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三生制药
3SBIO INC.

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1530)

**AMENDMENTS AND APPOINTMENT OF TRUSTEE
FOR THE SHARE AWARD SCHEME
AND
DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING ACQUISITION OF SALE SHARES BY
MIGHTY DECADE AND
OFF-MARKET SHARE BUY-BACK BY THE COMPANY**

Financial Adviser to the Company

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ALTUS CAPITAL LIMITED

AMENDMENTS AND APPOINTMENT OF TRUSTEE FOR THE SHARE AWARD SCHEME

Reference is made to the announcement of the Company dated 17 July 2019 in respect of the adoption of the Share Award Scheme. To provide more flexibility to the Company to operate an effective and efficient incentive plan with reference to market practices and for the purpose of the Proposed Trust's Acquisition as further elaborated below, the Board has resolved to amend the terms of the Share Award Scheme on 12 December 2021 to allow the purchase or subscription of the Reserved Shares. Save for the aforementioned and other incidental changes, no other substantive changes have been made to the Share Award Scheme and all other terms of the Share Award Scheme remain effective.

On the same date, the Company entered into the Trust Deed with Tricor Trust (Hong Kong) Limited and appoint Tricor Trust (Hong Kong) Limited as the Trustee to assist with the administration of the Share Award Scheme pursuant to the Share Award Scheme. To the best knowledge, information and belief of the Board after making all reasonable enquiries, the Trustee is an independent third party and not connected with the Company or any of its connected persons. The Trustee will administer the Share Award Scheme in accordance with the terms of the Scheme and the Trust Deed.

SALE AND PURCHASE AGREEMENT

On 12 December 2021, Mighty Decade, a holding company of the Trust under the Share Award Scheme, and CS Sunshine entered into the Sale and Purchase Agreement, pursuant to which Mighty Decade has conditionally agreed to acquire and CS Sunshine has conditionally agreed to dispose of the Sale Shares (representing approximately 1.6% of the total number of issued Shares as at the date of this announcement) free from Encumbrances, together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the Completion Date, for the total consideration of HK\$273,625,124.64, equivalent to HK\$6.78 per Sale Share.

SHARE BUY-BACK AGREEMENT

On 12 December 2021, the Company and CS Sunshine entered into the Share Buy-back Agreement, pursuant to which the Company has conditionally agreed to acquire and CS Sunshine has conditionally agreed to dispose of the Buy-back Shares (representing approximately 3.4% of the total number of issued Shares as at the date of this announcement), free from Encumbrances, together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the Completion Date, for the total consideration of HK\$581,453,389.86, equivalent to HK\$6.78 per Buy-back Share.

COMPLETION

The Completion of the Proposed Share Buy-back and the Proposed Trust's Acquisition are inter-conditional upon each other.

Upon the completion of the Proposed Buy-back, the Buy-back Shares will be cancelled and the shareholding percentages of the Shareholders will be increased on a pro rata basis upon the cancellation of the Buy-back Shares and the resulting reduction in the number of issued Shares.

LISTING RULES AND BUY-BACK CODE IMPLICATIONS

Listing Rules implications

The terms of the Share Award Scheme (including the Amendments and the appointment of Trustee) are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of options by the Company to subscribe for new Shares. Accordingly, no Shareholders' approval is required for the Amendments and appointment of Trustee for the Share Award Scheme.

As at the date of this announcement, CS Sunshine holds 472,212,360 Shares, representing approximately 18.72% of the total number of issued Shares of the Company, and is a substantial shareholder of the Company. As a substantial shareholder of the Company, CS Sunshine is a connected person of the Company pursuant to the Listing Rules. Accordingly, both the Proposed Share Buy-back and the Proposed Trust's Acquisition (which are inter-conditional upon each other) constitute connected transactions of the Company and are therefore subject to the approval by the Independent Shareholders at the EGM under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Sale and Purchase Agreement and the Share Buy-back Agreement on an aggregated basis exceeds 5% but is less than 25%, the transactions contemplated under the Sale and Purchase Agreement and the Share Buy-back Agreement also constitute discloseable transactions and are subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules. As explained in the paragraphs under "Buy-back Code implications" below, the Proposed Share Buy-back is subject to the approval by special resolutions of the Independent Shareholders present in person or by proxy at the EGM. The Proposed Trust's Acquisition is subject to the approval by ordinary resolution by the majority of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company.

Buy-back Code implications

The Proposed Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-back Code. The Company has made an application to the Executive for approval of the Proposed Share Buy-back pursuant to Rule 2 of the Buy-back Code. The Executive's approval, if granted, will normally be conditional upon, amongst other things, approval of the Proposed Share Buy-back by special resolution by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company.

Completion of the Proposed Share Buy-back is subject to the conditions, including, among others, that the Proposed Share Buy-back has been approved by the Executive. Therefore, the Company will not proceed with the Share buy-back unless the Executive approves the Proposed Share Buy-back pursuant to Rule 2 of the Buy-back Code. However, there is no assurance that such approval will be granted or that all other conditions precedent to the Proposed Share Buy-back will be fulfilled.

As required by the Buy-back Code, as at the date of this announcement, (i) CS Sunshine Concert Group (which beneficially holds 472,212,360 Shares representing approximately 18.72% of the total number of issued Shares of the Company); and (ii) the Company's Concert Group (which beneficially holds 660,611,523 Shares, representing approximately 26.19% of the total number of issued Shares of the Company) will abstain from voting on the resolutions to be proposed at the EGM for approving the Proposed Share Buy-back and the Share Buy-back Agreement.

GENERAL

Pursuant to the Listing Rules and the Buy-back Code, the Independent Board Committee (comprising all the independent non-executive Directors, namely Mr. Pu Tianruo, Dr. Wong Lap Yan and Ms. Yang Hoi Ti Heidi, all of whom do not have any direct or indirect interest in the Proposed Share Buy-back and the Proposed Trust's Acquisition) has been formed to advise the Independent Shareholders on the Proposed Share Buy-back, the Share Buy-back Agreement, the Proposed Trust's Acquisition and the Sale and Purchase Agreement.

The Independent Financial Adviser, Altus Capital Limited, has been appointed by the Board to advise the Independent Board Committee and the Independent Shareholders on the Proposed Share Buy-back, the Share Buy-back Agreement, the Proposed Trust's Acquisition and the Sale and Purchase Agreement and to make recommendations on voting.

A circular containing, amongst others: (i) details of the Share Buy-back Agreement and the Sale and Purchase Agreement; (ii) a letter of advice from the Independent Board Committee on the Share buy-back, the Share Buy-back Agreement, the Proposed Trust's Acquisition and the Sale and Purchase Agreement; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Proposed Share buy-back, the Share Buy-back Agreement, the Proposed Trust's Acquisition and the Sale and Purchase Agreement, will be despatched in accordance with the Listing Rules and the Buy-back Code in due course.

Currently, the Company is making preparations with an aim to issue the circular within 21 days from the date of this announcement namely on or before 3 January 2022. However, there is no assurance that the circular will be issued on or before that date. If there is such a delay, the Company will seek the Executive's consent if it becomes clear that the circular will not be able to be issued by that date and will apply to the Executive for an extension of time for the despatch of the circular. Further announcement(s) will be made by the Company as appropriate.

The Shareholders and potential investors should be aware that the Proposed Share Buy-back and the Proposed Trust's Acquisition are subject to the conditions precedent set out in this announcement, and consequently the Proposed Share Buy-back may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares and securities of the Company.

AMENDMENTS AND APPOINTMENT OF TRUSTEE FOR THE SHARE AWARD SCHEME

Amendment to the Share Award Scheme

Reference is made to the announcement of the Company dated 17 July 2019 in respect of the adoption of the Share Award Scheme. To provide more flexibility to the Company to operate an effective and efficient incentive plan with reference to market practices and for the purpose of the Proposed Trust's Acquisition as further elaborated below, the Board has resolved to amend the terms of the Share Award Scheme on 12 December 2021 to allow the purchase or subscription of the Reserved Shares.

Save for the aforementioned and other incidental changes, no other substantive changes have been made to the Share Award Scheme and all other terms of the Share Award Scheme remain effective.

Appointment of Trustee

On 12 December 2021, the Company entered into the Trust Deed with Tricor Trust (Hong Kong) Limited and appointed Tricor Trust (Hong Kong) Limited as the Trustee to assist with the administration of the Share Award Scheme pursuant to the Share Award Scheme.

To the best knowledge, information and belief of the Board after making all reasonable enquiries, the Trustee is an independent third party and not connected with the Company or any of its connected persons. The Trustee will administer the Share Award Scheme in accordance with the terms of the Scheme and the Trust Deed.

Whilst and for so long as Shares are held by the Trustee in the trust fund (whether or not beneficial interest in those Shares has been vested in any Selected Participant or object of the trust), the Trustee shall refrain from exercising any voting rights which may attach to the Shares and from taking any action in relation to the Shares prior to the vesting of the Shares with the relevant Selected Participant or in the event of a proposed change of control of the Company.

THE PROPOSED TRUST'S ACQUISITION

On 12 December 2021, Mighty Decade, the holding company of the Trust under the Share Award Scheme, and CS Sunshine entered into the Sale and Purchase Agreement, pursuant to which Mighty Decade has conditionally agreed to acquire and CS Sunshine has conditionally agreed to dispose of the Sale Shares, free from Encumbrances, together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the Completion Date, for the total consideration of HK\$273,625,124.64, equivalent to HK\$6.78 per Sale Share.

The Sale and Purchase Agreement

Parties

- (1) Mighty Decade, as the purchaser; and
- (2) CS Sunshine, as the seller

Number of Sale Shares

The number of Sale Shares is 40,357,688, representing approximately 1.6% of the total number of issued Shares of the Company, and representing approximately 8.55% of the Shares currently held by CS Sunshine in the Company.

Consideration

The total consideration for the Proposed Trust's Acquisition is HK\$273,625,124.64, equivalent to HK\$6.78 per Sale Share, and is payable by way of bank transfer. The consideration for the Sale Shares was determined based on the arm's length commercial negotiations between the Company and CS Sunshine, taking into account the movements in the price of the Shares over a period of time, the prevailing market conditions, and the closing price of the Shares on the Last Trading Day.

The consideration for each Sale Share is HK\$6.78, representing:

- (a) the closing price of HK\$6.78 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 0.62% over the average closing price of HK\$6.74 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 1.01% over the average closing price of HK\$6.71 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 0.06% over the average closing price of HK\$6.776 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 1.17% to the average closing price of HK\$6.86 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (f) a premium of approximately 20.60% over the unaudited consolidated net asset value per Share attributable to Shareholders as at 30 June 2021 of approximately HK\$5.62 per Share*.

The original average purchase cost of the Sale Shares to CS Sunshine was HK\$1.3888 per Share.

**Note:* The unaudited consolidated net assets per Share attributable to equity holders of the Company as at 30 June 2021 and the unaudited earnings per Share attributable to equity holders of the Company for the six months ended 30 June 2021 were approximately RMB4.61 and approximately RMB0.35 respectively, which was based on the unaudited consolidated net assets of the Group attributable to equity holders of the Company as at 30 June 2021 of approximately RMB11,732,515,000 and the unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 June 2021 of approximately RMB898,908,000 respectively, and on the basis that 2,545,337,013 shares were in issue as at 30 June 2021 and throughout the six months ended 30 June 2021. For illustration purposes only, the amount denominated in RMB has been converted into HK\$ at an exchange rate of RMB1.00 to HK\$1.22.

The consideration for the Proposed Trust's Acquisition will be satisfied by the internally generated funds of the Company and/or external financing obtained by the Company.

Conditions

Completion will be conditional upon the satisfaction of, amongst others, the following conditions:

- (a) the Company having obtained the requisite Shareholders' approval in respect of the transaction contemplated under the Sale and Purchase Agreement pursuant to the Listing Rules;
- (b) the warranties of CS Sunshine as set out in the Sale and Purchase Agreement remaining true, accurate and not misleading as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion;
- (c) the warranties of Mighty Decade as set out in the Sale and Purchase Agreement remaining true, accurate and not misleading as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion; and
- (d) the Share Buy-back Agreement having become unconditional.

Except for conditions precedent (b) and (c) above, none of the conditions above is capable of being waived by CS Sunshine or the Company. If any of the conditions precedent above is not satisfied, or where applicable, waived, at or before 5:00 p.m. on the Long Stop Date, Mighty Decade and CS Sunshine shall not be bound to proceed with the Proposed Trust's Acquisition and the Sale and Purchase Agreement shall cease and determine (save for certain surviving clauses which shall continue to have full force and effect and any rights accrued to any parties in respect of any antecedent breaches of the terms of the Sale and Purchase Agreement).

Completion

The completion of the Proposed Trust's Acquisition shall take place simultaneously with the completion of the Share Buy-back Agreement on the third business day after all the conditions precedent having been fulfilled, or, where applicable, waived by Mighty Decade or such other date as CS Sunshine and Mighty Decade may agree in writing.

THE PROPOSED SHARE BUY-BACK

On 12 December 2021, the Company and CS Sunshine entered into the Share Buy-back Agreement, pursuant to which the Company has conditionally agreed to acquire and CS Sunshine has conditionally agreed to dispose of the Buy-back Shares (representing approximately 3.4% of the total number of issued Shares as at the date of this announcement), free from Encumbrances, together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the Completion Date, for the total consideration of HK\$581,453,389.86, equivalent to HK\$6.78 per Buy-back Share.

The Share Buy-back Agreement

Parties

- (1) The Company, as the purchaser; and
- (2) CS Sunshine, as the seller

Number of Buy-back Shares

The number of Buy-back Shares is 85,760,087, representing approximately 3.4% of the total number of issued Shares of the Company, and representing approximately 18.16% of the Shares currently held by CS Sunshine in the Company.

Consideration

The total consideration for the Proposed Share Buy-back is HK\$581,453,389.86, equivalent to HK\$6.78 per Buy-back Share, and is payable by way of bank transfer. The buy-back price for the Buy-back Shares was determined based on the arm's length commercial negotiations between the Company and CS Sunshine, taking into account the movements in the price of the Shares over a period of time, the prevailing market conditions, and the closing price of the Shares on the Last Trading Day.

The buy-back price for each Buy-back Share is HK\$6.78, representing:

- (a) the closing price of HK\$6.78 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 0.62% over the average closing price of HK\$6.74 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 1.01% over the average closing price of HK\$6.71 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 0.06% over the average closing price of HK\$6.776 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;

- (e) a discount of approximately 1.17% to the average closing price of HK\$6.86 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (f) a premium of approximately 20.60% over the unaudited consolidated net asset value per Share attributable to Shareholders as at 30 June 2021 of approximately HK\$5.62 per Share*.

The original average purchase cost of the Buy-back Shares to CS Sunshine was HK\$1.3888 per Share.

**Note:* The unaudited consolidated net assets per Share attributable to equity holders of the Company as at 30 June 2021 and the unaudited earnings per Share attributable to equity holders of the Company for the six months ended 30 June 2021 were approximately RMB4.61 and approximately RMB0.35 respectively, which was based on the unaudited consolidated net assets of the Group attributable to equity holders of the Company as at 30 June 2021 of approximately RMB11,732,515,000 and the unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 June 2021 of approximately RMB898,908,000 respectively, and on the basis that 2,545,337,013 shares were in issue as at 30 June 2021 and throughout the six months ended 30 June 2021. For illustration purposes only, the amount denominated in RMB has been converted into HK\$ at an exchange rate of RMB1.00 to HK\$1.22.

The consideration for the Proposed Share Buy-back will be satisfied by the internally generated funds of the Company and/or external financing obtained by the Company.

Conditions

Completion will be conditional upon the satisfaction of, amongst others, the following conditions:

- (a) the Executive having approved the buy-back of the Buy-back Shares by the Company pursuant to the Buy-back Code (and such approval not having been withdrawn) and the condition(s) of such approval, if any, having been satisfied;
- (b) the Proposed Share Buy-back having been approved by at least three-fourths of the votes cast on a poll by the disinterested shareholders (as defined under the Buy-back Code) in attendance in person or by proxy at a general meeting of Shareholders duly convened and held to consider, among other things, the Proposed Share Buy-back pursuant to the Buy-back Code;
- (c) the warranties of CS Sunshine as set out in the Share Buy-back Agreement remaining true, accurate and not misleading as if repeated at Completion and at all times between the date of the Share Buy-back Agreement and the Completion;
- (d) the warranties of Mighty Decade as set out in the Share Buy-back Agreement remaining true, accurate and not misleading as if repeated at Completion and at all times between the date of the Share Buy-back Agreement and the Completion; and
- (e) the Sale and Purchase Agreement having become unconditional.

Except for conditions precedent (c) to (d) above, none of the conditions above is capable of being waived by CS Sunshine or the Company. If any of the conditions precedent above is not satisfied, or where applicable, waived, at or before 5:00 p.m. on the Long Stop Date, the Company and CS Sunshine shall not be bound to proceed with the Proposed Share Buy-back and the Share Buy-back Agreement shall cease and determine (save for certain surviving clauses which shall continue to have full force and effect and any rights accrued to any parties in respect of any antecedent breaches of the terms of the Share Buy-back Agreement).

Completion

The completion of the Proposed Share Buy-back shall take place simultaneously with the completion of the Sale and Purchase Agreement on the third business day after all the conditions precedent having been fulfilled, or, where applicable, waived by the Company or such other date as CS Sunshine and the Company may agree in writing.

EFFECTS OF THE PROPOSED TRUST'S ACQUISITION AND THE PROPOSED SHARE BUY-BACK ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, CS Sunshine holds 472,212,360 Shares in issue, representing approximately 18.72% of the total number of issued Shares. Upon completion of the Proposed Share Buy-back, the Buy-back Shares will be transferred to the Company and cancelled. The percentage interest of all other Shareholders in the issued Shares of the Company will be proportionally increased following the cancellation of the Buy-back Shares and the resulting reduction in the number of issued Shares. The following table illustrates the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Proposed Share Buy-back and the Proposed Trust's Acquisition:

	As at the date of this announcement		Assuming that all options under The Empire Trust have been exercised as at the date of this announcement		Immediately after the completion of the Proposed Share Buy-back and the Proposed Trust's Acquisition		Immediately after the completion of the Proposed Share Buy-back and the Proposed Trust's Acquisition and assuming that all options under The Empire Trust have been exercised	
	Number of Shares	% of total no. of issued Shares	Number of Shares	% of total no. of issued Shares	Number of Shares	% of total no. of issued Shares	Number of Shares	% of total no. of issued Shares
Decade Sunshine Limited ⁽¹⁾	476,774,553	18.90%	476,774,553	18.70%	476,774,553	19.57%	476,774,553	19.36%
Hero Grand Management Limited ⁽²⁾	50,174,510	1.99%	50,174,510	1.97%	50,174,510	2.06%	50,174,510	2.04%
Dr. Lou Jing	—	—	440,000	0.02%	—	—	440,000	0.02%
Directors ⁽³⁾	133,662,460	5.30%	134,102,460	5.26%	133,662,460	5.48%	134,102,460	5.44%
Mighty Decade	—	—	—	—	40,357,688	1.66%	40,357,688	1.64%
Subtotal for the Company's Concert Group	660,611,523	26.19%	661,491,523	25.95%	700,969,211	28.77%	701,849,211	28.50%
CS Sunshine	472,212,360	18.72%	472,212,360	18.53%	346,094,585	14.20%	346,094,585	14.05%
Other public Shareholders	1,389,531,616	55.09%	1,415,212,616	55.52%	1,389,531,616	57.03%	1,415,212,616	57.45%
Total	2,522,355,499	100%	2,548,916,499	100%	2,436,595,412	100%	2,463,156,412	100%

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 is under the class of a beneficiary of the trust. As at the date of this announcement, TMF (Cayman) Ltd. is an independent third party trustee service provider that is indirectly owned by TMF Sapphire Topco B.V. and no individual has an interest in 10% or more of the shares in TMF Sapphire Topco B.V. and the directors of TMF (Cayman) Ltd. are Evert Rakers and Lesley den Exter. As at the date of this announcement, Hero Grand Management Limited held approximately 1.99% of the total issued share capital of the Company, of which 1.66% was held on trust for Dr. Lou Jing and 0.33% was held for itself.
3. The Directors (comprising Ms. Su Dongmei and Mr. Huang Bin but excluding Dr. Lou Jing), together with Mr. Tan Bo, a former Director, and Medical Recovery Limited (which is controlled by three Directors, namely Dr. Lou Jing, Mr. Su Dongmei and Mr. Huang Bin), held approximately 5.30% of the total issued share capital of the Company in aggregate as at the date of this announcement. As at the date of this announcement, Ms. Su Dongmei, Mr. Huang Bin, Mr. Tan Bo and Medical Recovery Limited held 24,384,630 Shares, 32,197,350 Shares, 42,090,000 Shares and 34,990,480 Shares, respectively, which accounted for approximately 0.97%, 1.28%, 1.67% and 1.39% of the total issued Shares as at the date of this announcement, respectively, and approximately 0.96%, 1.26%, 1.65% and 1.37% of the total issued Shares, respectively, assuming that all options under The Empire Trust have been exercised as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE PROPOSED SHARE BUY-BACK AND THE PROPOSED TRUST'S ACQUISITION

When considering the Proposed Share Buy-back, the Company has taken into consideration that the Proposed Share Buy-back and the Proposed Trust's Acquisition:

- (a) are good opportunities for the Company to enhance its earnings per Share and the rate of return on capital, as the financial position of the Company is solid and healthy and therefore the Company has adequate resources to conduct the transactions to achieve such intended results;
- (b) reflect the Company's recognition of its own value and confidence in the long-term prospects of the industry and the Company, as the Board believes that the current trading price of the Shares does not reflect their intrinsic value and the actual business prospects;
- (c) are consistent with the Company's prevailing share buy-back plan as disclosed in its announcement dated 25 August 2021 and such off-market transactions will be conducted at a more favourable price than those of the on-market share repurchases recently conducted by the Company during August and September 2021;
- (d) will enable the Company to acquire more Shares during off-market hours without causing significant disturbance to the price and volume of the Shares during trading hours so as to maintain an orderly market;
- (e) can minimise the impact of a disposal of a significant number of Shares by a substantial shareholder onto the market so that any potential significant market volatility and investors' concern can otherwise be avoided or minimised. If there were no such Proposed Share Buy-back and the Proposed Trust's Acquisition, disposing of a sizeable number of Shares by a substantial shareholder would likely create downward pressure on the Company's share price so other existing investors of the Company may have potential consequential mark-to-market losses of their current shareholding position in the Company, margin calls in cases where the Shares have been pledged by investors as collaterals, and potential consequential losses from derivative investments by investors such as options where underlying assets are the Shares; and

- (f) can ensure stability of the existing substantial shareholders and avoid the introduction by way of placing of Shares to a new substantial shareholder whose investment horizon and objectives may be unknown to the existing shareholders and investors, thereby causing any unnecessary uncertainty or speculation.

In view of the above, the Board (excluding the members of the Independent Board Committee who will express their views after receiving advice from the Independent Financial Adviser and excluding Mr. Tang Ke who is considered to have a material interest in the Proposed Share Buy-back, the Share Buy-back Agreement, the Proposed Trust's Acquisition and the Sale and Purchase Agreement by virtue of his position as a director of CS Sunshine and a managing director of Beijing Panmao Investment Management Co., Ltd. (北京磐茂投資管理有限公司) which is associated with CS Sunshine) is of the view that the Proposed Share Buy-back and the Proposed Trust's Acquisition are entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES AND BUY-BACK CODE IMPLICATIONS

Listing Rules implications

The terms of the Share Award Scheme (including the Amendments and the appointment of Trustee) are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of options by the Company to subscribe for new Shares. Accordingly, no Shareholders' approval is required for the Amendments and appointment of Trustee for the Share Award Scheme.

As at the date of this announcement, CS Sunshine holds 472,212,360 Shares, representing approximately 18.72% of the total number of issued Shares of the Company, and is a substantial shareholder of the Company. As a substantial shareholder of the Company, CS Sunshine is a connected person of the Company pursuant to the Listing Rules. Accordingly, both the Proposed Share Buy-back and the Proposed Trust's Acquisition (which are inter-conditional upon each other) constitute connected transactions of the Company and are therefore subject to the approval by the Independent Shareholders at the EGM under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Sale and Purchase Agreement and the Share Buy-back Agreement on an aggregated basis exceeds 5% but is less than 25%, the transactions contemplated under the Sale and Purchase Agreement and the Share Buy-back Agreement also constitute discloseable transactions and are subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules. As explained in the paragraphs under "Buy-back Code implications" below, the Proposed Share Buy-back is subject to the approval by special resolution of the Independent Shareholders present in person or by proxy at the EGM. The Proposed Trust's Acquisition is subject to the approval by ordinary resolution by the majority of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Proposed Share Buy-back, Share Buy-back Agreement, the Proposed Trust's Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder, save that Mr. Tang Ke is a director of CS Sunshine and a

managing director of Beijing Panmao Investment Management Co., Ltd. (北京磐茂投資管理有限公司) which is associated with CS Sunshine. Accordingly, Mr. Tang Ke is considered to have a material interest in the Proposed Share Buy-back, Share Buy-back Agreement, the Proposed Trust's Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder, and had abstained from voting at the Board meeting approving the Proposed Share Buy-back, Share Buy-back Agreement, the Proposed Trust's Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder.

Buy-back Code implications

The Proposed Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-back Code. The Company has made an application to the Executive for approval of the Proposed Share Buy-back pursuant to Rule 2 of the Buy-back Code. The Executive's approval, if granted, will normally be conditional upon, amongst other things, approval of the Proposed Share Buy-back by special resolution by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company. Completion of the Proposed Share Buy-back is subject to the conditions including, among others, that the Proposed Share Buy-back has been approved by the Executive. Therefore, the Company will not proceed with the Proposed Share Buy-back unless the Executive approves the Proposed Share Buy-back pursuant to Rule 2 of the Buy-back Code. However, there is no assurance that such approval will be granted or that all other conditions precedent to the Proposed Share buy-back will be fulfilled.

As required by the Buy-back Code, as at the date of this announcement, (i) CS Sunshine Concert Group (which beneficially holds 472,212,360 Shares, representing approximately 18.72% of the total number of issued Shares of the Company); and (ii) the Company's Concert Group (which beneficially holds 660,611,523 Shares, representing approximately 26.19% of the total number of issued Shares of the Company) will abstain from voting on the resolutions to be proposed at the EGM for approving the Share Buy-back Agreement and the Proposed Share Buy-back.

The Company confirms that as at the date of this announcement, neither CS Sunshine Concert Group nor the Company's Concert Group:

- (a) holds, owns, has any control or direction over any voting rights of the Company, rights over any Shares, outstanding warrants or any securities that are convertible into Shares, options or derivatives in respect of the securities of the Company, other than those as disclosed in the section headed "Effects of the Proposed Trust's Acquisition and the Proposed Share Buy-Back on the Shareholding Structure of the Company" in this announcement;
- (b) has secured an irrevocable commitment to vote in favour of or against the Share Buy-back Agreement and/or the Proposed Share Buy-back;
- (c) has any arrangement (whether by way of option, indemnity or otherwise) or contracts (other than the Sale and Purchase Agreement and the Share Buy-back Agreement) in relation to the Shares or shares of the Company's Concert Group (where relevant) which might be material to the Share Buy-back Agreement and/or the Proposed Share Buy-back;

- (d) has any agreement or arrangement to which the Company's Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Buy-back Agreement and/or the Proposed Share Buy-back; or
- (e) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Code on Takeovers and Mergers) in the Company.

Save for (i) the exercise of 198,000 vested share options at the price of HK\$7.62 per Share by Mr. Tan Bo, a former Director, on 22 June 2021; and (ii) the buy-back of Shares by the Company on the market at the average price of approximately HK\$8.45 per Share in August and September 2021, neither CS Sunshine Concert Group nor the Company's Concert Group has acquired or disposed of any voting rights of the Company nor has dealt for value in any Shares, convertible securities, warrants, options or derivatives in respect of the securities in the Company in the six-month period prior to and including 13 December 2021, being the date of this announcement.

As at the date of this announcement:

- (a) apart from the consideration for the Buy-back Shares under the Proposed Share Buy-back, there is no consideration, compensation or benefit in whatever form paid or to be paid by the Company's Concert Group to CS Sunshine Concert Group in connection with the Proposed Share Buy-back;
- (b) there is no understanding, arrangement or agreement which would constitute a special deal under Rule 25 of the Takeovers Code between the Company's Concert Group on the one hand, and CS Sunshine Concert Group on the other hand; and
- (c) there is no understanding, arrangement or agreement which would constitute a special deal under Rule 25 of the Takeovers Code between (1) any shareholder of the Company, and (2) the Company, its subsidiaries or associated companies, or the Company's Concert Group.

GENERAL

The principal business activity of the Company is investment holding. The principal business activities of its major subsidiaries are development, manufacture and marketing of biopharmaceuticals in mainland China, Hong Kong, Taiwan and Macau.

For the two years ended 31 December 2020:

- (a) the audited consolidated net profit of the Group before taxation and before excluding non-controlling interests (from continuing and discontinued operations) were approximately RMB1,223.0 million and RMB979.1 million respectively and the audited consolidated net profit of the Group after taxation and after excluding non-controlling interests (from continuing and discontinued operations) were approximately RMB973.7 million and RMB835.8 million respectively; and

(b) the audited consolidated net profit before taxation and before excluding non-controlling interest (from continuing and discontinued operations) attributable to the Buy-back Shares were approximately RMB41.4 million and RMB33.0 million respectively and the audited consolidated net profit after taxation and after excluding non-controlling interests (from continuing and discontinued operations) attributable to the Buy-back Shares were approximately RMB32.9 million and RMB28.2 million respectively.

CS Sunshine currently holds 472,212,360 Shares, representing approximately 18.72% of the existing total number of issued Shares of the Company as at the date of this announcement and is an investment vehicle wholly owned by CPEChina Fund, L.P. which is an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of CPEChina Fund, L.P. is Citron PE Associates, L.P. (formerly known as CITIC PE Associates, L.P.), an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is Citron PE Funds Limited (formerly known as CITIC PE Funds Limited). Citron PE Funds Limited is wholly-owned by Citron PE Holdings Limited (formerly known as CITICPE Holdings Limited), which is owned as to 35% by CLSA Global Investments Management Limited. CLSA Global Investments Management Limited is wholly owned by CLSA B.V., which is wholly-owned by CITIC Securities International Company Limited, which in turn is wholly-owned by CITIC Securities Company Limited, a company listed on both the Stock Exchange (Stock Code: 6030) and the Shanghai Stock Exchange (Stock Code: 600030).

Pursuant to the Listing Rules and the Buy-back Code, the Independent Board Committee (comprising all the independent non-executive Directors, namely Mr. Pu Tianruo, Dr. Wong Lap Yan and Ms. Yang Hoi Ti Heidi, all of whom do not have any direct or indirect interest in the Proposed Share Buy-back and the Proposed Trust's Acquisition) has been formed to advise the Independent Shareholders on the Proposed Share Buy-back, the Share Buy-back Agreement, the Proposed Trust's Acquisition and the Sale and Purchase Agreement. Mr. Huang Bin and Mr. Tang Ke who are non-executive Directors, are considered, or may be seen, to have a material interest in the Proposed Share Buy-back Agreement and the transactions contemplated thereunder by virtue of Mr. Huang Bin's being a member of Company's Concert Group and Mr. Tang Ke's position as a director of CS Sunshine and a managing director of Beijing Panmao Investment Management Co., Ltd. (北京磐茂投資管理有限公司) which is associated with CS Sunshine, respectively, and therefore neither of them is a member of the Independent Board Committee.

The Independent Financial Adviser, Altus Capital Limited, has been by the Board to advise the Independent Board Committee and the Independent Shareholders on the Proposed Share Buy-back, the Share Buy-back Agreement, the Proposed Trust's Acquisition and the Sale and Purchase Agreement and to make recommendations on voting.

A circular containing, amongst others: (i) details of the Share Buy-back Agreement and the Sale and Purchase Agreement; (ii) a letter of advice from the Independent Board Committee on the Proposed Share Buy-back, the Share Buy-back Agreement, the Proposed Trust's Acquisition and the Sale and Purchase Agreement; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Proposed Share Buy-back, the Share Buy-back Agreement, the Proposed Trust's Acquisition and the Sale and Purchase Agreement, will be despatched in accordance with the Listing Rules and the Buy-back Code in due course.

Currently, the Company is making preparations with an aim to issue the circular within 21 days from the date of this announcement namely on or before 3 January 2022. However, there is no assurance that the circular will be issued on or before that date. If there is such a delay, the Company will seek the Executive's consent if it becomes clear that the circular will not be able to be issued by that date and will apply to the Executive for an extension of time for the despatch of the circular. Further announcement(s) will be made by the Company as appropriate.

The Shareholders and potential investors should be aware that the Proposed Buy-back and the Proposed Trust's Acquisition are subject to the conditions precedent set out in this announcement, and consequently the Proposed Buy-back and the Proposed Trust's Acquisition may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares and the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Amendments”	amendments to the terms of the Share Award Scheme;
“Award(s)”	an award or awards of Shares by the Board to eligible selected participants pursuant to the terms of the Share Award Scheme from time to time;
“Board”	the board of Directors;
“business day(s)”	a day (excluding Saturdays, Sundays and public holidays and a day on which typhoon signal no. 8 or a black rainstorm warning is hoisted at any time in Hong Kong) on which the Stock Exchange is generally open for transaction of business and banks are generally open for business in Hong Kong;
“Buy-back Shares”	85,760,087 Shares, representing approximately 3.4% of the total number of issued Shares of the Company, beneficially owned by CS Sunshine and to be transferred to the Company for cancellation pursuant to the terms and conditions of the Share Buy-back Agreement;

“Buy-back Code”	the Code on Share Buy-backs issued by the SFC;
“Company”	3SBio Inc., a company incorporated in Cayman Islands with limited liability under the laws of the Cayman Islands, the ordinary shares of which are listed on the Stock Exchange (Stock Code: 1530);
“Company’s Concert Group”	refers to, collectively, the Company, Dr. Lou Jing, Mr. Tan Bo, Ms. Su Dongmei, Mr. Huang Bin, and certain trusts established by some of them as settlors, and their respective controlled corporations, including Lambda International Limited, Century Sunshine Limited, Decade Sunshine Limited, Hero Grand Management Limited, Honor Success Holdings Limited, Triple Talent Enterprises Limited, Joint Palace Group Limited, Known Virtue International Limited, Universal Vintage Limited, Medical Recovery Limited and Mighty Decade and parties acting in concert with any of them;
“Completion”	completion of the Proposed Share Buy-back and the Proposed Trust’s Acquisition in accordance with the terms and conditions of the Share Buy-back Agreement and Sale and Purchase Agreement, respectively, which are inter-conditional upon each other;
“Completion Date”	the third business day after all the conditions under the Sale and Purchase Agreement or the Share Buy-back Agreement (as the case may be) have been fulfilled, or, where applicable, waived in accordance with the respective agreements or such other date as the parties to the respective agreements may agree in writing;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“CS Sunshine”	CS Sunshine Investment Limited, a company incorporated in the British Virgin Islands, an existing substantial shareholder of the Company holding approximately 18.72% of the total issued Shares;
“CS Sunshine Concert Group”	CS Sunshine and any of its associates and parties acting in concert with it;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve, amongst other things, the Share Buy-back Agreement, the Sale and Purchase Agreement and the transactions contemplated thereunder;

“Encumbrance”	mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Pu Tianruo, Dr. Wong Lap Yan and Ms. Yang Hoi Ti Heidi, all of whom are not involved in the Share buy-back and the Proposed Trust’s Acquisition, for the purpose of advising and giving recommendation to the Independent Shareholders in respect of the Proposed Share Buy-back, the Share Buy-back Agreement, the Proposed Trust’s Acquisition and the Sale and Purchase Agreement;
“Independent Financial Adviser”	Altus Capital Limited is a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance;
“Independent Shareholder”	Shareholder(s) of the Company other than (i) CS Sunshine Concert Group; (ii) the Company’s Concert Group; and (iii) any other Shareholder(s) who has a material interest in the Share Buy-back Agreement, the Proposed Share Buy-back, the Sale and Purchase Agreement and/or the Proposed Trust’s Acquisition which is different from the interests of all other Shareholders;
“Last Trading Day”	10 December 2021, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long Stop Date”	31 January 2022 (or any such later date as the parties to the Share Buy-back Agreement and the Sale and Purchase Agreement may agree in writing);

“Material Adverse Change”	any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on the ability of CS Sunshine to perform its obligation under the Share Buy-back Agreement and/or the Sale and Purchase Agreement;
“Mighty Decade”	Mighty Decade Limited, a company incorporated in the British Virgin Islands as a holding company of the Trust under the Share Award Scheme;
“Proposed Share Buy-back”	the possible purchase of the Buy-back Shares by the Company for the cancellation pursuant to the terms and conditions of the Share Buy-back Agreement, which constitutes an off-market share buy-back by the Company pursuant to the Buy-back Code;
“Proposed Trust’s Acquisition”	the possible purchase of the Sale Shares by Mighty Decade for employee incentive purposes pursuant to the terms and conditions of the Sale and Purchase Agreement;
“Reserved Shares”	the Shares purchased or subscribed by the Trustee and reserved for the Award(s) as may be granted in future to the Selected Participant(s);
“SFC”	Securities and Futures Commission;
“Sale and Purchase Agreement”	the sale and purchase agreement described in the section headed “The Sale and Purchase Agreement” of this announcement;
“Sale Shares”	40,357,688 Shares, representing approximately 1.6% of the total number of issued Shares of the Company, beneficially owned by CS Sunshine and to be transferred to Mighty Decade pursuant to the terms and conditions of the Sale and Purchase Agreement;
“Selected Participant(s)”	Participant(s) selected by the Board pursuant to the terms of the Share Award Scheme for participation in the Share Award Scheme;
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of US\$0.00001 each;
“Shareholder(s)”	holder(s) of Shares;
“Share Award Scheme”	the share award scheme adopted by the Board on 16 July 2019 and amended on 12 December 2021;
“Share Buy-back Agreement”	the share buy-back agreement described in the section headed “The Share Buy-back Agreement” of this announcement;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“The Empire Trust”	a trust established for incentive purposes under the share options scheme of the Company adopted on 23 May 2015 and amended on 28 June 2016, with Universal Vintage Limited incorporated as a holding company of the trust;
“Trust”	the trust constituted by the Trust Deed to service the Share Award Scheme;
“Trust Deed”	the trust deed constituting the Trust, as restated, supplemented and amended from time to time;
“Trustee”	Tricor Trust (Hong Kong) Limited or any additional or replacement trustee in relation to the Share Award Scheme; and
“%”	per cent.

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

Shenyang, the PRC
13 December, 2021

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, Dr. WONG Lap Yan and Ms. YANG Hoi Ti Heidi as independent non-executive Directors.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.