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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)**

**(1) REPURCHASE OF  
ZERO COUPON CONVERTIBLE BONDS DUE 2022;**

**AND**

**(2) ISSUE OF €320,000,000  
ZERO COUPON CONVERTIBLE BONDS DUE 2025**

*Joint Global Coordinators, Joint Managers, Joint Bookrunners and Joint Dealer Managers*

**Deutsche Bank**  **J.P.Morgan**

*(in alphabetical order)*

Reference is made to the announcement of the Company dated 17 June 2020 in relation to the proposed Concurrent Repurchase and the proposed New Bonds Issue.

## **THE CONCURRENT REPURCHASE**

As at the date of this announcement, the Issuer has received commitments from holders of the Existing Convertible Bonds to sell €157,899,000 in aggregate principal amount of the Existing Convertible Bonds to the Issuer via the Joint Dealer Managers.

Following the settlement of the Concurrent Repurchase, the Existing Convertible Bonds repurchased will be cancelled and there will be Existing Convertible Bonds in the principal amount of €137,101,000 outstanding. Assuming full conversion of such outstanding Existing Convertible Bonds at the conversion price of HK\$14.28 per Share, the outstanding Existing Convertible Bonds will be convertible into approximately 86,082,722 Shares.

## **THE NEW BONDS ISSUE**

The Board is pleased to announce that the Company, the Issuer and the Managers entered into the Subscription Agreement on 17 June 2020 (after trading hours). Pursuant to the Subscription Agreement, among other things, the Issuer has agreed to issue the New Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in accordance with the Terms and Conditions, and each Joint Manager has severally and not jointly agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the New Bonds, in an aggregate principal amount of €320,000,000, subject to certain conditions contained therein.

## **CONVERSION PRICE AND CONVERSION SHARES**

The initial Conversion Price is HK\$13.1750 per Conversion Share, which represents (i) a premium of approximately 25% over the closing price of HK\$10.54 per Share as quoted on the Hong Kong Stock Exchange on 17 June 2020 (being the trading day on which the Subscription Agreement was signed) and (ii) a premium of approximately 31.72% over the average closing price of approximately HK\$10.0020 as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including 17 June 2020.

Assuming full conversion of the New Bonds at the initial Conversion Price of HK\$13.1750 per Share and no further issue of Shares, the New Bonds will be convertible into approximately 212,035,521 Shares, representing approximately 8.35% of the issued share capital of the Company as at the date of this announcement and approximately 7.71% of the issued share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares.

## **USE OF PROCEEDS**

The net proceeds from the New Bonds (after deduction of commissions and other related expenses) are estimated to be approximately €315,000,000, representing a net issue price of approximately HK\$12.9691 per Conversion Share based on the initial Conversion Price. Such net proceeds are proposed to be used for the payments needed for the Concurrent Repurchase and/or the redemption of the Existing Convertible Bonds upon exercise of the put option by the holders of the Existing Convertible Bonds, research and development, purchase of operation facilities and other general corporate purposes.

## **APPLICATION FOR LISTING OF THE NEW BONDS**

A formal application will be made by the Issuer to the Hong Kong Stock Exchange for the listing of, and permission to deal in the New Bonds, on the Hong Kong Stock Exchange and an application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

**Completion of the New Bonds Issue is subject to the satisfaction and/or waiver of the conditions precedent under the Subscription Agreement. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “SUBSCRIPTION AGREEMENT” above for further information. Furthermore, completion of the Concurrent Repurchase is subject to, among other things, completion of the New Bonds Issue and the conditions precedent set forth in the Dealer Manager Agreement, market conditions and investors’ demand. Therefore, the Concurrent Repurchase may or may not be completed, the New Bonds may or may not be issued or listed and/or the Conversion Shares may or may not be issued or listed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 17 June 2020 in relation to the Concurrent Repurchase and the proposed New Bonds Issue.

## **THE CONCURRENT REPURCHASE**

As at the date of this announcement, the Issuer has received commitments from holders of the Existing Convertible Bonds to sell €157,899,000 in aggregate principal amount of the Existing Convertible Bonds to the Issuer via the Joint Dealer Managers.

Completion of the Concurrent Repurchase is subject to, among others, completion of the New Bonds Issue and the conditions precedent set forth in the Dealer Manager Agreement, market conditions and investors’ demand. Investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. The Concurrent Repurchase will close on or about the issue date of the New Bonds.

Following the settlement of the Concurrent Repurchase, the Existing Convertible Bonds repurchased will be cancelled and there will be Existing Convertible Bonds in the principal amount of €137,101,000 outstanding. Assuming full conversion of such outstanding Existing Convertible Bonds at the conversion price of HK\$14.28 per Share, the outstanding Existing Convertible Bonds will be convertible into approximately 86,082,722 Shares.

The Concurrent Repurchase will not be conducted within or offered to the United States or to persons located or resident in the United States, or to person acting on behalf of a beneficial owner of the Existing Convertible Bonds located or resident in the United States or acting for the account or benefit of any person located or resident in the United States.

Set out below are the details of the Concurrent Repurchase:

Repurchase price: €107,738.32 per €100,000 principal amount of the Existing Convertible Bonds (i.e. 107.74%)

Commitment from holders of Existing Convertible Bonds to sell: €157,899,000

Settlement date: On or about 29 June 2020

## **THE NEW BONDS ISSUE**

Concurrent with the Concurrent Repurchase, the Issuer proposes to issue the New Bonds to institutional investors.

On 17 June 2020 (after trading hours), the Company, the Issuer and the Joint Managers entered into the Subscription Agreement, pursuant to which, among other things, the Issuer has agreed to issue the New Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in accordance with the Terms and Conditions, and each Joint Manager has severally and not jointly agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the New Bonds, in an aggregate principal amount of €320,000,000, subject to certain conditions contained therein.

The New Bonds will not be offered to the public in Hong Kong and it is not expected that any of the New Bonds will be placed to any connected person (as defined in the Hong Kong Listing Rules) of the Company.

The New Bonds have not been and will not be registered under the U.S. Securities Act. The New Bonds will only be offered outside of the United States in compliance with Regulation S under the U.S. Securities Act.

# **SUBSCRIPTION AGREEMENT**

Set out below are the principal terms of the Subscription Agreement:

## **Date**

17 June 2020 (after trading hours)

## **Parties**

1. the Issuer (i.e. Strategic International Group Limited, a direct wholly-owned subsidiary of the Company);
2. the Company; and
3. the Joint Managers (i.e. Deutsche Bank AG, Hong Kong Branch and J.P. Morgan Securities plc)

## **Subscription**

Subject to the fulfilment of the conditions set out below in the section headed “Conditions Precedent to the Subscription”, the Issuer has agreed to issue the New Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in accordance with the Terms and Conditions, and each Joint Manager has severally and not jointly agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the New Bonds, in an aggregate principal amount of €320,000,000.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Joint Managers are third parties independent of the Company and are not connected persons (as defined in the Hong Kong Listing Rules) of the Company.

## **Subscribers**

The Joint Managers have informed the Issuer that the New Bonds will be offered and sold to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the initial placees (and their respective ultimate beneficial owners) is not a connected person (as defined in the Hong Kong Listing Rules) of the Company.

## **Conditions Precedent of the Subscription**

The obligations of the Joint Managers to subscribe and pay for, or to procure the subscribers to subscribe and pay for, the New Bonds are conditional on:

1. the Joint Managers being satisfied with the results of their due diligence investigations with respect to the Issuer, the Company and the Group for the purposes of the preparation of the Offering Circular, and the Offering Circular having been prepared in form and content satisfactory to the Joint Managers and having been delivered to the Joint Managers in accordance with the Subscription Agreement;

2. the execution and delivery (on or before the Closing Date) of the Trust Deed and the Agency Agreement, each in a form reasonably satisfactory to the Joint Managers, by the respective parties;
3. each of the Relevant Shareholders having executed a lock-up undertaking on or before the Closing Date;
4. upon the publication date of the Offering Circular and on the Closing Date, there having been delivered to the Joint Managers comfort letters, in form and substance satisfactory to the Joint Managers, dated the publication date of the Offering Circular in the case of the first comfort letter and dated the Closing Date in the case of the subsequent comfort letter, and addressed to the Joint Managers from Ernst & Young, Certified Public Accountants to the Company;
5. at the Closing Date:
  - (i) the representations and warranties of the Issuer and the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
  - (ii) the Issuer and the Company having performed all of their respective obligations under the Subscription Agreement to be performed on or before such date; and
  - (iii) there having been delivered to the Joint Managers a certificate confirming no material adverse change (in agreed form), dated as of such date, of a duly authorised officer of each of the Issuer and the Company to such effect;
6. after the date of the Subscription Agreement or, if earlier, the dates as of which information is given in the Offering Circular up to and at the Closing Date, there not having occurred any change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Issuer, the Company or of the Company's consolidated subsidiaries, which, in the opinion of the Joint Managers, is material and adverse in the context of the issue and offering of the New Bonds;
7. the Shareholders having granted the General Mandate;
8. on or prior to the Closing Date, there having been delivered to the Joint Managers copies of all consents and approvals required in relation to the issue of the New Bonds and the performance by each of the Issuer and the Company of its obligations under the Trust Deed, the Agency Agreement and the New Bonds (including the consents and approvals required from all lenders);
9. the Hong Kong Stock Exchange having agreed to list the Conversion Shares and to list the New Bonds, subject to any conditions satisfactory to the Joint Managers (or, in each case, the Joint Managers being satisfied that such listing will be granted);
10. on or before the Closing Date, there having been delivered to the Joint Managers legal opinions, in form and substance reasonably satisfactory to the Joint Managers, dated the Closing Date;

11. on or before the Closing Date, there shall have been delivered to the Joint Managers, with respect to the issue and offering of the New Bonds, a filing of the issuance of the New Bonds with the National Development and Reform Commission (“NDRC”) before the issuance of the New Bonds, which is evidenced by a registration certificate issued by the NDRC to the Issuer;
12. on or before the Closing Date, there shall have occurred the execution and delivery (as the case may be) of any other certificates or documents as the Joint Managers may reasonably request in form and substance satisfactory to the Joint Managers where the circumstances (being circumstances relevant, in the opinion of the Joint Managers, to the issue and offering of the New Bonds) giving rise to the Joint Managers’ request for such certificate(s) or document(s) have arisen after the date of the Subscription Agreement or where the Joint Managers were not aware of such circumstances on or prior to the date of the Subscription Agreement;
13. on or prior to the Closing Date, there shall have been delivered to the Joint Managers certified copies of the resolutions of the board of directors of the Issuer approving the issue of the New Bonds and the Board approving the issue of the Guarantee (as defined below) and issue of the Conversion Shares;
14. after the date of the Subscription Agreement, there not having occurred any of the events described in paragraphs 3, 4 and 5 under the section headed “Termination” below.

The Joint Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the above conditions precedent (other than the condition precedent set out in paragraph 2 above).

As at the date of this announcement, certain of the above conditions precedent are yet to be satisfied and/or (as the case may be) waived.

## **Termination**

Notwithstanding anything contained in the Subscription Agreement, the Joint Managers may, by notice to the Issuer and the Company given at any time prior to payment of the net subscription monies for the New Bonds to the Issuer and the Company, terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Joint Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Issuer’s or the Company’s undertakings or agreements in the Subscription Agreement;
2. if any of the conditions precedent as set out in the section headed “Conditions Precedent to the Subscription” above has not been satisfied or waived by the Joint Managers on or prior to the Closing Date;

3. if, in the opinion of the Joint Managers, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Issuer or the Company on any stock exchange or in any over the counter market) or currency exchange rates or foreign exchange controls such as would in their view, be likely to prejudice materially the success of the offering and distribution of the New Bonds or dealings in the New Bonds in the secondary market;
4. if, in the opinion of the Joint Managers, there shall have occurred any of the following events as would in their views be likely to prejudice materially the success of the offering and the distribution of the New Bonds or dealings in the New Bonds in the secondary market: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Issuer's or the Company's securities are traded (except for a temporary suspension or trading halt of the Shares directed by the Hong Kong Stock Exchange for not more than one Hong Kong Stock Exchange trading day), provided that such temporary suspension or trading halt is not caused by any events which would have a material adverse effect on the condition (financial or other), prospects, general affairs or results of operations of the Group or on the ability of the Issuer or the Company to perform their respective obligations under the New Bonds or the Subscription Agreement, the Trust Deed and the Agency Agreement, or which are otherwise material in the context of the issue of the New Bonds; (iii) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong, Singapore and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Issuer, the Company, the New Bonds and the Conversion Shares or the transfer thereof; or
5. if, in the opinion of the Joint Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their views be likely to prejudice materially the success of the offering and distribution of the New Bonds or dealings in the New Bonds in the secondary market.

### **The Issuer and the Company's lock-up**

Each of the Issuer and the Company has undertaken with the Joint Managers that neither the Issuer, the Company nor any person acting on their behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the New Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the New Bonds, the Shares or securities of the same class as the New Bonds or the Shares or other instruments representing interests in the New Bonds, the Shares or other securities of the same class as them; (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares; (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in



(a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise; or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Managers between the date of the Subscription Agreement and the date which is 90 days after the Closing Date (both dates inclusive); except for (i) the New Bonds (when issued) and the Conversion Shares; (ii) the Existing Convertible Bonds and the new Shares issued upon conversion of the Existing Convertible Bonds; (iii) the options granted or to be granted under the publicly disclosed share option scheme of the Company; (iv) the share awards granted or to be granted under the publicly disclosed share award scheme of the Company; and (v) any form of share incentives given or to be given (including but not limited to cash distribution from sale proceeds of shares) under The Sun Shine Trust. For the avoidance of doubt, the lock-up obligation of the Issuer and the Company shall terminate if (i) the Subscription Agreement is terminated in accordance with its terms; or (ii) the New Bonds are not issued by the Closing Date, whichever is earlier.

### **Relevant Shareholders' lock-up undertaking**

Each of the Relevant Shareholders has undertaken with the Joint Managers that, for a period commencing from the date of the Subscription Agreement to 90 days after the Closing Date, without the prior written consent of the Joint Managers, he/she will not (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares held directly (or through nominees) or indirectly through companies controlled by him/her or their subsidiaries (or through their nominees) (the “**Lock-up Shares**”) or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as the Lock-up Shares or other instruments representing interests in the Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of the Lock-up Shares or other securities, in cash or otherwise, or (d) announce or otherwise make public an intention to do any of the foregoing. For the avoidance of doubt, such undertaking does not apply to the options and shares held by Medical Recovery Limited, The Sun Shine Trust and The Empire Trust.

## **PRINCIPAL TERMS OF THE NEW BONDS**

The principal terms of the New Bonds are summarized as follows:

Issuer:	Strategic International Group Limited
Guarantor:	the Company
Principal Amount:	€320,000,000
Maturity Date:	29 June 2025 (the “ <b>Maturity Date</b> ”)

Issue Price:	100% of the principal amount of the New Bonds
Default Interest:	The New Bonds are zero coupon and do not bear interest unless, upon due presentation thereof, payment of principal or premium (if any) is improperly withheld or refused. If the Issuer (or as the case may be, the Guarantor) fails to pay any sum in respect of the New Bonds when the same becomes due and payable under the Terms and Conditions, interest shall accrue on the overdue sum at the rate of two per cent. per annum (both before and after judgement) from the due date up to and until whichever is the earlier of (a) the day on which all sums due in respect of such New Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the New Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholders under the Terms and Conditions). If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.
Form and Denomination:	The New Bonds are in registered form in denomination of €100,000 and integral multiples of €1,000 in excess thereof. Upon issue, the New Bonds will be represented by a global certificate registered in the name of a nominee of, and deposited with a common depository for Euroclear Bank SA/NV and Clearstream Banking, S.A.
Status:	The New Bonds constitute direct, unconditional, unsubordinated and (subject to the provision relating to the negative pledge below) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the New Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the provision relating to the negative pledge, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.
Guarantee:	The due payment of all sums expressed to be payable by the Issuer and the due performance by the Issuer of its obligations under the Trust Deed and the New Bonds have been unconditionally and irrevocably guaranteed by the Company. The obligations of the Company in that respect (the “ <b>Guarantee</b> ”) are contained in the Trust Deed. The payment obligations of the Company under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the provision relating to the negative pledge, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

**Conversion Right:** Subject to and upon compliance with the Terms and Conditions, the Conversion Right in respect of a New Bond may be exercised, at the option of the Bondholder, at any time (subject to any applicable fiscal or other laws or regulations and as provided in the Terms and Conditions) on or after 9 August 2020 up to the close of business (at the place where the certificate evidencing such New Bond is deposited for conversion) on the date falling seven days prior to the Maturity Date (both days inclusive) (but, except as provided in the Terms and Conditions, in no event thereafter), or if such New Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof, or if notice requiring redemption has been given by the Bondholder, then up to the close of business (at the place aforesaid) on the business day prior to the giving of such notice.

The number of Conversion Shares shall be determined by dividing the principal amount of the New Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK\$8.7299 = €1.00) by the Conversion Price in effect on the conversion date in respect of such New Bonds.

**Conversion Price:** The price at which Conversion Shares will be issued upon conversion will initially be HK\$13.1750 per Conversion Share, but will be subject to adjustment in certain circumstances, among others, (i) consolidation, reclassification or subdivision of the Shares; (ii) capitalization of profits or reserves; (iii) distributions (including but not limiting to dividend distribution); (iv) rights issue of Shares or options over Shares; (v) rights issues of other securities; (vi) issues at less than 95% of the then Current Market Price (as defined in the Terms and Conditions); (vii) other issues at less than 95% of the then Current Market Price; (viii) modification of rights of conversion etc.; (ix) other offers to Shareholders; and (x) other events determined by the Company that an adjustment should be made to the Conversion Price.

The Company undertakes that: (a) the Conversion Price shall not in any event be reduced to below the nominal value of the Shares as a result of any adjustment as provided in the Terms and Conditions unless under applicable law then in effect the New Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable Shares; and (b) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value or any minimum level permitted by applicable laws and regulations.

Adjustment upon Change of Control: If a Change of Control shall have occurred, the Issuer shall give notice of that fact to the Bondholders in accordance with the Terms and Conditions within 14 days after it becomes aware of such Change of Control. Following the giving of a Change of Control notice, upon any exercise of Conversion Rights such that the relevant conversion date falls within the period of 30 days following the later of (1) the relevant Change of Control and (2) the date on which the Change of Control notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} / (1 + (\text{CP} \times (c/t))), \text{ where}$$

NCP = the Conversion Price after such adjustment;

OCP = the Conversion Price before such adjustment. For the avoidance of doubt, OCP shall be the Conversion Price applicable on the relevant conversion date;

CP (or Conversion Premium) = 25.0 per cent.;

$c$  = the number of days from and including the first day of the Change of Control Conversion Period to but excluding the Maturity Date; and

$t$  = the number of days from and including the Closing Date to but excluding the Maturity Date.

Ranking of Conversion Shares: The Conversion Shares will be fully paid and will in all respects rank *pari passu* with the fully paid Shares in issue on the relevant registration date except for any right excluded by mandatory provisions of applicable law and except that such Shares will not rank for (or, as the case may be, the relevant Bondholder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant registration date.

Redemption at Maturity: Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each New Bond at 107.76% of its principal amount on 29 June 2025.

Redemption for  
Taxation Reasons: The Issuer may redeem all and not some only of the New Bonds, at its option, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and to the Bondholders in accordance with the Terms and Conditions at the Early Redemption Amount as at the relevant redemption date, if (a) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer (or if the Company was called, the Company) has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations which change or amendment becomes effective on or after 17 June 2020, and (b) such obligation cannot be avoided by the Issuer (or, as the case may be, the Company) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, as the case may be, the Company) would be obliged to pay such additional tax amounts were a payment in respect of the New Bonds then due.

If the Issuer gives such notice of redemption, each Bondholder will have the right to elect that his/her New Bond(s) shall not be redeemed. In that case, all payment made to an electing Bondholder after the tax redemption date will be made subject to the deduction or withholding of the tax required to be withheld or deducted and no additional tax amounts will be paid with respect thereto.

Redemption at the  
Option of the Issuer: On giving not less than 30 nor more than 60 days' notice to the Trustee, the paying agents named in the Agency Agreement (the "**Paying Agent(s)**") and to the Bondholders in accordance with the Terms and Conditions, the Issuer may redeem all and not some only of the New Bonds at the Early Redemption Amount as at the relevant redemption date, (a) at any time after 29 June 2023, provided that the closing price of a Share (translated into Euros at the Prevailing Rate), for 20 out of 30 consecutive trading days, the last of which occurs not more than 10 days prior to the date upon which notice of such redemption is given, was at least 130% of applicable Early Redemption Amount for each New Bond divided by corresponding exchange ratio provided in the Terms and Conditions; or (b) at any time if, prior to the date upon which notice of such redemption is given, Conversion Rights shall have been exercised and/or purchased (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in aggregate principal amount of the New Bonds originally issued (including any further issue).

Redemption for Relevant Events: Following the occurrence of a Relevant Event (as defined below), each Bondholder will have the right (the “**Relevant Event Put Right**”) at such Bondholder’s option, to require the Issuer to redeem all or some only of such Bondholder’s New Bonds on the put date for the Relevant Event at the Early Redemption Amount.

“**Relevant Event**” occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 30 consecutive trading days; or
- (ii) when there is a Change of Control.

Redemption at the Option of the Bondholders: On 29 June 2023 (the “**Optional Put Date**”), each Bondholder will have the right at such Bondholder’s option, to require the Issuer to redeem all or some only of the New Bonds of such Bondholder on the Optional Put Date at 104.59% of their principal amount. To exercise such right, the relevant Bondholder must complete, sign and deposit during normal business hours at the specified office of any paying agent a duly completed and signed notice of redemption, in the then current form obtainable from the specified office of any Paying Agent (the “**Optional Put Exercise Notice**”) together with the certificate evidencing the New Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Optional Put Date.

An Optional Put Exercise Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal) and the Issuer shall redeem the New Bonds the subject of the Optional Put Exercise Notice delivered as aforesaid on the Optional Put Date.

Early Redemption Amount: The applicable Early Redemption Amount for each €100,000 principal amount of New Bonds and integral multiples of €1,000 in excess thereof is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a semi-annual date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such semi-annual date):

Early Redemption Amount = Previous Redemption Amount  $\times (1 + r/2)^{(d/180)}$ ,  
where

Previous Redemption Amount = the Early Redemption Amount for each €100,000 principal amount of New Bonds and integral multiples of €1,000 in excess thereof on the semi-annual date immediately preceding the date fixed for redemption as set out below (or if the New Bonds are to be redeemed prior to 29 December 2020, €100,000):

<b>Semi-annual Date</b>	<b>Early Redemption Amount</b>
29 December 2020	€100,750.00
29 June 2021	€101,505.63
29 December 2021	€102,266.92
29 June 2022	€103,033.92
29 December 2022	€103,806.67
29 June 2023	€104,585.22
29 December 2023	€105,369.61
29 June 2024	€106,159.88
29 December 2024	€106,956.08

$r = 1.5$  per cent.

$d$  = number of days from and including the immediately preceding semi-annual date (or if the New Bonds are to be redeemed on or before 29 December 2020, from and including 29 June 2020) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

Negative Pledge: So long as any New Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Company will, and the Company will procure that none of its Subsidiaries will create, permit to subsist or arise, or have outstanding, any mortgage, charge, lien, pledge or other security interest (other than a security interest arising by operation of law) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, unless at the same time or prior thereto according to the New Bonds: (a) the same charge as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably; or (b) such other security as either (x) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (y) shall be approved by an extraordinary resolution of the Bondholders.

## **CONVERSION PRICE AND CONVERSION SHARES**

The initial Conversion Price is HK\$13.1750 per Conversion Share, which represents (i) a premium of approximately 25% over the closing price of HK\$10.54 per Share as quoted on the Hong Kong Stock Exchange on 17 June 2020 (being the trading day on which the Subscription Agreement was signed) and (ii) a premium of approximately 31.72% over the average closing price of approximately HK\$10.0020 as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including 17 June 2020.

The Conversion Price was determined with reference to the prevailing market price of the Shares and the Terms and Conditions (including the redemption options) and was negotiated on an arm's length basis among the Issuer, the Company and the Joint Managers. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming full conversion of the New Bonds at the initial Conversion Price of HK\$13.1750 per Share and no further issue of Shares, the New Bonds will be convertible into approximately 212,035,521 Shares, representing approximately 8.35% of the issued share capital of the Company as at the date of this announcement and approximately 7.71% of the issued share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares.

The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares falling to be issued upon conversion of the New Bonds.



## APPROVAL PURSUANT TO RULE 10.06(3) OF THE HONG KONG LISTING RULES

Rule 10.06(3) of the Hong Kong Listing Rules provides that an issuer whose primary listing is on the Hong Kong Stock Exchange may not make a new issue of shares or announce a proposed new issue of shares for a period of 30 days after any purchase by it of shares, whether on the Hong Kong Stock Exchange or otherwise, without the prior approval of the Hong Kong Stock Exchange and shares for such purpose include shares of all classes and securities which carry a right to subscribe or purchase shares, of the issuer. The Company has therefore applied for and has received approval from the Hong Kong Stock Exchange pursuant to Rule 10.06(3) of the Hong Kong Listing Rules for the New Bonds Issue to be undertaken concurrently with the Concurrent Repurchase.

## EFFECT ON SHAREHOLDING STRUCTURE

The following table summarises the potential effects on the shareholding structure of the Company as a result of the issue of the New Bonds (by reference to the information on shareholdings available to the Company as at the date of this announcement and assuming full conversion of the New Bonds and no further issue of Shares):

Name of Shareholders	As at the date of this announcement		Assuming the New Bonds are fully converted into Conversion Shares at the initial Conversion Price	
	Number of Shares	Approximate % of total issued Shares <sup>(4)</sup>	Number of Shares	Approximate % of the enlarged issued Shares <sup>(4)</sup>
Decade Sunshine Limited <sup>(1)</sup>	476,774,553	18.78	476,774,553	17.33
CS Sunshine Investment Limited	472,212,360	18.60	472,212,360	17.17
Hero Grand Management Limited <sup>(2)</sup>	49,786,010	1.96	49,786,010	1.81
Directors <sup>(3)</sup>	171,084,881	6.74	171,084,881	6.22
Other public shareholders	1,368,653,328	53.92	1,368,653,328	49.76
Bondholders	—	—	212,035,521	7.71
<b>Total</b>	<b>2,538,511,132</b>	<b>100</b>	<b>2,750,546,653</b>	<b>100</b>

Notes:

1. Decade Sunshine Limited is a company controlled by Dr. LOU Jing.

2. Hero Grand Management Limited is owned by an unnamed trust that is owned as to 100% by TMF (Cayman) Ltd. as the trustee, and Dr. LOU Jing (Chairman of the Board) is the settlor and a beneficiary of the trust. As at the date of this announcement, Hero Grand Management Limited held approximately 1.96% of the total issued share capital of the Company, of which 1.64% was held on trust for Dr. LOU Jing and 0.32% was held by itself.
3. To the best knowledge of the Company, the Directors (other than Dr. LOU Jing), together with a relevant former director, held approximately 6.74% of the total issued share capital of the Company in aggregate as at the date of this announcement.
4. The percentages are subject to rounding difference, and figures shown as totals may not be an arithmetic aggregation of the figures preceding them, if any.

## **USE OF PROCEEDS**

The net proceeds from the New Bonds (after deduction of commissions and other related expenses) are estimated to be approximately €315,000,000, representing a net issue price of approximately HK\$12.9691 per Conversion Share based on the initial Conversion Price. Such net proceeds are proposed to be used for the payments needed for the Concurrent Repurchase and/or the redemption of the Existing Convertible Bonds upon exercise of the put option by the holders of the Existing Convertible Bonds, research and development, purchase of operation facilities and other general corporate purposes.

## **REASONS FOR AND BENEFITS OF THE CONCURRENT REPURCHASE AND THE NEW BONDS ISSUE**

The Board considers that by the Concurrent Repurchase and the New Bonds Issue, the Company will be able to extend the debt maturity profile of the Company and/or raise additional capital for its business needs. The Board currently intends to use the funds as mentioned above and considers it will facilitate the overall development and expansion of the Group. As such, the Company considers that the New Bonds Issue, together with the One-time Repurchase and the Concurrent Repurchase are in the interest of the Company and its shareholders as a whole.

## **GENERAL MANDATE**

It is proposed that the allotment and issue of Conversion Shares will be made pursuant to the General Mandate proposed to be granted to the Directors by the Shareholders at the annual general meeting of the Company to be held on 19 June 2020 which will, upon the Shareholders' approval, authorise the Directors to allot, issue and/or deal with a maximum of 507,702,226 new Shares (assuming there being no change to the number of issued Shares from the date of this announcement to the date of the annual general meeting).

As at the date of this announcement, save as disclosed above, the Company does not expect to allot or issue any other Shares pursuant to the General Mandate. The Conversion Shares will utilise, based on the initial Conversion Price, approximately 212,035,521 Shares under the General Mandate (representing approximately 41.76% of the maximum number of Shares that is allowed to be allotted and issued under the General Mandate). As such, the Board considers that the General Mandate will be sufficient for, and no further Shareholders' approval is required for, the allotment and issue of the Conversion Shares.

In any event, if the number of the Conversion Shares does indeed exceed the General Mandate upon future adjustment to the Conversion Price pursuant to the Terms and Conditions, the Company will seek a specific mandate from its Shareholders for issuing the Conversion Shares exceeding the General Mandate.

## **EQUITY FUND-RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS**

The Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this announcement.

## **GENERAL INFORMATION**

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

## **APPLICATION FOR LISTING OF THE NEW BONDS**

A formal application will be made by the Issuer to the Hong Kong Stock Exchange for the listing of, and permission to deal in the New Bonds, on the Hong Kong Stock Exchange and an application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

**Completion of the New Bonds Issue is subject to the satisfaction and/or waiver of the conditions precedent under the Subscription Agreement. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “SUBSCRIPTION AGREEMENT” above for further information. Furthermore, completion of the Concurrent Repurchase is subject to, among other things, completion of the New Bonds Issue and the conditions precedent set forth in the Dealer Manager Agreement, market conditions and investors’ demand. Therefore, the Concurrent Repurchase may or may not be completed, the New Bonds may or may not be issued or listed and/or the Conversion Shares may or may not be issued or listed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Agency Agreement”                      the paying, conversion and transfer agency agreement in respect of the New Bonds to be entered into among the Issuer, the Company, the Trustee and the other agents named therein

“Board”                                        the board of Directors

“Bondholder(s)”	holder(s) of the New Bonds from time to time
“Change of Control”	(i) any person or persons acting together acquires Control provided that such person or persons does not or do not have, and would not be deemed to have, Control on the Closing Date (for the avoidance of doubt, any increase in Voting Rights beneficially owned or controlled by Dr. LOU Jing, Ms. Lily XING, Mr. TAN Bo, Ms. SU Dongmei and Mr. HUANG Bin, whether individually or collectively, shall not be deemed a Change of Control); or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other person or persons acting together unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or successor entity
“Closing Date”	on 29 June 2020, or such later date, as the Issuer, the Company and the Joint Managers may agree
“Company” or “Guarantor”	3SBio Inc. 三生制药, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Concurrent Repurchase”	the proposed repurchase of up to the aggregate principal amount outstanding of the Existing Convertible Bonds by the Issuer
“Control”	(i) the acquisition, beneficial ownership or control of more than 50% of the Voting Rights of the issued share capital of the Company, or (ii) the right to appoint and/or remove all or the majority of the members of the Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise
“Conversion Price”	the price per Conversion Share (subject to adjustments) at which the New Bonds may be converted into the Conversion Shares
“Conversion Share(s)”	the Share(s) to be issued by the Company upon conversion of the New Bonds pursuant to the Trust Deed and the Terms and Conditions
“Dealer Manager Agreement”	the dealer manager agreement dated 17 June 2020 entered into among the Issuer, the Company and the Joint Dealer Managers in relation to the appointment of Deutsche Bank AG, Hong Kong Branch and J.P. Morgan Securities plc in connection with the Concurrent Repurchase

“Director(s)”	the director(s) of the Company
“Early Redemption Amount”	for each €100,000 principal amount of New Bonds and integral multiples of €1,000 in excess thereof, the amount calculated with formula provided in the Terms and Conditions
“Euro” or “€”	Euro, the lawful currency of the member states of the Eurozone
“Existing Convertible Bonds”	the €300,000,000 zero coupon unsecured convertible bonds due 2022 issued by the Issuer and guaranteed by the Company
“General Mandate”	the general mandate proposed to be granted to the Directors by the Shareholders to allot, issue and/or deal with a maximum of 507,702,226 new Shares (assuming there being no change to the number of issued Shares from the date of this announcement to the date of the annual general meeting) pursuant to an ordinary resolution proposed to be passed at the annual general meeting of the Company to be held on 19 June 2020
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issuer”	Strategic International Group Limited, a business company incorporated with limited liability in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Joint Dealer Managers”	Deutsche Bank AG, Hong Kong Branch and J.P. Morgan Securities plc
“Joint Global Coordinators”	Deutsche Bank AG, Hong Kong Branch and J.P. Morgan Securities plc
“Joint Managers”	Deutsche Bank AG, Hong Kong Branch and J.P. Morgan Securities plc
“New Bonds”	zero coupon unsecured convertible bonds in an aggregate principal amount of €320,000,000 due 2025 to be issued by the Issuer pursuant to the Subscription Agreement and to be guaranteed by the Company pursuant to the Guarantee

“New Bonds Issue”	issue of the New Bonds
“Offering Circular”	the offering circular to be prepared by the Company for use in connection with the issue of the New Bonds and the listing of the New Bonds on the Hong Kong Stock Exchange
“One-time Repurchase”	the Company’s repurchase of an aggregate principal amount of €5,000,000 in face value of the Existing Convertible Bonds on 16 April 2020 through over-the-counter market
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Principal Agent”	Deutsche Bank AG, Hong Kong Branch
“Relevant Indebtedness”	any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market but shall not include any financing of the acquisition of assets if (i) by the terms of such financing it is expressly provided that the holders of the resulting indebtedness shall look to the assets financed and the revenues to be generated by the operation of, or loss of or damage to, such assets as the sole source of repayment for the moneys advanced and payment of interest thereon and (ii) such financing is not guaranteed by the Company or any of its Subsidiaries, but excluding any indebtedness under any loan, credit agreement or loan facility obtained by the Issuer, the Company or their respective Subsidiaries in the ordinary course of business
“Relevant Shareholders”	Dr. LOU Jing, Ms. SU Dongmei and Mr. HUANG Bin
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each
“Subscription Agreement”	the subscription agreement dated 17 June 2020 entered into among the Issuer, the Guarantor and the Joint Managers in connection with the issue and offering of the New Bonds

“Subsidiary(-ies)”	(i) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person, which, for the purpose of the New Bonds, shall exclude Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (三生國健藥業(上海)股份有限公司)
“Terms and Conditions”	the terms and conditions in relation to the New Bonds
“Trust Deed”	the trust deed constituting the New Bonds to be entered into among the Issuer, the Company and the Trustee
“Trustee”	DB Trustees (Hong Kong) Limited, the trustee to be appointed in relation to the New Bonds
“United States”	the United States of America, its territories, possessions and all areas subject to its jurisdiction
“US\$”	US dollar(s), the lawful currency of the United States
“Voting Rights”	the right generally to vote at a general meeting of the Shareholders (including, at the time, stock of any other class or classes which shall have, or might have, voting power by reason of the happening of any contingency)

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

Shenyang, the PRC, 17 June 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 Mr. WONG Lap Yan as independent non-executive Directors.*