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Hansoh Pharmaceutical Group Company Limited

翰森製藥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3692)

PLACING OF NEW SHARES UNDER GENERAL MANDATE ON FULLY UNDERWRITTEN BASIS

Lead Underwriter and Settlement Agent

Morgan Stanley

Placing Agents

Morgan Stanley 

The Board is pleased to announce that on April 22, 2020 (before trading hours), the Company and the Placing Agents entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agents, and the Placing Agents have agreed to act (on a several but not joint nor joint and several basis) as placing agents for the purpose of procuring, as agents of the Company, Placees for, or failing which to purchase themselves, 130,380,000 Placing Shares at the Placing Price of HK\$26.75 per Placing Share on the terms and subject to the conditions set out in the Placing Agreement.

The number of the Placing Shares represents: (a) approximately 2.25% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 2.20% of the enlarged total number of Shares in issue upon the completion of the Placing (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue by the Company of the Placing Shares). The aggregate nominal value of the Placing Shares will be HK\$1,303.80.

The gross proceeds from the Placing are expected to be approximately HK\$3,487.67 million and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$3,477.20 million. On this basis, the net price per Placing Share will be approximately HK\$26.67. The Company intends to apply the net proceeds from the Placing in the manner detailed in the section headed Reasons for the Placing and Use of Proceeds in this announcement.

The Placing Shares are to be issued under the General Mandate. As such, the allotment and issue of the Placing Shares is not subject to additional Shareholders' approval.

Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the Placing Shares.

Completion of the transactions contemplated under the Placing Agreement are subject to such agreement not being terminated in accordance with the terms thereof. In addition, completion of the Placing is subject to the satisfaction of the condition precedent under the Placing Agreement. Therefore, the Placing may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

PLACING OF NEW SHARES

The Board is pleased to announce that on April 22, 2020 (before trading hours), the Company and the Placing Agents entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agents, and the Placing Agents have agreed to act (on a several but not joint nor joint and several basis) as placing agents for the purpose of procuring, as agents of the Company, Placees for, or failing which to purchase themselves, 130,380,000 Placing Shares at the Placing Price of HK\$26.75 per Placing Share on the terms and subject to the conditions set out in the Placing Agreement. The principal terms of the Placing Agreement are summarized below:

Date: April 22, 2020

Parties: (i) the Company; and
(ii) the Placing Agents.

The Placing Shares

The number of the Placing Shares represents: (i) approximately 2.25% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 2.20% of the enlarged total number of Shares in issue upon the completion of the Placing (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue by the Company of the Placing Shares). The aggregate nominal value of the Placing Shares will be HK\$1,303.80.

The Placing Shares shall, when issued and fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the Completion Date including the rights to all dividends declared, made or paid on or after the date of allotment.

The Placing Agents

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Placing Agents is an Independent Third Party.

Placees

It is expected that the Placing Shares will be placed to not fewer than six Placees who are professional, institutional or other investors selected and procured by the Placing Agents and whose ultimate beneficial owners are Independent Third Parties.

Placing Price

The Placing Price is HK\$26.75 per Placing Share, which represents: (i) a discount of approximately 5.98% to the closing price of HK\$28.45 per Share as quoted on the Stock Exchange on April 21, 2020, being the date immediately before the date of the Placing Agreement; and (ii) a discount of approximately 7.18% to the average closing price of approximately HK\$28.82 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including April 21, 2020, being the date immediately before the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agents, with reference to the prevailing market price of the Shares.

Condition and Completion of the Placing

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the completion of the Placing).

The Placing is expected to be completed on the Completion Date.

Termination

The Placing Agents may terminate the Placing Agreement by giving written notice to the Company at any time prior to 8:00 a.m. (Hong Kong time) on the Completion Date on the occurrence of customary termination events, including without limitation material breach of certain representations, warranties and undertakings by the Company as set out in the Placing Agreement or the occurrence of certain force majeure events.

Lock-up Arrangements of the Company

The Company has undertaken to the Placing Agents that, for a period from the date of the Placing Agreement up to 90 days after the Completion Date, neither the Company nor any person acting on its behalf will, among others and except under the Restricted Share Unit Scheme, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe any Shares without first having obtained the written consent of the Placing Agents.

GENERAL MANDATE

The Placing Shares are to be issued under the General Mandate. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate and therefore the Company is permitted to issue up to 1,157,722,240 Shares under the General Mandate. As such, the allotment and issue of the Placing Shares is not subject to additional Shareholders' approval.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for approval for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Assuming all the Placing Shares are fully placed and subscribed for, the gross proceeds from the Placing are expected to be approximately HK\$3,487.67 million and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$3,477.20 million. On this basis, the net price per Placing Share will be approximately HK\$26.67.

The Group is principally engaged in the research and development (“**R&D**”), production and sale of a series of pharmaceutical products in the PRC. The Company intends to apply the net proceeds from the Placing on R&D, including but not limited to our existing and future domestic and overseas drug development programs, expanding our R&D team, and investment in technologies to further enhance our R&D capabilities and enrich our product pipeline.

The Directors consider that the Placing represents an opportunity to raise capital for the business development of the Group and to broaden the Shareholder base of the Company. The Directors (including independent non-executive Directors) are of the view that the Placing, the Placing Price and the Placing Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to the Completion Date, set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Placing.

Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Stellar Infinity Company Ltd.	3,900,000,000	67.37	3,900,000,000	65.89
Apex Medical Company Ltd.	950,000,000	16.41	950,000,000	16.05
<i>Public Shareholders</i>				
– The Placees	–	–	130,380,000	2.20
– Other Public Shareholders	938,611,200	16.21	938,611,200	15.86
Total	5,788,611,200	100.00	5,918,991,200	100.00

FUND RAISING DURING THE PAST TWELVE MONTHS

The Company conducted the Global Offering as described in the Prospectus. The net proceeds from the initial public offering of the Shares in June 2019 and allotment and issuance of Shares pursuant to the full exercise of the over-allotment option in July 2019 amounted to approximately HK\$8,798 million. The proposed use of the net proceeds was disclosed in the Prospectus.

As disclosed in the annual results announcement of the Company dated March 30, 2020, the net proceeds utilized was approximately HK\$1,813 million and the remaining net proceeds was approximately HK\$6,985 million as at December 31, 2019. There has been no change in the intended use of net proceeds as previously disclosed and the Company intends to continue to utilize the remaining net proceeds in the future for the purposes as set out in the Prospectus. For more details, please refer to the section headed Future Plans and Use of Proceeds – Use of Proceeds of the Prospectus and the annual results announcement of the Company dated March 30, 2020.

Save for the Global Offering described above, the Company has not conducted any other fund raising activity through the issue of equity securities in the past twelve months immediately before the date of this announcement.

Completion of the transactions contemplated under the Placing Agreement is subject to such agreement not being terminated in accordance with the terms thereof. In addition, completion of the Placing is subject to the satisfaction of the condition precedent under the Placing Agreement. Therefore, the Placing may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday, Sunday and public holidays in Hong Kong) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong;
“Citi”	Citigroup Global Markets Limited;
“Company”	Hansoh Pharmaceutical Group Company Limited (翰森製藥集團有限公司), a company incorporated in the Cayman Islands with limited liability on December 2, 2015;
“Completion Date”	the date on which completion of the Placing shall take place, being the Business Day after the date on which the condition stated in the Placing Agreement is fulfilled (which is expected to be April 29, 2020) but in any event no later than May 5, 2020 (or such other date as the Company and the Placing Agents may agree in writing);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors pursuant to written resolutions of the then shareholders of the Company passed on May 27, 2019 to allot, issue and deal with up to 1,157,722,240 Shares;
“Global Offering”	the offer of 38,590,000 Shares initially for subscription by the public in Hong Kong and the offer of 512,690,000 Shares initially for subscription (together with the 82,692,000 Shares issued pursuant to the exercise of an over-allotment option) outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act and in the United States to qualified institutional buyers (within the meaning of Rule 144A under the U.S. Securities Act) only in reliance on Rule 144A under the U.S. Securities Act or any other available exemption from registration under the U.S. Securities Act as described in the Prospectus;

“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;
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) who are not its connected persons of the Company (as defined in the Listing Rules);
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Morgan Stanley”	Morgan Stanley & Co. International plc;
“Placee(s)”	any professional, institutional or other investor whom the Placing Agents have procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement;
“Placing”	the private placing to the Placee(s) procured by the Placing Agents of the Placing Shares pursuant to the Placing Agreement;
“Placing Agents”	Morgan Stanley and Citi;
“Placing Agreement”	the Placing Agreement dated April 22, 2020 entered into between the Company and the Placing Agents in respect of the Placing;
“Placing Price”	HK\$26.75 per Placing Share;
“Placing Shares”	130,380,000 new Shares to be issued by the Company and to be placed pursuant to the Placing Agreement;
“Prospectus”	the prospectus dated May 31, 2019 issued by the Company in respect of the Global Offering;
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Restricted Share Unit Scheme”	the restricted share unit scheme adopted by the Company as disclosed in the Prospectus;
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of HK\$0.00001;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“U.S.” or “United States” the United States of America;

“U.S. Securities Act” the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder; and

“%” per cent.

For presentation purpose, percentage figures presented in this announcement have been rounded to the nearest two decimal places.

By Order of the Board
Hansoh Pharmaceutical Group Company Limited
Zhong Huijuan
Chairlady

Hong Kong, April 22, 2020

As at the date of this announcement, the Board comprises Ms. Zhong Huijuan as chairlady and executive director, Mr. Lyu Aifeng and Miss Sun Yuan as executive directors, Ms. Ma Cuifang as non-executive director, and Mr. Lin Guoqiang, Mr. Chan Charles Sheung Wai and Ms. Yang Dongtao as independent non-executive directors.