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三生制药
3SBIO INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1530)

(Convertible Bonds Codes: 5241 and 40285)

**CONNECTED TRANSACTION
GRANT OF AWARDED SHARES
UNDER SPECIFIC MANDATE TO A CONNECTED PERSON
PURSUANT TO THE SHARE AWARD SCHEME**

THE GRANT

On 7 September 2020, the Board resolved to conditionally grant 10,000,000 new Awarded Shares to Dr. Zhu.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dr. Zhu is a connected person at the subsidiary level of the Company, and thus the Grant and the allotment and issue of new Awarded Shares constitute connected transactions under the Listing Rules and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek a Specific Mandate from the Independent Shareholders at the EGM for the allotment and issue of Awarded Shares to Dr. Zhu under Rule 13.36(1) of the Listing Rules.

As at the date of this announcement, Dr. Zhu and his associates do not hold any Shares, and Dr. Zhu holds only options to subscribe for up to 3,000,000 Shares.

EGM

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Grant and the Specific Mandate are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Grant are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

An EGM will be held to consider and approve, among others, the ordinary resolutions regarding the Grant and the Specific Mandate. A circular containing, amongst other things, (i) further details of the Grant; (ii) the Specific Mandate; (iii) the recommendation from the Independent Board Committee in respect of the Grant and the Specific Mandate; (iv) the advice from the Independent Financial Adviser in respect of the Grant and the Specific Mandate; (v) a notice convening the EGM; and (vi) other information as required under the Listing Rules is expected to be despatched to the Shareholders and posted on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.3sbio.com>) on or before 9 October 2020.

INTRODUCTION

On 7 September 2020, the Board resolved to conditionally grant 10,000,000 new Awarded Shares to Dr. Zhu to be issued and allotted as soon as practicable after all conditions precedent as referred to in the section “The Grant — Conditions Precedent” below are satisfied.

THE GRANT

Parties:

Grantor : The Company

Grantee : Dr. Zhu Zhenping, the former president of R&D and chief scientific officer of the Company (resigned in September 2019 in light of the proposed spin-off listing of Sunshine Guojian on the STAR Market of the Shanghai Stock Exchange) and currently the director, the president of R&D and the chief scientist of Sunshine Guojian that is now listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688336)

Date of Grant

7 September 2020

The Awarded Shares

The 10,000,000 Awarded Shares represent (i) approximately 0.3932% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 0.3916% of the total number of Shares in issue as enlarged by the allotment and issue of the new Awarded Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the date of allotment of the new Shares, other than the allotment and issue of the new Awarded Shares).

The Awarded Shares shall be granted to Dr. Zhu for nil consideration, and therefore, no funds will be raised as a result of the aforesaid proposed allotment and issue. The Awarded Shares will be issued at nominal value of US\$0.00001 each pursuant to the Share Award Scheme. The aggregate nominal value of the new Awarded Shares is US\$100 (i.e. approximately HK\$775).

Based on the closing price of HK\$8.44 per Share as quoted on the date of the Grant, the market value of the 10,000,000 Awarded Shares granted to Dr. Zhu is approximately HK\$84.4 million. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of this announcement as quoted on the Stock Exchange is approximately HK\$9.124 per Share.

Issue of the New Awarded Shares under the Specific Mandate

The new Awarded Shares to Dr. Zhu shall be allotted and issued by the Company under the Specific Mandate.

Vesting Date

Subject to the terms of the letter of the grant and the rules of the Scheme and the fulfilment of conditions precedent as set out in “Conditions Precedent” below, the Company will, as soon as practicable, issue and allot 10,000,000 Awarded Shares to Dr. Zhu.

Conditions Precedent

The Grant is subject to the following conditions:

- (i) the terms and conditions of the letter of the grant in respect of the Award and the rules of the Scheme;
- (ii) the affirmative recommendation of the Independent Financial Adviser and the affirmative recommendation of the Independent Board Committee after considering the advice from the Independent Financial Adviser;
- (iii) the approval of the Grant and the Specific Mandate by the Independent Shareholders at the EGM;
- (iv) the approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Awarded Shares; and

(v) any other requirements by the Stock Exchange and/or applicable requirements under the Listing Rules.

Ranking of the Awarded Shares

The Awarded Shares will be allotted and issued in accordance with the rules of Scheme upon vesting. The new Awarded Shares, when issued and fully paid, shall rank pari passu among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the allotment date.

Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the new Awarded Shares.

Equity Fund Raising Activities of the Company in the Past 12 Months

Set out below is a summary of the fundraising activity of the Company during the past 12 months before the date of this announcement.

Date of announcement	Fundraising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
17 June 2020 (completed on 29 June 2020)	Issue of €320,000,000 zero coupon convertible bonds due 2025	€318,000,000	€315,000,000, being the net proceeds after deduction of commissions and other related expenses, were proposed to be used for payments needed for the concurrent repurchase and/or the redemption of the zero coupon convertible bonds due 2022 upon exercise of the put option by the holders of the zero coupon convertible bonds due 2022, research and development, purchase of operation facilities and other general corporate purposes	Concurrent repurchase and redemption of the zero coupon convertible bonds due 2022

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

REASONS FOR AND BENEFITS OF THE GRANT

The Company believes that the ability to attract and retain talented resources and business relationships is vital to its success. Introduction of the Scheme was to provide additional flexibility for the Company to achieve its objectives to attract and motivate talents and contributors, and to retain them in the Group and to develop and strengthen their relationships with the Group.

In determining the proposed Grant to Dr. Zhu and the terms of the Grant, the Board has mainly considered Dr. Zhu's contribution to the Group, in particular his role as the president of R&D and chief scientific officer of the Company in the past few years from 2017 to June 2019, during which Dr. Zhu had made invaluable contributions to the development of the R&D projects and the commercialisation of products of the Group.

As the new Awarded Shares shall be allotted and issued by the Company under the Specific Mandate, the Grant will not result in any actual cash outflow from the Group.

Based on the above, the Board considers that the Grant will serve to recognize the contributions made by Dr. Zhu to the Group. The Directors consider that the terms and conditions of the allotment and issue of new Awarded Shares are fair and reasonable and will benefit the Company and the Shareholders as a whole.

No Director has a material interest in relation to the Grant and, therefore, no Director is required to abstain from voting on the board resolutions to approve the Grant.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dr. Zhu is a connected person at the subsidiary level of the Company, and thus the Grant and the allotment and issue of new Awarded Shares constitute connected transactions under the Listing Rules and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company proposes to seek a Specific Mandate from the Independent Shareholders at the EGM for the allotment and issue of Awarded Shares to Dr. Zhu under Rule 13.36(1) of the Listing Rules.

As at the date of this announcement, Dr. Zhu and his associates do not hold any Shares, and Dr. Zhu holds only options to subscribe for up to 3,000,000 Shares.

EGM

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Grant and the Specific Mandate are fair and reasonable, and in the interests of the Company and the Independent Shareholders as a whole.

An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Grant and the Specific Mandate are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

An EGM will be held to consider and approve, among others, the ordinary resolutions regarding the Grant and the Specific Mandate. A circular containing, amongst other things, (i) further details of the Grant; (ii) the Specific Mandate; (iii) the letter of recommendation from the Independent Board Committee in respect of the Grant and the Specific Mandate; (iv) the letter of advice from the Independent Financial Adviser in respect of the Grant and the Specific Mandate; (v) a notice convening the EGM; and (vi) other information as required under the Listing Rules is expected to be despatched to the Shareholders and posted on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.3sbio.com>) on or before 9 October 2020.

INFORMATION ABOUT THE COMPANY

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.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“associates”	has the meaning ascribed to it in the Listing Rules
“Awarded Shares”	the 10,000,000 Shares granted by the Company to Dr. Zhu pursuant to the terms of the Scheme
“Board”	the board of Directors
“Company”	3SBio Inc. 三生制药, 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(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Zhu”	Dr. Zhu Zhenping, a former president of R&D and chief scientific officer of the Company and currently the director, the president of R&D and the chief scientist of Sunshine Guojian

“EGM”	an extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve, amongst other things, the Grant and the Specific Mandate
“Grant”	the grant of the Awarded Shares to Dr. Zhu by the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors to advise the Independent Shareholders in respect of the Grant and the Specific Mandate
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), being the independent financial adviser having been appointed by the Board to advise the Independent Board Committee and Independent Shareholders in respect of the Grant and the Specific Mandate
“Independent Shareholder(s)”	the Shareholder(s) who are independent of, and not connected with, Dr. Zhu and not required to abstain from voting on the resolution(s) to be proposed at the EGM to approve, among other things, the Grant and the Specific Mandate
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, exclusively refers to Mainland China
“R&D”	research and development
“Scheme”	the share award scheme constituted by the rules set out in the scheme document and in the form adopted by the Company on 16 July 2019
“Share(s)”	the ordinary share(s) in the capital of the Company with a par value of US\$0.00001 each
“Shareholder(s)”	the holder(s) of the Shares

“Specific Mandate”	the specific mandate to allot and issue the Awarded Shares to Dr. Zhu, which is subject to the approval by the Independent Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunshine Guojian”	Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd.* 三生國健藥業（上海）股份有限公司, a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company, the shares of which are listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688336)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent
“€”	Euro, the lawful currency of the member states of the Eurozone

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

Shenyang, the PRC
8 September 2020

As at the date of this announcement, the Board comprises 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.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1.00=HK\$7.75 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.

* *For identification purposes only*