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**3SBIO INC.**

**三生制药**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1530)**

## **MAJOR TRANSACTION**

### **ACQUISITION OF FURTHER EQUITY INTERESTS IN SHANGHAI CP GUOJIAN PHARMACEUTICAL CO., LTD.**

The Board is pleased to announce that on November 20, 2015, Shenyang Sunshine, a wholly-owned subsidiary of the Company, entered into the following agreements, pursuant to which the Target will become an indirect non-wholly owned subsidiary of the Company:

- (a) Agreement I with Xizang Hongshang, pursuant to which Shenyang Sunshine agreed to acquire and Xizang Hongshang agreed to sell a 70% equity interest in Shanghai Hongshang, which holds an approximately 57.75% equity interest in Lansheng Guojian, the principal asset of which is an approximately 41.69% equity interest in the Target;
- (b) Agreement II with Jianyikang, pursuant to which Shenyang Sunshine conditionally agreed to acquire and Jianyikang conditionally agreed to sell an approximately 1.29% equity interest in the Target;
- (c) Agreement III with Jianweida, pursuant to which Shenyang Sunshine conditionally agreed to acquire and Jianweida conditionally agreed to sell an approximately 1.81% equity interest in the Target; and
- (d) Agreement IV with Mianyang Fund, pursuant to which Shenyang Sunshine conditionally agreed to acquire and Mianyang Fund conditionally agreed to sell an approximately 1.89% equity interest in the Target.

Reference is made to the section headed “History, Reorganization and Corporate Structure — Acquisitions, Investments and Disposal — Acquisition of interest in CP Guojian” in the Company’s prospectus dated June 1, 2015, which contains particulars of the Previous Acquisition completed in December 2014. As the Previous Acquisition relates to direct and indirect acquisition of equity interests in the Target and was completed within 12 months of the Transactions, the Previous Acquisition and the Transactions have been aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Previous Acquisition and the Transactions is more than 25% but all percentage ratios are less than 100%, the Transactions constitute a major transaction of the Company under Chapter 14 of the Listing Rules subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

Pursuant to the Listing Rules, Shareholders' approval is required for a major transaction. As no Shareholders have a material interest in the Transactions, no Shareholders would be required to abstain from voting if the Company was to convene a general meeting for approving the Transactions. The Company will not be required to convene a general meeting for approving the Transactions because the Company has obtained written Shareholders' approvals from the Controlling Shareholders and CS Sunshine in lieu of convening a general meeting as permitted by Rule 14.44 of the Listing Rules. The Controlling Shareholders and CS Sunshine, being a closely allied group of Shareholders, together hold 1,610,841,430 shares in the Company, representing approximately 64.04% of the issued share capital of the Company as at the date of this announcement.

A circular containing, among other things, further details of the Transactions will be dispatched to the Shareholders as soon as possible but not later than December 11, 2015.

**As the Transactions are conditional on the satisfaction (or, if applicable, waiver) of certain conditions, they may or may not proceed. None of the Transactions are conditional upon the other Transactions completing. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

## 1. AGREEMENT I

The principal terms of Agreement I are summarized below.

**Date:** November 20, 2015

**Parties:** (i) Shenyang Sunshine

(ii) Xizang Hongshang

**Asset to be transferred:** Shenyang Sunshine agreed to acquire and Xizang Hongshang agreed to sell a 70% equity interest in Shanghai Hongshang, which holds an approximately 57.75% equity interest in Lansheng Guojian, the principal asset of which is an approximately 41.69% equity interest in the Target.

**Consideration:** The total consideration payable by Shenyang Sunshine to Xizang Hongshang in respect of Agreement I is RMB1,053,323,906.25.

The consideration will be paid in cash to Xizang Hongshang in two instalments, and will be fully settled within three business days (which according to Agreement I, include Monday to Friday but exclude PRC statutory holidays) from the date on which the registrations with the relevant PRC government authorities in relation to Agreement I are completed.

The consideration was determined between Shenyang Sunshine and Xizang Hongshang after arm's length negotiations.

**Time for Completion I:** Completion I shall take place within five business days of signing of Agreement I when (i) all the relevant constitutional documents and register of members have been updated to reflect Completion I; and (ii) all the necessary resolutions have been passed for the purpose of Completion I.

Upon Completion I, Shanghai Hongshang and Lansheng Guojian will become indirect non-wholly owned subsidiaries of the Company and the financial information of Shanghai Hongshang and Lansheng Guojian will be consolidated into the accounts of the Company.

## 2. AGREEMENT II

The principal terms of Agreement II are summarized below.

**Date:** November 20, 2015

**Parties:** (i) Shenyang Sunshine  
(ii) Jianyikang

**Assets to be acquired:** Shenyang Sunshine conditionally agreed to acquire and Jianyikang conditionally agreed to sell an approximately 1.29% equity interest in the Target.

**Consideration:** The total consideration payable by Shenyang Sunshine to Jianyikang in respect of Agreement II is RMB79,980,000.

The consideration will be paid in cash to Jianyikang in two instalments, and will be fully settled within three business days from the date of Completion II.

The consideration was determined between Shenyang Sunshine and Jianyikang after arm's length negotiations.

**Time for Completion II:** Completion II shall take place when the registrations relating to Acquisition II are completed in accordance with the procedures prescribed under the relevant PRC laws and the register of members of the Target is updated to reflect Completion II.

If the procedures relating to Completion II remain uncompleted due to reasons unrelated to the parties to Agreement II, Jianyikang shall refund the consideration of Agreement II to Shenyang Sunshine without interest within ten business days of receipt of written notice from Shenyang Sunshine.

### 3. AGREEMENT III

The principal terms of Agreement III are summarized below.

**Date:** November 20, 2015

**Parties:** (i) Shenyang Sunshine  
(ii) Jianweida

**Assets to be acquired:** Shenyang Sunshine conditionally agreed to acquire and Jianweida conditionally agreed to sell an approximately 1.81% equity interest in the Target.

**Consideration:** The total consideration payable by Shenyang Sunshine to Jianweida in respect of Agreement III is RMB112,220,000.

The consideration will be paid in cash to Jianweida in two instalments, and will be fully settled within three business days from the date of Completion III.

The consideration was determined between Shenyang Sunshine and Jianweida after arm's length negotiations.

**Time for Completion III:** Completion III shall take place when the registrations relating to Acquisition III are completed in accordance with the procedures prescribed under the relevant PRC laws and the register of members of the Target is updated to reflect Completion III.

If the procedures relating to Completion III remain uncompleted due to reasons unrelated to the parties to Agreement III, Jianweida shall refund the consideration of Agreement III to Shenyang Sunshine without interest within ten business days of receipt of written notice from Shenyang Sunshine.

## 4. AGREEMENT IV

The principal terms of Agreement IV are summarized below.

- Date:** November 20, 2015
- Parties:** (i) Shenyang Sunshine  
(ii) Mianyang Fund
- Assets to be acquired:** Shenyang Sunshine conditionally agreed to acquire and Mianyang Fund conditionally agreed to sell an approximately 1.89% equity interest in the Target.
- Consideration:** The total consideration payable by Shenyang Sunshine to Mianyang Fund in respect of Agreement IV is RMB118,125,000.
- The consideration will be paid in cash to Mianyang Fund in two instalments, and will be fully settled within three business days from the date of Completion IV.
- The consideration was determined between Shenyang Sunshine and Mianyang Fund after arm's length negotiations.
- Time for Completion IV:** Completion IV shall take place when the registrations relating to Acquisition IV are completed in accordance with the procedures under the relevant PRC laws and in any event shall take place within 14 days of the effective date of Agreement IV.
- If the procedures relating to Completion IV remain uncompleted within 60 days of signing Agreement IV due to reasons unrelated to the parties to Agreement IV, Mianyang Fund shall refund the consideration of Agreement IV to Shenyang Sunshine without interest within ten business days of receipt of written notice from Shenyang Sunshine.

The date on which each of Agreement II, Agreement III and Agreement IV is deemed to become effective is the date on which the respective agreement is approved by the Shanghai Municipal Commission of Commerce (上海市商務委員會).

Upon completion of the Transactions, the Group will collectively control approximately 53.64% of the equity interest in the Target. The Target will therefore become an indirect non-wholly owned subsidiary of the Company and the financial information of the Target will be consolidated into the accounts of the Company. The Company may acquire further equity interests in the Target after completion of the Transactions. The Company will continue to work with the Target's shareholders, customers and employees in strengthening the Target's position as a leading biopharmaceutical company in the PRC's antibody product sector and is committed to working with the Target in expanding its business within the PRC and internationally.

## 5. INFORMATION OF THE TARGET

The Target was incorporated in the PRC on January 25, 2002. It is a biopharmaceutical company with expertise in developing, manufacturing and marketing monoclonal antibody therapeutics.

Based on the information provided by the Target, the following is a summary of the audited consolidated financial information of the Target for the two financial years ended December 31, 2013 and 2014 and the six months ended June 30, 2015. The financial information of the Target was prepared in accordance with the PRC GAAP.

	<b>For the year ended December 31, 2013 RMB'000</b>	<b>For the year ended December 31, 2014 RMB'000</b>	<b>For the six months ended June 30, 2015 RMB'000</b>
Revenue	739,937	780,114	399,734
Gross margin	698,364	725,676	373,222
Operating income	282,409	162,055	89,373
Net profit before taxation and extraordinary items	347,959	245,795	99,957
Net profit after taxation and extraordinary items	298,329	213,420	89,006

As of December 31, 2013 and 2014, the audited consolidated net asset value of the Target amounted to approximately RMB1,837,114,000 and RMB2,050,527,000, respectively. As of June 30, 2015, the audited consolidated net asset value of the Target amounted to approximately RMB2,139,528,000.

## 6. INFORMATION OF SHANGHAI HONGSHANG AND LANSHENG GUOJIAN

Shanghai Hongshang was incorporated in the PRC on November 5, 2015. It is an investment holding company and does not have any material assets other than its holding of approximately 57.75% in Lansheng Guojian.

Lansheng Guojian was incorporated in the PRC on December 23, 1998. It is an investment holding company and as of June 30, 2015, did not have any material assets other than bank deposits of approximately RMB36,398,000 and its holding of an approximately 41.69% equity interest in the Target.

Based on the information provided by Lansheng Guojian, the following is a summary of the audited financial information of Lansheng Guojian for the two financial years ended December 31, 2013 and 2014 and the six months ended June 30, 2015. The financial information of Lansheng Guojian was prepared in accordance with the PRC GAAP.

	<b>For the year ended December 31, 2013 RMB'000</b>	<b>For the year ended December 31, 2014 RMB'000</b>	<b>For the six months ended June 30, 2015 RMB'000</b>
Net profit before taxation and extraordinary items	108,747	76,027	34,665
Net profit after taxation and extraordinary items	108,747	76,027	34,665

## **7. REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

Given the Target's expertise in the development, manufacture and marketing of monoclonal antibody therapeutics, the Company is of the view that acquiring a majority stake in the Target will enable the Company to significantly expand its product portfolio, thereby offering a greater potential for profit and long-term business sustainability.

### **Additional approved products and product candidates**

Through these Transactions, the Company will add two approved products to its product portfolio, namely Yisaipu (益賽普) (also generally known as etanercept (依那西普)) and Xenopax (健尼哌) (also generally known as daclizumab (達利珠單抗)). The Company will also acquire a pipeline of monoclonal antibody product candidates for which new drug applications have been filed.

Yisaipu is indicated for the treatment of rheumatoid arthritis, plaque psoriasis and ankylosing spondylitis and according to IMS data, had a dominant market share of 61.0% by sales in 2013. Xenopax targets the treatment of acute cellular rejection after solid organ transplantation.

Besides the additional approved products and product candidates highlighted above, the Company also believes that these Transactions will bring the following benefits to the Company:

### **Integration with the Company's existing manufacturing platforms**

The Target will provide a manufacturing platform for the Company's phase I monoclonal antibody anti-TNF alpha candidates for the treatment of rheumatoid arthritis. The Target's monoclonal antibody manufacturing platform is complementary to the Company's other manufacturing platforms for mammalian and bacterial recombinant proteins in Shenyang and Shenzhen, and chemically synthesized small molecules in Hangzhou. Such platform will also enable the Company to develop, manufacture and market a wide range of medicines within its therapeutic areas.

The Target currently operates five antibody production lines with a total annual capacity of over 8,000 liters. Six new antibody production lines with a total annual capacity of 30,000 liters are currently under trial run.

### **Integration with the Company's sales and research and development teams**

Upon completion of these Transactions, the Company will be able to: (i) integrate its existing oncology sales team with the Target's rheumatology sales team in marketing the Company's and the Target's oncology and rheumatology product candidates in the pipeline; and (ii) strengthen its research and development capabilities for monoclonal antibody products through integration of the Target's research and development team into the Company's existing research and development platform.

For further details on the Company's existing cooperation with CP Guojian, please refer to the section headed "Business — Our Strategic Cooperation with CP Guojian" in the Company's prospectus dated June 1, 2015.

The Board considers that the terms and conditions of Agreement I, Agreement II, Agreement III and Agreement IV are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **8. GENERAL INFORMATION**

The Company is a leading biotechnology company in the PRC. The Group has extensive expertise in developing, manufacturing and marketing biopharmaceuticals.

Xizang Hongshang is an investment holding company principally engaged in investment management, investment consultancy, import and export trading and sale of mineral products and machinery.

Jianyikang is an investment holding company principally engaged in investment and investment management (except equity investment and equity investment management).

Jianweida is an investment holding company principally engaged in investment and investment management (except equity investment and equity investment management).

Mianyang Fund is an equity investment fund principally engaged in equity investment, investment management and investment consultancy. The main investment areas of Mianyang Fund include financial and commercial services, consumer and retail businesses, health, manufacturing, technology, energy and raw materials production.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Xizang Hongshang, Jianyikang, Jianweida and Mianyang Fund and their ultimate beneficial owners are Independent Third Parties and are independent of the connected persons of the Company (as defined under the Listing Rules).





“Acquisition III”	the acquisition of an approximately 1.81% equity interest in the Target by Shenyang Sunshine from Jianweida pursuant to the terms and conditions of Agreement III
“Acquisition IV”	the acquisition of an approximately 1.89% equity interest in the Target by Shenyang Sunshine from Mianyang Fund pursuant to the terms and conditions of Agreement IV
“Agreement I”	the equity transfer agreement dated November 20, 2015 entered into between Shenyang Sunshine and Xizang Hongshang in relation to Acquisition I
“Agreement II”	the share purchase agreement dated November 20, 2015 entered into between Shenyang Sunshine and Jianyikang in relation to Acquisition II
“Agreement III”	the share purchase agreement dated November 20, 2015 entered into between Shenyang Sunshine and Jianweida in relation to Acquisition III
“Agreement IV”	the share purchase agreement dated November 20, 2015 entered into between Shenyang Sunshine and Mianyang Fund in relation to Acquisition IV
“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
“Completion I”	completion of Acquisition I
“Completion II”	completion of Acquisition II
“Completion III”	completion of Acquisition III
“Completion IV”	completion of Acquisition IV
“Controlling Shareholders”	refers to Mr. Lou Jing, Mr. Lou Dan, Mr. Tan Bo, Ms. Su Dongmei, Mr. Huang Bin, Lambda International Limited, Century Sunshine Limited, Decade Sunshine Limited, Hero Grand Management Limited, Triple Talent Enterprises Limited, Joint Palace Group Limited, Known Virtue International Limited and Medical Recovery Limited who form a group of controlling shareholders of the Company (as defined in the Listing Rules)

“CS Sunshine”	CS Sunshine Investment Limited, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company (as defined in the Listing Rules)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IMS”	IMS Health Incorporated, a global provider of market intelligence to the pharmaceutical and healthcare industries
“Independent Third Party”	a person or entity who is not considered a connected person or an associate of a connected person of the Company under the Listing Rules
“Jianweida”	Shanghai Jianweida Investment Enterprise (Limited Partnership) (上海健唯達投資企業(有限合夥)), a limited partnership established in the PRC which holds an approximately 1.81% equity interest in the Target and is an Independent Third Party
“Jianyikang”	Shanghai Jianyikang Investment Enterprise (Limited Partnership) (上海健益康投資企業(有限合夥)), a limited partnership established in the PRC which holds an approximately 1.29% equity interest in the Target and is an Independent Third Party
“Lansheng Guojian”	Shanghai Lansheng Guojian Pharmaceutical Company Limited (上海蘭生國健藥業有限公司), a company incorporated in the PRC which holds an approximately 41.69% equity interest in the Target
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mianyang Fund”	Mianyang Science & Technology Industrial Investment Fund (LLP) (綿陽科技城產業投資基金(有限合夥)), a limited partnership established in the PRC which holds an approximately 1.89% equity interest in the Target and is an Independent Third Party
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC GAAP”	generally accepted accounting principles of the PRC in effect as modified from time to time

“Previous Acquisition”	the Group’s previous acquisition of approximately 6.96% of the equity interest in the Target in December 2014 as disclosed in the section headed “History, Reorganization and Corporate Structure — Acquisitions, Investments and Disposal — Acquisition of interest in CP Guojian” in the Company’s prospectus dated June 1, 2015
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Hongshang”	Shanghai Hongshang Investment Company Limited (上海翺臙投資有限公司), a company incorporated in the PRC which holds an approximately 57.75% equity interest in Lansheng Guojian
“Shareholder(s)”	the holder(s) of the shares of the Company
“Shenyang Sunshine”	Shenyang Sunshine Pharmaceutical Company Limited (瀋陽三生製藥有限責任公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target” or “CP Guojian”	Shanghai CP Guojian Pharmaceutical Co., Ltd. (上海中信國健藥業股份有限公司), a company incorporated in the PRC in which the Group holds an approximately 6.96% equity interest as of the date of this announcement
“Transactions”	the transactions contemplated by Agreement I, Agreement II, Agreement III and Agreement IV
“Xizang Hongshang”	Xizang Hongshang Capital Equity Investment Company Limited (西藏鴻商資本股權投資有限公司), a company incorporated in the PRC which holds a 70% equity interest in Shanghai Hongshang and is an Independent Third Party
“%”	percent

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

Hong Kong, November 20, 2015

*As at the date of this announcement, the Board comprises Mr. LOU Jing, Mr. TAN Bo, Ms. SU Dongmei and Mr. HUANG Bin as executive Directors; Mr. LIU Dong and Mr. LV Dong as non-executive Directors; and Mr. PU Tianruo, Mr. David Ross PARKINSON and Mr. MA Jun as independent non-executive Directors.*