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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)**

## **ANNOUNCEMENT CONNECTED TRANSACTION IN RELATION TO THE FACILITY AGREEMENT**

On 17 July 2018, Strategic International, a direct wholly-owned subsidiary of the Company, entered into the Facility Agreement with Medical Recovery, pursuant to which Strategic International agreed to provide a loan to Medical Recovery in the principal amount of US\$30,000,000 with an interest rate of 4% per annum.

Medical Recovery directly holds approximately 1.45% of the issued share capital of the Company as at the date of this announcement, and it is one of the controlling shareholders of the Company for purposes of the Listing Rules. Therefore, the provision of the Loan under the Facility Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the provision of the Loan under the Facility Agreement is more than 0.1% but less than 5%, the Facility Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirements under the Listing Rules.

## **INTRODUCTION**

On 17 July 2018, Strategic International, a direct wholly-owned subsidiary of the Company, entered into the Facility Agreement with Medical Recovery, pursuant to which Strategic International agreed to provide a loan to Medical Recovery in the principal amount of US\$30,000,000 with an interest rate of 4% per annum.

# FACILITY AGREEMENT

The principal terms of the Facility Agreement are summarized below:

- Date:** 17 July 2018
- Parties**
- (1) Strategic International (as lender), a direct wholly-owned subsidiary of the Company; and
  - (2) Medical Recovery (as borrower), a direct holder of 36,708,980 Shares, representing approximately 1.45% of the issued share capital of the Company as at the date of this announcement, and one of the controlling shareholders of the Company for purposes of the Listing Rules.
- Principal amount:** US\$30,000,000 (for illustration purpose only, equivalent to approximately HK\$235,455,000).
- The maximum number of drawdowns shall be no more than one time.
- Interest rate:** The interest rate is 4% per annum
- Repayment:** Subject to the other provisions of the Facility Agreement, the principal of the Loan shall be repaid by Medical Recovery on the Final Maturity Date, and the accrued interest on the Loan shall be repaid by Medical Recovery on the last day of each interest period. The interest period for the Loan shall start on the Utilisation Date. Each interest period for the Loan shall be of a duration of twelve months or any other period agreed between the parties, but shall not extend beyond the Final Maturity Date.
- Use of the Loan:** Medical Recovery shall apply all amounts borrowed by it under the Facility Agreement towards financing the purchase of the Shares and the fees and expenses incurred by it relating to such purchase for employee retention and incentive purposes. The Company considers it an effective and efficient way to retain, motivate and incentivise its employees, which is beneficial to the sustainable development of the Group.
- Security:** In connection with entering into the Facility Agreement, a debenture will be made between Medical Recovery as chargor and Strategic International as chargee pursuant to which all assets of Medical Recovery will be charged to Strategic International.

Strategic International will finance the Loan made to Medical Recovery pursuant to the Facility Agreement with its internal resources.

## **INFORMATION OF THE TRUST AND MEDICAL RECOVERY**

The Trust was incorporated in the Cayman Islands and was established by Mr. TAN Bo, Ms. SU Dongmei, Mr. HUANG Bin and Mr. LI Ke (all being the settlors), with TMF (Cayman) Ltd. acting as the trustee and the beneficiaries of which are employees of the Company and other persons declared by the advisory committee of the Trust and/or the trustee. Dr. LOU Jing, Mr. TAN Bo, Ms. SU Dongmei and Mr. HUANG Bin are current members of the advisory committee of the Trust.

Medical Recovery is owned as to 100% by the Trust and it was set up for employee incentive purposes. As at the date of this announcement, Medical Recovery directly holds approximately 1.45% of the issued share capital of the Company and it is one of the controlling shareholders of the Company for purposes of the Listing Rules.

## **INFORMATION OF THE COMPANY AND STRATEGIC INTERNATIONAL**

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.

Strategic International is a direct wholly-owned subsidiary of the Company and is the issuer of Euro 300,000,000 zero coupon convertible bonds due 2022. Please see the Company's announcements dated 12 July 2017 and 21 July 2017 for details.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FACILITY AGREEMENT**

The purpose of the Loan is for Medical Recovery to purchase the issued ordinary shares of the Company for employee retention and incentive purposes. The Company considers it an effective and efficient way to motivate and incentivise its employees, which is beneficial to the sustainable development of the Group. In addition, the Board considers that the Group currently has surplus cash resources and the entering into of the Facility Agreement can put such resources to more efficient use and to generate better returns.

The terms and conditions of the Facility Agreement (including the interest rate) are negotiated on an arm's length basis between Strategic International and Medical Recovery with reference to the normal prevailing commercial practice, the principal amount of the Loan and the purpose of the Loan.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Facility Agreement are on normal commercial terms after arm's length negotiations between the respective parties, and the terms of the Facility Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

Medical Recovery directly holds approximately 1.45% of the issued share capital of the Company as at the date of this announcement, and it is one of the controlling shareholders of the Company for purposes of the Listing Rules. Therefore, the provision of the Loan under the Facility Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the provision of the Loan under the Facility Agreement is more than 0.1% but less than 5%, the Facility Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, save for Dr. LOU Jing (who is an advisory committee member of the Trust), and Mr. TAN Bo, Ms. SU Dongmei and Mr. HUANG Bin (who are settlors and advisory committee members of the Trust), none of the Directors has any material interest in the Loan and the Facility Agreement, and none of the Directors other than Dr. LOU Jing, Mr. TAN Bo, Ms. SU Dongmei and Mr. HUANG Bin has abstained from voting on the Board resolutions approving the Facility Agreement and the transactions contemplated thereunder.

## DEFINITIONS

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

“Board”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“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 meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Euro” or “€”	the lawful currency of the member state of the Eurozone
“Facility Agreement”	the facility agreement dated 17 July 2018 entered into between Strategic International and Medical Recovery in relation to the Loan of US\$30,000,000 provided by Strategic International to Medical Recovery

“Final Maturity Date”	the date falling 12 months after the date of the Facility Agreement, or an extended date as agreed by the parties pursuant to the Facility Agreement
“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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	a term loan of US\$30,000,000 provided by Strategic International to Medical Recovery under the Facility Agreement
“Medical Recovery”	Medical Recovery Limited, a BVI business company incorporated with limited liability, which directly holds approximately 1.45% of the issued share capital of the Company as at the date of this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Share(s)”	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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic International”	Strategic International Group Limited, a business company incorporated with limited liability in the BVI and a direct wholly-owned subsidiary of the Company as at the date of this announcement

“Trust”	The Sun Shine Trust, a trust established by Mr. TAN Bo, Ms. SU Dongmei, Mr. HUANG Bin and Mr. LI Ke (all being the settlors), with TMF (Cayman) Ltd. acting as the trustee and the beneficiaries of which are employees of the Company and other persons declared by the advisory committee of the Trust and/or the trustee, and with Dr. LOU Jing, Mr. TAN Bo, Ms. SU Dongmei and Mr. HUANG Bin as current members of the advisory committee of the Trust
“US\$”	United States dollars, the lawful currency of the United States of America
“Utilisation Date”	the date on which the Loan is to be made
“%”	per cent

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1.00 = HK\$7.8485 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.*

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

Shenyang, the PRC  
17 July 2018

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