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三生制药
3SBIO INC.

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1530)

PROPOSED ISSUE OF €300,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2022

Sole Global Coordinator

Deutsche Bank

Joint Bookrunners and Joint Managers

Deutsche Bank

Goldman Sachs

Reference is made to the announcement of the Company dated 12 July 2017 in relation to the proposed issue of Euro-denominated convertible bonds.

The Board is pleased to announce that the Company, the Issuer and the Managers entered into the Subscription Agreement on 12 July 2017 (after trading hours). Pursuant to the Subscription Agreement, among other things, the Issuer has agreed to issue the Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in accordance with the Terms and Conditions in relation to such Bonds, and each Manager has severally and not jointly agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the Bonds, in an aggregate principal amount of €300,000,000, subject to certain conditions contained therein.

The initial Conversion Price is HK$14.28 per Conversion Share, which represents (i) a premium of approximately 40% over the closing price of HK$10.20 per Share as quoted on the Hong Kong Stock Exchange on 12 July 2017 (being the trading day on which the Subscription Agreement was signed) and (ii) a premium of approximately 38.69% over the average closing price of approximately HK$10.296 as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including 12 July 2017.

Assuming full conversion of the Bonds at the initial Conversion Price of HK$14.28 per Share and no further issue of Shares, the Bonds will be convertible into approximately 188,363,445 Shares, representing approximately 7.44% of the issued share capital of the Company as at the date of this announcement and approximately 6.92% of the issued share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds.

The net proceeds from the Bonds (after deduction of commissions and other related expenses) are estimated to be approximately €294,905,274, representing a net issue price of approximately HK$14.04 per Conversion Share based on the initial Conversion Price. Such net proceeds are proposed to be used for repaying the current loans of the Group, future merger and acquisition, research and development, purchase of operation facilities and other general corporate purposes.

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 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 Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed "SUBSCRIPTION AGREEMENT" below for further information.

WARNING: As the Subscription Agreement may or may not be completed, the 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 12 July 2017 in relation to the proposed issue of Euro-denominated convertible bonds.

The Board is pleased to announce that the Company, the Issuer and the Managers entered into the Subscription Agreement on 12 July 2017 (after trading hours). Pursuant to the Subscription Agreement, among other things, the Issuer has agreed to issue the Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in accordance with the Terms and Conditions in relation to such Bonds, and each Manager has severally and not jointly agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the Bonds, in an aggregate principal amount of €300,000,000, subject to certain conditions contained therein.

SUBSCRIPTION AGREEMENT

Date

12 July 2017 (after trading hours)

Parties

1. the Issuer (i.e. Strategic International Group Limited, a direct wholly-owned subsidiary of the Company);

2. the Company;

3. the Managers (i.e. Deutsche Bank AG, Hong Kong Branch and Goldman Sachs (Asia) L.L.C.).

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 Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in accordance with the Terms and Conditions in relation to such Bonds, and each Manager has agreed severally and not jointly to subscribe and pay for, or procure subscribers to subscribe and pay for, the Bonds on the Closing Date in an aggregate principal amount of €300,000,000.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the 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 Managers have informed the Issuer that the 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 to the Subscription

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

1. the 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 Managers and having been delivered to the Managers in accordance with the Subscription Agreement;

2. the execution and delivery (on or before the Closing Date) of the Contracts other than the Subscription Agreement, each in a form reasonably satisfactory to the Managers, by the respective parties;

3. each of the Relevant Shareholders having executed a lock-up undertaking (in agreed form) 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 Managers letters, in form and substance satisfactory to the Managers, dated the publication date of the Offering Circular in the case of the first letter and dated the Closing Date in the case of the subsequent letter, and addressed to the 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 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 Managers, is material and adverse in the context of the issue and offering of the Bonds;

7. on or prior to the Closing Date, there having been delivered to the Managers copies of all consents and approvals required in relation to the issue of the Bonds and the performance by each of the Issuer and the Company of its obligations under the Trust Deed, the Agency Agreement and the Bonds (including the consents and approvals required from all lenders);

8. the Hong Kong Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Managers, to list the Bonds and the Conversion Shares (or, in each case, the Managers being reasonably satisfied that such listing will be granted);

9. on or before the Closing Date, there having been delivered to the Managers legal opinions, in form and substance satisfactory to the Managers, dated the Closing Date and on or before the Closing Date;

10. there shall have occurred the execution and delivery (as the case may be) of any other certificates or documents as the Managers may reasonably request in form and substance satisfactory to the Managers where the circumstances (being circumstances relevant, in the opinion of the Managers, to the issue and offering of the Bonds) giving rise to the Managers' request for such certificate(s) or document(s) have arisen after the date of the Subscription Agreement or where the Managers were not aware of such circumstances on or prior to the date of the Subscription Agreement;

11. on or prior to the Closing Date, there shall have been delivered to the Managers certified copies of the resolutions of the board of directors of the Issuer approving the issue of the Bonds and the Board approving the issue of the Guarantee and issue of the Conversion Shares;

12. 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 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 condition precedent No. 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. It is the intention of the Company and the Issuer to satisfy or procure the satisfaction of the above conditions precedent of the Subscription Agreement before the Closing Date.

Termination

Notwithstanding anything contained in the Subscription Agreement, the Managers may, by notice to the Issuer and the Company given at any time prior to payment of the net subscription monies for the 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 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 Managers on or prior to the Closing Date;

3. if, in the opinion of the 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 its view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;

4. if, in the opinion of the 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 Bonds or dealings in the 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 Company's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong 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 Bonds, and the Conversion Shares or the transfer thereof; and

5. if, in the opinion of the 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 Bonds or dealings in the Bonds in the secondary market.

The Issuer and the Company's lock-up

Each of the Issuer and the Company has undertaken with the 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 Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the 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 Managers between the date of the Subscription Agreement and the date which is 90 days after the Closing Date (both dates inclusive); except for (a) the Bonds (when issued) and the Conversion Shares issued upon conversion of the Bonds; (b) the options granted under the publicly disclosed share option scheme of the Company; (c) the warrant issued by the Company on 1 January 2015 to Shanghai Junling Investment Partnership, that entitles Shanghai Junling Investment Partnership to purchase 112,882,033 Shares at the exercise price of US$1.00 per Share; and (d) the option granted by the Company on 4 March 2016 to CITIC Pacific Limited, that entitles CITIC Pacific Limited to purchase 125,765,500 Shares at the exercise price of HK$9.10 per Share. 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 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 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 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 or securities of the same class as the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Shares or securities of the same class as Shares or other instruments representing interests in 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 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. For the avoidance of doubt, this 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 BONDS

The principal terms of the Bonds are summarized as follows:

Issuer:	Strategic International Group Limited
Guarantor:	the Company
Principal Amount:	€300,000,000
Maturity Date:	21 July 2022
Issue Price:	100% of the principal amount of the Bonds
Default Interest:	The Bonds are zero coupon and do not bear any 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 Company) fails to pay any sum in respect of the Bonds when the same becomes due and payable under the Terms and Conditions, interest shall accrue on the overdue sum at the rate of 2% per annum (both before and after judgement) from the due date up to whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder 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 Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders 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 Bonds are in registered form in denomination of €100,000 and integral multiples of €1,000 in excess thereof. Upon issue, the Bonds will be represented by a global certificate registered in the name of a nominee of, and deposited with a common depositary for Euroclear Bank S.A./N.V. and Clearstream Banking, S.A.
Status:	The 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 *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the 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. The payment obligations of the Company under the Guarantee (as defined below) 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 Bonds have been unconditionally and irrevocably guaranteed by the Company. The obligations of the Company in that respect (the "**Guarantee**") are contained in the Trust Deed.

Conversion Right:	Subject to and upon compliance with the Terms and Conditions, the Conversion Right in respect of a 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 31 August 2017 up to the close of business (at the place where the certificate evidencing such 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 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 day prior to the giving of such notice. The number of Conversion Shares shall be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK$8.9661 = €1.00) by the Conversion Price in effect on the conversion date in respect of such Bonds.
Conversion Price:	The price at which Conversion Shares will be issued upon conversion will initially be HK$14.28 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 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: NCP = OCP/(1 + (CP × (c/t)), 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 in effect on the relevant conversion date; CP (or Conversion Premium) = 40%; 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 holder 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 Bond at 113.23% of its principal amount on 21 July 2022.

Redemption for Taxation Reasons:	The Issuer may redeem all and not some only of the 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 12 July 2017, 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 Bonds then due. If the Issuer gives such notice of redemption, each Bondholder will have the right to elect that his/her 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 and to the Bondholders in accordance with the Terms and Conditions, the Issuer may redeem all and not some only of the Bonds at the Early Redemption Amount as at the relevant redemption date, (a) at any time after 21 July 2020, 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 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 purchases (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in principal amount of the 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 at such Bondholder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the redemption date for the Relevant Event at the Early Redemption Amount as at the redemption date for the Relevant Event.

"**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 21 July 2020 (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 Bonds of such holder on the Optional Put Date at 107.74% 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 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 Bonds the subject of 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 Bonds 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 × $(1+r/2)^{d/180}$, where

Previous Redemption Amount = the Early Redemption Amount for each €100,000 principal amount on the semi-annual date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to 21 January 2018, €100,000):

Semi-annual Date	**Early Redemption Amount**
21 January 2018	€101,250.00
21 July 2018	€102,515.63
21 January 2019	€103,797.07
21 July 2019	€105,094.53
21 January 2020	€106,408.22
21 July 2020	€107,738.32
21 January 2021	€109,085.05
21 July 2021	€110,448.61
21 January 2022	€111,829.22

r = 2.5%.

d = number of days from and including the immediately preceding semi-annual date (or if the Bonds are to be redeemed on or before 21 January 2018, from and including 21 July 2017) 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 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 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$14.28 per Conversion Share, which represents (i) a premium of approximately 40% over the closing price of HK$10.20 per Share as quoted on the Hong Kong Stock Exchange on 12 July 2017 (being the trading day on which the Subscription Agreement was signed) and (ii) a premium of approximately 38.69% over the average closing price of approximately HK$10.296 as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including 12 July 2017.

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 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 Bonds at the initial Conversion Price of HK$14.28 per Share and no further issue of Shares, the Bonds will be convertible into approximately 188,363,445 Shares, representing approximately 7.44% of the issued share capital of the Company as at the date of this announcement and approximately 6.92% of the issued share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds.

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 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 Bonds and no further issue of Shares):

	As at the date of this announcement		**Assuming the Bonds are fully converted into Conversion Shares at the initial Conversion Price**	
Name of Shareholders	Number of Shares	Approximate % of total issued Shares	Number of Shares	Approximate % of the enlarged issued Shares
Decade Sunshine Limited	599,367,030	23.67	599,367,030	22.03
CS Sunshine Investment Limited	621,512,360	24.54	621,512,360	22.84
Hero Grand Management Limited(1)	47,946,010	1.89	47,946,010	1.76
Directors and Chief Executive(2)	226,775,380	8.95	226,775,380	8.34
Other public shareholders	1,036,712,790	40.94	1,036,712,790	38.10
Bondholders	—	—	188,363,445	6.92
Total	**2,532,313,570**	**100**	**2,720,677,015**	**100**

Note:

(1) Hero Grand Management Limited is owned as to 100% by Mr. LOU Dan, the farther of Mr. LOU Jing (Chairman of the Company). Hero Grand Management Limited holds (a) 1.65% equity interest on behalf of Mr. LOU Jing; and (b) 0.24% equity interest for itself as at the date of this announcement.

(2) The Directors and chief executive (other than Mr. LOU Jing) hold 8.95% equity interest in the Company in aggregate as at the date of this announcement.

(3) The percentages are subject to rounding difference, if any.

USE OF PROCEEDS

The net proceeds from the Bonds (after deduction of commissions and other related expenses) are estimated to be approximately €294,905,274, representing a net issue price of approximately HK$14.04 per Conversion Share based on the initial Conversion Price. Such net proceeds are proposed to be used for repaying the current loans of the Group, future merger and acquisition, research and development, purchase of operation facilities and other general corporate purposes.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE BONDS

The Board considers that the issue of the Bonds represents an opportunity to improve the liquidity position of the Group, to reduce the financing costs of the Group and to raise further working capital for the Company. The Board currently intends to use the funds as mentioned above and considers it will facilitate the overall development and expansion of the Group.

GENERAL MANDATE

The Conversion Shares will be allotted and issued under the General Mandate granted to the Directors at the adjourned annual general meeting of the Company held on 30 June 2017. Under the General Mandate, a maximum of 506,462,714 new Shares may fall to be allotted and issued.

As at the date of this announcement, the General Mandate has not been utilised. The Conversion Shares in respect of the Bonds will utilise, based on the initial Conversion Price, approximately 188,363,445 Shares under the General Mandate, representing 37.19% of the maximum number 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 founded in 1993. As a pioneer in the PRC biotechnology industry, the Group has extensive expertise in developing, manufacturing and commercializing biopharmaceuticals.

APPLICATION FOR LISTING

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 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 Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed "SUBSCRIPTION AGREEMENT" above for further information.

WARNING: As the Subscription Agreement may or may not be completed, the 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 Bonds to be entered into among the Issuer, the Company, the Trustee and the other agents named therein
"Board"	the board of Directors of the Company
"Bondholder(s)"	holder(s) of the Bond(s) from time to time
"Bonds"	zero coupon convertible bonds in an aggregate principal amount of €300,000,000 due 2022 to be issued by the Issuer pursuant to the Subscription Agreement and to be guaranteed by the Company pursuant to the Guarantee

"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 by Mr. LOU Jing, Mr. LOU Dan, Mr. TAN Bo, Ms. SU Dongmei and Mr. HUANG Bin 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 21 July 2017 or such later date (not being later than 28 July 2017), as the Issuer, the Company and the Managers may agree) on which the Bonds are issued
"Company"	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
"Contracts"	the Subscription Agreement, the Trust Deed and the Agency Agreement
"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 Bonds may be converted into the Conversion Shares
"Conversion Right"	the right of a Bondholder to convert any Bond into the Conversion Shares
"Conversion Share(s)"	the Share(s) to be issued by the Company upon conversion of the Bonds pursuant to the Trust Deed and the Terms and Conditions
"Director(s)"	the director(s) of the Company
"Early Redemption Amount"	for each €100,000 principal amount of Bonds, the amount calculated with formula provided in the Terms and Conditions
"Euro" or "€"	Euro, the lawful currency of the member state of the Eurozone

"General Mandate"	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the adjourned annual general meeting of the Company held on 30 June 2017
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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
"Managers"	Deutsche Bank AG, Hong Kong Branch and Goldman Sachs (Asia) L.L.C.
"Maturity Date"	the date on which the each Bond will be redeemed at 113.23% of its principal amount, unless previously redeemed, converted or purchased and cancelled, which is expected to be on 21 July 2022
"Offering Circular"	the offering circular to be prepared by the Company for use in connection with the issue of the Bonds and the listing of the Bonds on the Hong Kong Stock Exchange
"PRC"	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan

"Prevailing Rate"	in respect of any currency on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined
"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 or loan facility obtained by the Issuer, the Company or their respective Subsidiaries in the ordinary course of business
"Relevant Page"	the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, on the relevant Reuters EURHKD page (or its successor page) or such other information service provider that displays the relevant information
"Relevant Shareholders"	Mr. LOU Jing, Mr. LOU Dan, Mr. TAN Bo, Ms. SU Dongmei and Mr. HUANG Bin
"Shareholders"	means the holders of Shares
"Shares"	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 12 July 2017 entered into between the Issuer, the Company and the Managers in connection with the issue and offering of the Bonds

"Subsidiary"	(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
"Terms and Conditions"	the terms and conditions of the Bonds
"Trust Deed"	the trust deed constituting the 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 Bonds
"United States"	the United States of America, its territories and professions 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)
"%"	percentage

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

Hong Kong, 12 July 2017

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