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三生制药
3SBIO INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1530)

(Convertible Bonds Code: 5241)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF SUNSHINE GUOJIAN ON THE STAR MARKET

References are made to the announcements of the Company dated 24 June 2020 and 31 October 2019 and the Company's annual results announcement dated 30 March 2020 (collectively, the "**Announcements**"), as well as the Company's annual report dated 29 April 2020, in relation to the Proposed Spin-off and Proposed A Share Listing. Unless otherwise defined, terms used in this announcement shall have the same meaning in the Announcements.

As disclosed in the Announcements, the Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off under Practice Note 15 of the Listing Rules and granted the waiver from strict compliance with the requirement of Paragraph 3(f) of Practice Note 15 of the Listing Rules, and the registration for the Proposed Listing on the STAR Market was approved by the CSRC in accordance with legal procedures in June 2020.

According to the latest listing timetable, Sunshine Guojian will launch the proposed initial public offering of the ordinary shares (the "**Offering**") on 13 July 2020, and the listing of and dealings in the ordinary shares of Sunshine Guojian on the STAR Market are expected to commence on 22 July 2020.

As the equity interest of the Company in Sunshine Guojian is expected to decrease upon completion of the Proposed A Share Listing, the Proposed A Share Listing constitutes a deemed disposal of the Company under Chapter 14 of the Listing Rules. It is currently expected that the highest applicable percentage ratio in respect of the Proposed A Share Listing will be more than 5% but less than 25%. As such, the Proposed A Share Listing is subject to the announcement and reporting requirements, but exempt from shareholders' approval under Chapter 14 of the Listing Rules.

Shareholders of the Company and potential investors should note that, the Proposed A Share Listing is subject to, inter alia, the prevailing market conditions. Accordingly, shareholders and potential investors of the Company should be aware that, the Company does not guarantee the proceeding of the Proposed A Share Listing of Sunshine Guojian, nor the timing of the Proposed A Share Listing. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

PROPOSED LISTING ON THE STAR MARKET

Background

References are made to the Announcements, as well as the Company's annual report dated 29 April 2020, in relation to the Proposed Spin-off and Proposed A Share Listing. Unless otherwise defined, terms used in this announcement shall have the same meaning in the Announcements.

As disclosed in the Announcements, the Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off under Practice Note 15 of the Listing Rules and granted the waiver from strict compliance with the requirement of Paragraph 3(f) of Practice Note 15 of the Listing Rules, and the registration for the Proposed Listing on the STAR Market was approved by the CSRC in accordance with legal procedures in June 2020.

According to the latest listing timetable, Sunshine Guojian will launch the Offering on 13 July 2020, and the listing of and dealings in the ordinary shares of Sunshine Guojian on the STAR Market are expected to commence on 22 July 2020.

Change of the shareholding structure of Sunshine Guojian

As at the date of this announcement, the Company controls approximately 89.96% equity interest of the total issued shares of Sunshine Guojian. It is expected that Sunshine Guojian will issue a total of 61,621,142 shares for subscription on the STAR Market, representing approximately 10% of its total issued shares as at the date of this announcement. Therefore, the equity interest of the Company in Sunshine Guojian will be diluted by approximately 9% and the Company is expected to control approximately 80.96% equity interest of the total issued shares of Sunshine Guojian immediately after the Proposed A Share Listing. Sunshine Guojian will remain as a subsidiary of the Company following the Proposed A Share Listing.

Pursuant to the PRC laws and the lock-up undertakings provided by the Company, the shares owned by the Company in Sunshine Guojian are subject to a lock-up period of 36 months from the listing date of Sunshine Guojian.

Intended use of proceeds

It is expected that the offer price of Sunshine Guojian is RMB28.18 per share, which is determined with reference to the historical financial performance and business prospects of Sunshine Guojian, the market-leading position of Sunshine Guojian and the prevailing market conditions of the STAR Market.

It is estimated that Sunshine Guojian will receive total proceeds of RMB1,736,483,781.56 from the Offering. Such proceeds are expected to be used to fund the principal business activities of Sunshine Guojian and as its general working capital, as well as for payment of expenses for the issuance.

INFORMATION ON THE GROUP AND SUNSHINE GUOJIAN

The Company is a leading biotechnology company in the PRC founded in 1993. As a pioneer in the PRC biotechnology industry, the Group has extensive expertise in developing, manufacturing and commercializing biopharmaceuticals, including principally non-monoclonal antibody biopharmaceutical products.

Sunshine Guojian is a non-wholly owned subsidiary of the Company, which is principally engaged in the development, manufacture and sale of monoclonal antibody therapeutics in the PRC.

Set out below is certain financial information in relation to Sunshine Guojian for the two financial years ended 31 December 2018 and 2019, respectively, as extracted from the PRC audited consolidated financial statements of Sunshine Guojian for the relevant years:

	For the year ended 31 December 2018	For the year ended 31 December 2019
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	411,335,173.72	229,231,445.74
Net profit after taxation and extraordinary items	357,967,173.11	210,045,597.97

The consolidated net asset value of Sunshine Guojian as at 31 December 2019 was RMB2,903,657,297.78.

REASONS FOR AND BENEFITS OF PROPOSED LISTING ON THE STAR MARKET

The Directors consider that the Proposed A Share Listing will (i) marketize the price of the equity interests of Sunshine Guojian; (ii) provide new sources of capital for Sunshine Guojian; (iii) enhance corporate and brand awareness on both the Group level and the Spun-off Group level; (iv) increase corporate governance; (v) attract talents to join Sunshine Guojian and enhance the standard, capacity and expertise of Sunshine Guojian; and (vi) enable Sunshine Guojian and the Group to be more focused in developing and strategically planning their respective businesses. As such, the Board believes that there are clear commercial benefits to the Group under the Proposed A Share Listing.

The Directors are of the view that the terms and conditions of the Proposed A Share Listing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT

As the Proposed A Share Listing will not result in the Company's loss of control over Sunshine Guojian, the Proposed A Share Listing will be accounted for as an equity transaction and will not result in the recognition of gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income.

IMPLICATIONS UNDER THE LISTING RULES

As the equity interest of the Company in Sunshine Guojian is expected to decrease upon completion of the Proposed A Share Listing, the Proposed A Share Listing constitutes a deemed disposal of the Company under Chapter 14 of the Listing Rules. It is currently expected that the highest applicable percentage ratio in respect of the Proposed A Share Listing will be more than 5% but less than 25%. As such, the Proposed A Share Listing is subject to the announcement and reporting requirements, but exempt from shareholders' approval under Chapter 14 of the Listing Rules.

Further announcement(s) will be made by the Company when and where appropriate.

Shareholders and potential investors of the Company should note that, the Proposed A Share Listing on the STAR Market is subject to, *inter alia*, the prevailing market conditions. Accordingly, shareholders and potential investors of the Company should be aware that the Company does not guarantee the proceeding of the Proposed A Share Listing of Sunshine Guojian, nor the timing of the Proposed A Share Listing. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
3SBio Inc.
Dr. LOU Jing
Chairman

Shenyang, the PRC
9 July 2020

As at the date of this announcement, the directors of the Company are Dr. LOU Jing and Ms. SU Dongmei as executive directors; Mr. HUANG Bin and Mr. TANG Ke as non-executive directors; and Mr. PU Tianruo, Mr. David Ross PARKINSON and Dr. WONG Lap Yan as independent non-executive directors.