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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)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF SUNSHINE GUOJIAN PHARMACEUTICAL (SHANGHAI) CO., LTD.* ON THE STAR MARKET OF THE SHANGHAI STOCK EXCHANGE

The Board is pleased to announce that on 31 October 2019, the Shanghai Stock Exchange formally accepted the spin-off application by Sunshine Guojian, an indirect non-wholly owned subsidiary of the Company, for listing on the STAR Market.

As the highest applicable percentage ratio in respect of the Proposed A Share Listing as calculated under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Proposed Spin-off constitutes a discloseable transaction for the Company but is exempt from the independent shareholders' approval requirements under the Listing Rules. It is expected that Sunshine Guojian will remain as a subsidiary of the Company immediately after the Proposed A Share Listing.

The Company has submitted a proposal in relation the Proposed Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. Further, the Company has also applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of Paragraph 3(f) of Practice Note 15 of the Listing Rules.

Shareholders and potential investors should note that the Proposed Spin-off is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the Shanghai Stock Exchange. Accordingly, Shareholders and potential investors should be aware that the Proposed Spin-off may or may not occur. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

References are made to the Company's interim results announcement and interim report dated 21 August 2019 and 30 September 2019 respectively in which the Company disclosed that it was at the preliminary stage of planning for a public listing of Sunshine Guojian's shares in the domestic Renminbi capital markets at a suitable time subject to market conditions and other relevant considerations.

The Board is pleased to announce that on 31 October 2019, the Shanghai Stock Exchange formally accepted the spin-off application by Sunshine Guojian, an indirect non-wholly owned subsidiary of the Company, for listing on the STAR Market.

The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

THE PROPOSED SPIN-OFF

The Company expects that the Proposed A Share Listing will involve issuance and allotment of only new ordinary shares of Sunshine Guojian (the "**Guojian Shares**") and the Company does not intend to sell any Guojian Shares under the Proposed A Share Listing.

The Proposed Spin-off is expected to be effected by way of a public offering of up to 10% of the share capital of Sunshine Guojian as enlarged by the Proposed Spin-off and listing of such shares on the STAR Market. The offering size of the Proposed A Share Listing is subject to the requirements of the PRC regulations and prevailing market conditions. It is anticipated that the Company will continue to hold more than 50% of Sunshine Guojian's share capital upon completion of the Proposed A Share Listing and the Offering; hence, Sunshine Guojian will remain as a non-wholly owned subsidiary of the Company.

The Proposed Spin-off is conditional upon, among other things, the approval of the CSRC and the Shanghai Stock Exchange to the Proposed A Share Listing and completion of the Offering. The terms of the Offering, including the size and price range of the Offering, and the timetable of the Proposed A Share Listing have not yet been fixed as at the date of this announcement.

Further announcements in connection with the Proposed Spin-off will be made by the Company when and where applicable.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Directors consider that the Proposed Spin-off 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 Spin-off.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio in respect of the Proposed A Share Listing as calculated under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Proposed Spin-off constitutes a discloseable transaction for the Company but is exempt from the independent shareholders' approval requirements under the Listing Rules.

The Company has submitted a proposal in relation the Proposed Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

WAIVER FROM STRICT COMPLIANCE WITH PARAGRAPH 3(F) OF PRACTICE NOTE 15 OF THE LISTING RULES

Paragraph 3(f) of Practice Note 15 of the Listing Rules requires a listed company contemplating a spin-off to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

As advised by the PRC legal counsel of Sunshine Guojian, according to relevant laws and regulations of the PRC, other than (i) residents of Hong Kong, Taiwan and Macau working and residing in the PRC; (ii) foreign citizens working in the PRC whose state of nationality entered into regulatory cooperation mechanisms with the CSRC; (iii) foreign citizens having a permanent residency in the PRC; (iv) foreign strategic investors approved by the Department of Commerce of the PRC; (v) Qualified Foreign Institutional Investor (QFII); (vi) Renminbi Qualified Foreign Institutional Investor (RQFII); (vii) foreign natural person investors qualified as incentive targets under the Measures for the Administration of Equity Incentives of Listed Companies (only applicable to equity incentives granted by listed companies to their foreign employees); and (viii) foreign investors who held a listed company's shares before its initial public offering, non-PRC citizens would not be permitted under the PRC laws and regulations to acquire the shares issued by the Spun-off Group in connection with the Proposed Spin-off and the Proposed A Share Listing.

Further, according to the Measures for the Administration of the Offering and Underwriting of Securities and other relevant laws and regulations of the PRC, an applicant for initial public offering of its shares on a stock exchange in the PRC may offer securities either online or offline, but does not have the right to make preferential allocations in either way under their respective allocation procedures. Therefore, pursuant to the existing PRC laws, it is impractical to preferentially allocate shares in Sunshine Guojian to the Shareholders of the Company.

After due and careful consideration of the Proposed Spin-off and having taken into account the advice from Sunshine Guojian’s PRC legal counsel on the legal impediments in fulfilling such requirement, the Board has resolved not to provide assured entitlement to the Shareholders under the Proposed A Share Listing due to the legal restriction in offering PRC listed shares to foreign investors, including the proposed offering of the Guojian Shares to the Shareholders, and consider that the Proposed Spin-off and the non-provision of the assured entitlement in relation to the Proposed Spin-off are fair and reasonable, and in the interest of the Company and its Shareholders as a whole.

Given the PRC legal impediments, it is not feasible for the Company to comply with Paragraph 3(f) of Practice Note 15 of the Listing Rules in connection with the Proposed Spin-off. Accordingly, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of Paragraph 3(f) of Practice Note 15 of the Listing Rules.

INFORMATION ON THE COMPANY 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.

Shareholders and potential investors should note that the Proposed Spin-off is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the Shanghai Stock Exchange. Accordingly, Shareholders and potential investors should be aware that the Proposed Spin-off may or may not occur. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors of the Company
“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
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Guojian Shares”	has the meaning ascribed to it under the section headed “The Proposed Spin-off” in this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offering”	the proposed initial public offering of the ordinary shares of Sunshine Guojian in connection with the Proposed A Share Listing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Proposed A Share Listing”	the proposed listing of the ordinary shares of Sunshine Guojian on the STAR Market
“Proposed Spin-off”	the proposed spin-off of Sunshine Guojian and its subsidiaries on the STAR Market
“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
“Shareholder(s)”	the shareholder(s) of the Company
“Spun-off Group”	Sunshine Guojian and its subsidiaries
“STAR Market”	the STAR Market of the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed to it in the Listing Rules
“%”	per cent

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

Shenyang, the PRC
31 October, 2019

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

* For identification purpose only