company has or will become obliged to pay additional tax amounts as provided or referred to in the Terms and Conditions as result of any change in, or amendment to, the laws or regulations of the PRC or the Cayman Islands, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 22 January 2020, and (b) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

If the Company gives a Tax Redemption Notice pursuant to the condition on redemption for taxation reasons, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions on the condition of taxation shall not apply in respect of any payment of principal, premium (if any) or interest (if any) to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable by the Company in respect thereof pursuant to the condition on taxation and payment of all amounts by the Company to such holder in respect of such Bond(s) shall be made subject to the deduction or withholding of any tax required to be deducted or withheld.

Redemption at the Option of
the Company:

On giving not less than 30 nor more than 60 days' notice (the "**Optional Redemption Notice**") to the Trustee and the principal agents in writing, and to the Bondholders in accordance with the Terms and Conditions, the Company may redeem all and not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount:

- (i) at any time after 17 February 2023, provided that the Closing Price of a Share (translated into Euros at the prevailing rate), for 20 out of 30 consecutive trading days, the last of which occurs not more than 5 trading days prior to the date of the Optional Redemption Notice, was at least 125 per cent. of the Conversion Price (translated into Euros at the Fixed Exchange Rate) then in effect for each of the 20 trading days; or
- (ii) at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further Bonds issued pursuant to the Terms and Conditions).

Redemption for Delisting or
Change of Control:

Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on the Relevant Event Put Date at their principal amount. To exercise such right, the holder of the relevant Bond must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) at the specified office of any paying agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) from the specified office of any paying agent (a "**Relevant Event Put Exercise Notice**"), together with the certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Company in accordance with the Terms and Conditions. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Company's consent.

Within 14 days after it becomes aware of the occurrence of a Relevant Event, the Company shall give notice thereof to the Trustee and the principal agent in writing and to the Bondholders in accordance with the Terms and Conditions. The notice regarding the Relevant Event shall contain a statement informing Bondholders of their entitlement to exercise their conversion rights and their entitlement to exercise their rights to require redemption of their Bonds pursuant to the Terms and Conditions.

Redemption at the Option of
the Bondholders:

On 17 February 2023 (the “**Optional Put Date**”), the holder of each Bond will have the right at such holder’s option, to require the Company to redeem all or some only of the Bonds of such holder on the Optional Put Date at their principal amount. To exercise such right, the Bondholder must complete, sign and deposit with any paying agent a duly completed and signed notice of redemption (“**Optional Put Exercise Notice**”) together with the certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Optional Put Date.

An Optional Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn unless the Company consents in writing to such withdrawal.

CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price is HK\$19.09 per Conversion Share, which represents:

- (a) a premium of approximately 57.51 per cent. over the Closing Price of HK\$12.12 as quoted on the Stock Exchange on 22 January 2020 (being the last trading day before the Subscription Agreement was entered into);
- (b) a premium of approximately 60.56 per cent. over HK\$11.89, being the average of the Closing Price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 22 January 2020; and
- (c) a premium of approximately 67.16 per cent. over the HK\$11.42, being the average of the Closing Price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 22 January 2020.

The Conversion Price was determined with reference to the prevailing market price of the Shares and the Terms and Conditions (including the redemption options) and was negotiated on an arm’s length basis between the Company and the Managers after a book-building exercise. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Bonds may be converted into Conversion Shares pursuant to the Terms and Conditions. Assuming full conversion of the Bonds at the initial Conversion Price of HK\$19.09 per Share and no further Shares are issued, the Bonds will be convertible into 338,380,041 Shares, representing approximately 2.69 per cent. of the issued share capital of the Company as at the date of this announcement and approximately 2.62 per cent. of the issued share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds. The Conversion Shares to be issued upon conversion of the Bonds will rank pari passu and carry the same rights and privileges in all respects with the Shares then in issue on the relevant registration date.

EFFECT ON SHAREHOLDING STRUCTURE

The following table summarises the potential effects on the shareholding structure of the Company as a result of the issue of the Bonds (by reference to the information on shareholdings available to the Company as at the date of this announcement and assuming full conversion of the Bonds and no further issue of Shares):

	Shares held as at the date of this announcement		Assuming the Bonds are fully converted into Shares at the initial Conversion Price	
	Approximate Number of Shares	Approximate % of issued share capital of the Company	Approximate Number of Shares	Approximate % of issued share capital of the Company
Non-public Shareholders				
The Tse Family	6,185,349,757	49.14%	6,185,349,757	47.85%
Other Shareholder	98,598,000	0.78%	98,598,000	0.76%
Public Shareholders				
The Bondholders	—	—	338,380,041	2.62%
Other Shareholders	6,304,356,730	50.08%	6,304,356,730	48.77%
Total	<u>12,588,304,487</u>	<u>100.00%</u>	<u>12,926,684,528</u>	<u>100.00%</u>

USE OF PROCEEDS

The net proceeds from the Bonds (after deduction of commissions and other related expenses) are estimated to be approximately EURO741,750,000, representing a net issue price of approximately HK\$18.88 per Conversion Share based on the initial Conversion Price. The Group intends to apply the net proceeds from the issue of the Bonds for research and development expenditure, construction of manufacturing facilities, sales and marketing and general corporate purposes.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE BONDS

The Directors consider the issue of Bonds represents an opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company and to obtain immediate funding for further business expansion. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement are made on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned, and the issue of the Bonds is in the interests of the Company and the Shareholders as a whole.

GENERAL MANDATE

The Conversion Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 5 June 2019. Under the General Mandate, a maximum of 2,517,660,897 new Shares may fall to be allotted and issued. As at the date of this announcement, the General Mandate has not been utilised. The Conversion Shares in respect of the Bonds will utilise, based on the initial Conversion Price, approximately 338,380,041 Shares under the General Mandate, representing approximately 13.44 per cent. of the maximum number that is allowed to be allotted and issued under the General Mandate. As such, the Board considers that the General Mandate will be sufficient for, and no further Shareholders' approval is required for, the allotment and issue of the Conversion Shares.

In any event, if the number of the Conversion Shares does exceed the General Mandate upon future adjustment to the Conversion Price pursuant to the Terms and Conditions, the Company will seek a specific mandate from its Shareholders for issuing the Conversion Shares exceeding the General Mandate.

EQUITY FUND-RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this announcement.

GENERAL INFORMATION

The Group is a leading, innovative and research and development driven pharmaceutical conglomerate in the PRC. The Group's business encompasses a fully integrated chain in pharmaceutical products which covers an array of R&D platforms, a line-up of intelligent production and a strong sales system. The Group's products have gained a competitive foothold in various therapeutic categories with promising potentials, comprising a variety of biopharmaceutical and chemical medicines for treating tumors, liver disease, respiratory system diseases, analgesia, cardio-cerebral diseases and orthopedic diseases.

APPLICATION FOR LISTING

The Company will make a formal application to the Stock Exchange for the listing of, and permission to deal in, the Bonds on the Stock Exchange under Chapter 37 of the Listing Rules. The Company will also make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

Completion of the transactions under the Subscription Agreement is subject to the satisfaction and/or waiver of certain conditions precedents therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “**Subscription Agreement**” above for further information.

WARNING: As the issue of the Bonds under the Subscription Agreement may or may not proceed to completion, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agency Agreement”	the paying, conversion and transfer agency agreement in respect of the Bonds to be entered into among the Company, the Trustee and the other agents named therein
“Board”	the board of Directors
“Bondholders”	holders of the Bonds from time to time
“Bonds”	the zero coupon convertible bonds due 2025 in an aggregate principal amount of EURO750,000,000 to be issued by the Company pursuant to the Subscription Agreement
“Change of Control”	<ul style="list-style-type: none">(i) any person or persons other than the Permitted Holders (or persons who are controlled by the Permitted Holders) acting together acquires control of the Company if such person or persons does not or do not have, and would not be deemed to have, control of the Company on the Issue Date;(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person, unless the consolidation, merger, sale or transfer will not result in such other person or persons, other than the Permitted Holders, acquiring control over the Company or the successor entity; or

(iii) the Permitted Holders together cease, directly or indirectly, to own at least 30 per cent. of the Company

“Closing Date” or the “Issue Date”	the date on which the Bonds are issued, which is tentatively scheduled for 17 February 2020 or such later date (not being later than 2 March 2020) as the Company and the Managers may agree
“Closing Price”	for the Shares for any trading day, the price of which is published in the Daily Quotation Sheet published by the Stock Exchange
“Company”	Sino Biopharmaceutical Limited, 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 given to it in the Listing Rules
“Contracts”	the Trust Deed, the Agency Agreement and the Subscription Agreement
“Conversion Shares”	the Shares to be issued by the Company upon conversion of the Bonds pursuant to the Trust Deed and the Terms and Conditions
“Current Market Price”	<p>in respect of a Share on a particular date, the average of the Closing Prices of a Share for the 20 consecutive trading days ending on and including (i) the trading day immediately preceding such date, or (ii) if the relevant announcement was made after the close of trading on such date (being a trading day), such date of announcement; provided that if at any time during such 20 trading day period the Shares shall have been quoted ex-dividend (or ex-any other entitlement) and during some other part of that period the Shares shall have been quoted cum-dividend (or cum-any other entitlement) then:</p> <p>(a) if the Shares to be issued or transferred and delivered do not rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the shares shall have been based on a price cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the fair market value of any such dividend or entitlement per Share; or</p> <p>(b) if the Shares to be issued or transferred and delivered rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Shares shall have been based on a price ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the fair market value of any such dividend or entitlement per Share;</p>

and provided that:

- (i) if on each of the said 20 trading days the Shares have been quoted a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Shares to be issued or transferred and delivered do not rank for that dividend (or other entitlement), the Closing Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the fair market value of any such dividend or entitlement per Share in any such case determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit;
- (ii) if the Closing Price of a Share is not available on one or more of the said 20 trading days (disregarding for this purpose the proviso to the definition of Closing Price), then the average of such Closing Prices which are available in that 20 trading day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Closing Price is available in the relevant period the Current Market Price shall be determined by an independent investment bank; and
- (iii) in making any calculation or determination of Current Market Price in relation to an issue of Shares, other securities or options, rights or warrants for shares or other securities which are issued offered, allotted, appropriated, modified or granted in connection (partly or fully) with any merger or acquisition, each reference above to 20 consecutive trading days shall be to 30 consecutive trading days.

“Directors”	the directors of the Company
“EURO” or “€”	Euro, the lawful currency of the member state of the Eurozone
“Fixed Exchange Rate”	the fixed rate of HK\$8.6129 = EURO1.00
“General Mandate”	the general mandate to allot and issue Shares granted to the Directors by resolutions of the Shareholders passed at the annual general meeting held on 5 June 2019
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lock-up Agreement”	a lock-up agreement to be delivered by the Tse Family to the Managers on or prior to the Closing Date
“Managers”	Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, J.P. Morgan Securities Plc and Goldman Sachs (Asia) L.L.C.
“NDRC”	the National Development and Reform Commission of the PRC
“Offering Circular”	an offering circular to be prepared by the Company in relation to the issue of the Bonds
“Permitted Holders”	any or all of the following: Mr. Tse Ping, Ms. Cheng Cheung Ling, Miss Tse, Theresa Y Y and Mr. Tse, Eric S Y
“PRC”	the Peoples Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“professional investors”	as the meaning given to it in the Securities and Futures Ordinance (Cap. 571) and the Securities and Futures (Professional Investors) Rules (Cap. 571D)
“Relevant Event”	when the Shares cease to be listed or admitted to trading or are suspended from trading on the Main Board of the Stock Exchange for a period equal to or exceeding 30 consecutive trading days, or when there is a Change of Control
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.025 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement dated 22 January 2020 entered into between the Company and the Managers in relation to the subscription of the Bonds
“Terms and Conditions”	the terms and conditions of the Bonds
“Trust Deed”	the trust deed constituting the Bonds to be entered into between the Company and the Trustee

“Trustee”	Citicorp International Limited
“Tse Family”	Mr. Tse Ping, Ms. Cheng Cheung Ling, Ms. Tse, Theresa Y Y and Mr. Tse, Eric S Y
“United States”	the United States of America

In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

The English names of Chinese entities included in this announcement are unofficial translations of their Chinese names and are included for identification purposes only.

This announcement contains translation at the exchange rate of EURO1.00 to HK\$8.6129. This translation is provided for reference only, and no representation is made, and no representation should be construed as being made, that any amounts in EURO or HK dollars can be or could have been converted at the above rate or any other rates or at all.

By Order of the Board
Sino Biopharmaceutical Limited
Tse, Theresa Y Y
Chairwoman

Hong Kong, 23 January 2020

As at the date of this announcement, the Board comprises eight Executive Directors, namely Ms. Tse, Theresa Y Y, Mr. Tse Ping, Ms. Cheng Cheung Ling, Mr. Tse, Eric S Y, Mr. Tse Hsin, Mr. Wang Shanchun, Mr. Tian Zhoushan and Ms. Li Mingqin and four Independent Non-Executive Directors, namely Mr. Lu Zhengfei, Mr. Li Dakui, Ms. Lu Hong and Mr. Zhang Lu Fu.