三生制药
3SBIO INC.

(*Incorporated in the Cayman Islands with limited liability*)

Stock Code : 1530

2015 Interim Report

Contents

Company Overview	2
Corporate Information	3
Financial Highlights	5
Management Discussion and Analysis	6
Corporate Governance and Other Information	15
Report on Review of Interim Financial Information	21
Unaudited Interim Condensed Consolidated Statement of Profit or Loss	23
Unaudited Interim Condensed Consolidated Statement of Comprehensive Income	24
Unaudited Interim Condensed Consolidated Statement of Financial Position	25
Unaudited Interim Condensed Consolidated Statement of Changes in Equity	27
Unaudited Interim Condensed Consolidated Statement of Cash Flows	28
Notes to the Unaudited Interim Condensed Consolidated Financial Statements	30

Company Overview

3SBio Inc. (the "**Company**", and with its subsidiaries collectively, the "**Group**") is a leading biotechnology company in the People's Republic of China (the "**PRC**" or "**China**"). As a pioneer in the PRC biotechnology industry, the Group has extensive expertise in developing, manufacturing and marketing biopharmaceuticals. Two core products of the Group, TPIAO (特比澳) and EPIAO (益比奥), are market leaders in the PRC. TPIAO is the only commercialized recombinant human thrombopoietin (rhTPO) product in the world. According to the data of IMS Health Inc. as of the end of the first quarter of 2015, EPIAO, a recombinant human erythropoietin (rhEPO) product of the Group, together with the other rhEPO product that the Group acquired recently, SEPO (賽博爾), is the dominant market leader in the rhEPO market, with a market share more than the combined market shares of the next five largest competitors. In addition, the Group has eight other products in nephrology, oncology and other therapeutic areas. The Group maintains operation facilities in Shenyang (China), Benxi (China), and Shenzhen (China), as well as in Como, Italy, with a total of over 1,400 employees. The Group's pharmaceutical products are marketed and sold in 32 provinces, autonomous regions and special municipalities in the PRC, as well as a number of foreign countries and regions. During the six months ended 30 June 2015 (the "**Reporting Period**"), the Group's nationwide sales and distribution network enabled it to sell its products to over 3,400 hospitals and medical institutions in the PRC. The Group is also actively pursuing international expansion through acquisition, licensing and partnerships.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LOU Jing *(Chairman and Chief Executive Officer)*

Mr. TAN Bo

Ms. SU Dongmei

Mr. HUANG Bin

Non-executive Directors

Mr. LIU Dong

Mr. LV Dong

Independent Non-executive Directors

Mr. PU Tianruo

Mr. David Ross PARKINSON

Mr. MA Jun

JOINT COMPANY SECRETARIES

Ms. LI Huihui

Ms. LAI Siu Kuen

AUTHORIZED REPRESENTATIVES

Mr. TAN Bo

Ms. LI Huihui

AUDIT COMMITTEE

Mr. PU Tianruo *(Chairman)*

Mr. LV Dong

Mr. MA Jun

REMUNERATION COMMITTEE

Mr. MA Jun *(Chairman)*

Mr. LIU Dong

Mr. PU Tianruo

NOMINATION COMMITTEE

Mr. LOU Jing *(Chairman)*

Mr. PU Tianruo

Mr. MA Jun

REGISTERED OFFICE (IN THE CAYMAN ISLANDS)

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HEADQUARTERS

No. 3 A1, Road 10

Shenyang Economy and Technology Development Zone

Shenyang

People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS

As to Hong Kong law and United States law:
Skadden, Arps, Slate, Meagher & Flom and affiliates
42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

As to PRC law:
Jingtian & Gongcheng
34th Floor, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing
People's Republic of China

As to Cayman Islands law:
Conyers Dill & Pearman
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

As to Italy law:
Bonelli Erede Pappalardo
Via Barozzi 1
20122 Milano
Italy

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27/F, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

STOCK CODE

1530

COMPANY'S WEBSITE

www.3sbio.com

PRINCIPAL BANKER

Industrial Bank Co., Ltd, Shenyang Branch
No. 36 Shiyiwei Road
Heping District
Shenyang
People's Republic of China

Financial Highlights

For the six months ended 30 June 2015,

- **Revenue increased by RMB233.2 million or 41.9% to RMB790.3 million, as compared to the six months ended 30 June 2014.**

- **Gross profit increased by RMB177.4 million, or 34.6% to RMB690.3 million, as compared to the six months ended 30 June 2014, and gross profit margin was 87.3%.**

- **Normalized EBITDA[1] increased by RMB99.5 million or 36.4% to RMB373.0 million, as compared to the six months ended 30 June 2014.**

- **Normalized net profit[2] increased by RMB85.6 million or 40.3% to RMB298.1 million, as compared to the six months ended 30 June 2014.**

Notes:

1. The normalized EBITDA is defined as the EBITDA for the period excluding: (a) the expenses associated with certain management share-based awards granted in 2013 and 2014 pursuant to certain investor rights agreement among the Company's then ultimate parent and the parent's shareholders; (b) the warrant expenses associated with the warrants (the "**CP Guojian Warrants**") granted to the management of Shanghai CP Guojian Pharmaceutical Co., Ltd. ("**CP Guojian**") on 1 January 2015; and (c) the expenses incurred in relation to the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Without excluding the effects of these items, the EBITDA increased by RMB63.2 million or 24.9% to RMB317.5 million, as compared to the six months ended 30 June 2014.

2. The normalized net profit is defined as the profit for the period excluding the same items as listed under Note 1 above. Without excluding the effects of these items, the net profit increased by RMB49.3 million or 25.5% to RMB242.5 million, as compared to the six months ended 30 June 2014.

Management Discussion and Analysis

BUSINESS REVIEW

During the first half of 2015, in spite of a challenging business environment, the Group's sale of innovative pharmaceutical products maintained a strong growth momentum. The Group further deepened its market penetration and expanded the market shares of its key products. For the six months ended 30 June 2015, the Group recorded a strong revenue growth of 41.9% as compared to the corresponding period in 2014, achieving a higher growth rate than the average growth rate of the PRC pharmaceutical industry. The Group achieved considerable progress within the existing product pipeline. Integration of the two subsidiaries which the Group acquired in December 2014, namely Shenzhen Sciprogen Bio-pharmaceutical Technology Co., Ltd. ("**Sciprogen**", which owned SEPO) and Sirton Pharmaceuticals S.p.A. ("**Sirton**"), went smoothly.

On 11 June 2015 (the "**Listing Date**"), the shares of the Company were listed (the "**Listing**") on the Main Board of the Stock Exchange, and the Company raised a total of HKD5,067.6 million (after deducting underwriting fees and all Listing-related expenses) through the global offering of shares of the Company.

Key Products

TPIAO is the Group's proprietary product, and has been the only commercialized rhTPO product in the world since its launch in 2006. TPIAO has been approved by the China Food and Drug Administration (the "**CFDA**") for two indications: the treatment of chemotherapy-induced thrombocytopenia ("**CIT**") and immune thrombocytopenia ("**ITP**"). TPIAO has the advantages of higher efficacy, faster platelet recovery and fewer side effects when compared to alternative treatments for CIT and ITP. TPIAO has experienced significant sales growth due to increasing physician awareness of its safety and efficacy as a treatment of CIT and adoption in China. The Group believes TPIAO is still at an early stage of its product life cycle. The Group estimates that the penetration rates for both CIT and ITP indications in China may be below 10%, and currently the majority of the Group's sales of TPIAO is generated from less than 10% of the hospitals covered by the Group's sales team. The Group plans to expand the sales team to further increase TPIAO's hospital coverage and penetration. As for export sales, a marketing approval application for TPIAO was submitted in Mexico during the Reporting Period.

EPIAO is the only rhEPO product approved by the CFDA for three indications: the treatment of anemia associated with chronic kidney disease ("**CKD**"), the treatment of chemotherapy-induced anemia ("**CIA**") and the reduction of allogeneic blood transfusion in surgery patients. EPIAO has consistently been the market leader in the PRC rhEPO market since 2002. Future growth for EPIAO may be driven by: (1) the enhancement of the dialysis penetration rate among stages IV and V CKD patients, which the Group believes is substantially lower in China as compared with other countries; and (2) the increase of application of EPIAO in reducing allogeneic blood transfusion and CIA oncology indication in China, which the Group believes are at a very early stage of growth. In December 2014, the Group acquired another rhEPO product, SEPO, which would help broaden the Group's market coverage, especially in the hospitals in lower-tier cities, where rhEPO has been experiencing significant growth. During the Reporting Period, SEPO entered into 129 new hospitals in lower tier cities. The Group expects further penetration in lower tier cities upon fully integrating Sciprogen into the Group. As for export sales, marketing approval applications were submitted in five new countries during the Reporting Period, namely Russia, Uzbekistan, Namibia, Venezuela, Uganda; and multi-center biosimilar clinical trials for EPIAO are in good progress in Russia and Thailand.

IV Iron Sucrose (蔗糖鐵) is primarily used to treat iron deficiency anemia. IV Iron Sucrose can be prescribed in combination with EPIAO for late-stage CKD patients suffering from anemia or for patients with late-stage iron deficiency. The Group's strong brand and sales coverage in the PRC nephrology market can help to effectively market products complementary to EPIAO, including IV Iron Sucrose.

Sparin (賽博利) was acquired from Sciprogen in December 2014. It has been approved by CFDA for two indications: (1) prophylaxis and treatment of deep vein thrombosis; and (2) prevention of clotting during hemodialysis. The Group expects to expand hospital coverage of Sparin through the newly established business department which is in charge of expanding and managing the third-party promoter network.

Product Pipeline

As of 30 June 2015, the Group had a robust pipeline of 20 product candidates, of which 14 were being developed as National Class I New Drugs (國家一類新藥) in the PRC. The Group has eight product candidates in nephrology, including three next-generation erythropoiesis-stimulating agents. The Group has six product candidates in oncology, including three monoclonal antibody ("**mAb**") therapeutics. The Group also has several product candidates that target auto-immune diseases with unmet treatment needs such as rheumatoid arthritis and refractory gout.

As announced on 23 June 2015, the Group has acquired the ex-China global rights to Apexigen Inc.'s ("**Apexigen**") anti-TNF mAb technology, internally designated as SSS07, the China rights to which were acquired from Apexigen in 2006. Acquisition of the global rights to this anti-TNF mAb technology positions the Group to participate in the approximately US$35 billion (according to IMS Health data) global anti-TNF market. During the Reporting Period, the Group also in-licensed several other product candidates, including TAS102 (an orally administered combination of the trifluridine and tipiracil hydrochloride), trelagliptin succinate and ferric citrate.

On 31 July 2015, the CFDA issued the "Notice to Solicit Public Comments on Proposed Policies to Reduce Drug Registration Backlog on an Expedited Basis" (「關於徵求加快解決藥品註冊申請積壓問題的若干政策意見的公告」), in which the CFDA outlines various policy proposals aiming at improving efficiency of the review and approval of new drugs. The Group expects that, as the CFDA directs resources to reduce registration backlog and follows up on outlined policy proposals, National Class I new drug candidates in the Group's pipeline can be registered more quickly, streamlining their time to market.

Sales, Marketing and Distribution

The Group's sales and marketing efforts are characterized by a strong emphasis on academic promotion. The Group aims to promote and strengthen the Group's academic recognition and brand awareness of its products among medical experts. The Group markets and promotes TPIAO, EPIAO and IV Iron Sucrose mainly through its in-house sales and marketing team. The Group sells these products to distributors who are responsible for delivering products to hospitals and other medical institutions. The Group primarily relies on third-party promoters to market other products. The Group's extensive sales and distribution network in the PRC is supported by 833 sales and marketing employees, 110 distributors and 462 third-party promoters (as of 30 June 2015). As of 30 June 2015, the Group's sales team covered 1,162, or over 60% of all, Grade III hospitals and 2,244 Grade II or lower hospitals and medical institutions, reaching 32 provinces, autonomous regions and special municipalities in the PRC. In addition, TPIAO, EPIAO and some of the Group's other products are exported to a number of countries through international promoters.

Research and Development ("R&D")

The Group's integrated R&D expertise covers the areas of discovery and development of biopharmaceuticals including molecular cloning, gene expression, cell line construction and process development, as well as design and management of pre-clinical and clinical trials, manufacturing process development and analytic process development for quality control and assurance. The Group is experienced in the R&D of both mammalian cell-expressed and bacterial cell-expressed biopharmaceuticals.

The Group focuses R&D efforts on developing its leading biologic products, including NuPIAO (the second-generation rhEPO product of the Group), SSS07 (the anti-TNF mAb technology which the Group acquired from Apexigen), and Pegsiticase (a modified pegylated recombinant uricase from candida utilis developed to treat gout). During the Reporting Period, the Group achieved significant progress with respect to the multi-center biosimilar clinical trials for EPIAO in Russia and Thailand. The Phase I trial of NuPIAO is near completion. The Group has also initiated a Phase I clinical trial for SSS07 in the PRC. In addition, the Group's business partner, Selecta Biosciences, Inc., initiated a Phase I trial for Pegsiticase in the United States.

Outlook

The Group continues to be optimistic about the growth prospects of its core products, TPIAO and rhEPO products. The relevant markets show significant demand due to the aging population and increasing government support for major diseases treated by the Group's products. For the second half of 2015, in regard to TPIAO, the Group plans to add additional sales representatives to expand the hospital coverage. The Group will further promote EPIAO and SEPO, with a particular focus on hospitals in lower tier cities in the PRC. As the low-tier cities in the PRC may benefit from the governmental policies that encourage a greater role of the private capital in the hospitals market, the Group sees considerable sales growth potentials in those cities. In July 2015, the Group acquired Zhejiang Wansheng Pharmaceutical Co., Ltd. ("**Zhejiang Wansheng**", the acquisition as detailed below under the section headed "Subsequent Events After the Reporting Period"). This acquisition enables the Group to further extend the breadth and depth of its product portfolio. The Group has added a comprehensive range of commercialized chemical pharmaceutical products, and as a result, the total number of the Group's approved products reaches over 50, expanding from nephrology and oncology areas to new therapeutic areas of dermatology and diabetes-related complications. As a result of the acquisition, the Group currently has a rich pipeline of over 28 product candidates, which the Group believes to be one of the strongest in the Chinese market. Subsequent to the acquisition, the number of the Group's employees has grown to over 2,000, and the Group has added key presence in the Yangtze River Delta region. The Group's strong cash balance and robust operating cash flow will support future acquisitions as and when the Group identifies new opportunities, including acquiring other pharmaceutical companies as well as in-licensing biopharmaceuticals and complementary small-molecule drugs. The management is confident that, with the Group's competitive positioning of its innovative products, its strong pipeline of product candidates, its proven R&D capabilities and its effective sales and marketing networks, the Group is well positioned for sustained strong growth.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2015, the Group's revenue amounted to approximately RMB790.3 million, as compared to approximately RMB557.1 million for the six months ended 30 June 2014, representing an increase of approximately RMB233.2 million, or 41.9%. The increase was mainly attributable to the sales growth of the Group's key products and the consolidation of the revenues of Sciprogen and Sirton into the Group's financial information since 1 January 2015.

For the six months ended 30 June 2015, the Group's sales of TPIAO in China increased to approximately RMB295.0 million, as compared to approximately RMB214.1 million for the six months ended 30 June 2014, representing an increase of approximately RMB80.9 million, or 37.8%. The increase was primarily attributable to the increase in sales volume, which in turn was primarily driven by the increased recognition of TPIAO within the medical profession. For the six months ended 30 June 2015, sales of TPIAO in China accounted for 37.1% of the Group's total sales of goods.

For the six months ended 30 June 2015, the Group's sales of EPIAO in China increased to approximately RMB368.0 million, as compared to approximately RMB299.2 million for the six months ended 30 June 2014, representing an increase of approximately RMB68.8 million, or 23.0%. The increase was primarily attributable to the increase in sales volume, which in turn was primarily driven by the increasing demand for rhEPO products and EPIAO's continued dominance in the PRC rhEPO market. For the six months ended 30 June 2015, sales of EPIAO in China accounted for 46.3% of the Group's total sales of goods. In addition, for the six months ended 30 June 2015, the Group's sales of SEPO in China amounted to approximately RMB16.4 million. As a result, the Group's total sales of rhEPO products in China were RMB384.4 million, representing an increase of approximately RMB85.2 million, or 28.5%, as compared to the corresponding period in 2014.

For the six months ended 30 June 2015, the Group's sales of IV Iron Sucrose in China increased to approximately RMB38.4 million, as compared to approximately RMB31.5 million for the six months ended 30 June 2014, representing an increase of approximately RMB6.9 million, or 22.0%. The increase was primarily attributable to the increase in market demand for this product through the Group's marketing efforts and the extensive coverage of the Group's in-house sales force in the nephrology area.

For the six months ended 30 June 2015, the Group's sales of Sparin were approximately RMB21.5 million. The sales of Sparin were consolidated into the Group's financial information since 1 January 2015.

For the six months ended 30 June 2015, the Group's sales of other products increased to approximately RMB55.5 million, as compared to approximately RMB17.9 million for the six months ended 30 June 2014, representing an increase of approximately RMB37.7 million, or 211.1%. The increase was primarily attributable to the consolidation of the sales of Sirton into the Group's financial information since 1 January 2015, which was approximately RMB27.3 million for the six months ended 30 June 2015, and the increase of the sales of the in-licensed products from Zhejiang Wansheng.

Cost of Sales

The Group's cost of sales increased from approximately RMB44.3 million for the six months ended 30 June 2014 to approximately RMB100.1 million for the six months ended 30 June 2015, which accounted for approximately 12.7% of the Group's total revenue for the same period. The primary reasons for the increase in the Group's cost of sales were the increased sales volumes for the six months ended 30 June 2015, as compared to the corresponding period in 2014, and the consolidation of the costs of sales of Sciprogen and Sirton into the Group's financial information since 1 January 2015.

Gross Profit

For the six months ended 30 June 2015, the Group's gross profit increased to approximately RMB690.3 million, as compared to approximately RMB512.8 million for the six months ended 30 June 2014, representing an increase of approximately RMB177.4 million, or 34.6%. The increase in the Group's gross profit was broadly in line with its revenue growth. The Group's gross profit margin decreased to 87.3% for the six months ended 30 June 2015 from 92.1% for the corresponding period in 2014. The decrease was mainly attributable to the Group's consolidation of the financial information of Sciprogen and Sirton since 1 January 2015, which had a lower gross profit margin than the Group's other businesses. Excluding the impact of such consolidation, the Group's gross profit margin for the six months ended 30 June 2015 would have been approximately 92.0%.

Other Income and Gains

The Group's other income and gains mainly comprised government grants, interest income, foreign exchange gain and other miscellaneous income. For the six months ended 30 June 2015, the Group's other income and gains increased to approximately RMB41.2 million, as compared to approximately RMB11.4 million for the six months ended 30 June 2014, representing an increase of approximately RMB29.8 million, or 263.0%. The increase was mainly attributable to the foreign exchange gain from converting HKD1,500 million of the Listing proceeds from Hong Kong dollar to Renminbi, certain technology know-how transfer income, the licensing fees received relating to Pegsiticase and an increase in government grants received during the six months ended 30 June 2015, as compared to the corresponding period in 2014.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of marketing and promotion expenses, staff costs, transportation expenses, consulting fees and other miscellaneous selling and distribution expenses. For the six months ended 30 June 2015, the Group's selling and distribution expenses amounted to approximately RMB276.0 million, as compared to approximately RMB203.5 million for the six months ended 30 June 2014, representing an increase of approximately RMB72.5 million, or 35.6%. The increase was mainly attributable to the increased promotional activities for the Group's products and the consolidation of the selling and distribution expenses of Sciprogen and Sirton into the Group's financial information since 1 January 2015. However, in terms of a percentage of revenue, the Group's selling and distribution expenses decreased from 36.5% for the six months ended 30 June 2014 to 34.9% for the six months ended 30 June 2015, primarily as a result of the Group's effective control of selling and distribution costs, improved sales productivity and economies of scale.

Administrative Expenses

The Group's administrative expenses consisted of staff costs, professional fees, depreciation and amortization, property expenses, share-based compensation, and other miscellaneous administrative expenses. For the six months ended 30 June 2015, the Group's administrative expenses amounted to approximately RMB99.6 million, as compared to approximately RMB30.3 million for the six months ended 30 June 2014, representing an increase of approximately RMB69.4 million, or 229.0%. The increase was mainly due to the one-off expenses for the Listing incurred during the six months ended 30 June 2015, the warrants expenses associated with the CP Guojian Warrants and the consolidation of the administrative expenses of Sciprogen and Sirton into the Group's financial information since 1 January 2015. Excluding the impact of the Listing expenses and the CP Guojian Warrants related expenses, the administrative expenses for the Reporting Period were RMB44.1 million. The administrative expenses (excluding the impact of the Listing expenses and the CP Guojian Warrants related expenses) as a percentage of revenue is 5.6% for the six months ended 30 June 2015, as compared to 5.3% for the corresponding period in 2014.

Other Expenses and Losses

The Group's other expenses and losses primarily consisted of its R&D costs. For the six months ended 30 June 2015, the Group's other expenses and losses amounted to approximately RMB53.8 million, as compared to approximately RMB44.6 million for the six months ended 30 June 2014, representing an increase of approximately RMB9.2 million, or 20.7%. The increase was mainly due to increased R&D costs, which increased from approximately RMB43.6 million for the six months ended 30 June 2014 to approximately RMB49.3 million for the six months ended 30 June 2015.

Finance Costs

For the six months ended 30 June 2015, the Group's finance costs amounted to approximately RMB21.8 million, as compared to approximately RMB14.9 million for the six months ended 30 June 2014, representing an increase of approximately RMB6.9 million, or 46.5%. The increase was mainly due to the increase in average monthly outstanding bank borrowings during the six months ended 30 June 2015 as compared to the corresponding period in 2014. The increase in bank borrowings primarily reflected additional bank loans taken for the acquisition of new subsidiaries as well as for the Group's general corporate purposes.

Income Tax Expense

For the six months ended 30 June 2015, the Group's income tax expense amounted to approximately RMB35.8 million, as compared to approximately RMB36.8 million for the six months ended 30 June 2014, representing a decrease of approximately RMB1.0 million, or 2.8%. The decrease was mainly due to the reversal of deferred tax liability. The effective tax rates for the six months ended 30 June 2015 and the corresponding period in 2014 were 12.9% and 16.0%, respectively. The decrease in effective tax rate was mainly due to that the increased offshore income utilized the offshore losses for the six months ended 30 June 2015 when compared to the six months ended 30 June 2014.

EBITDA and Net Profit

The normalized EBITDA is defined as the EBITDA for the period excluding: (a) the expenses associated with certain management share-based awards granted in 2013 and 2014 pursuant to certain investors rights agreement among the Company's then ultimate parent and the parent's shareholders; (b) the warrant expenses associated with the CP Guojian Warrants; and (c) the expenses incurred in relation to the Listing. The Group's normalized EBITDA for the six months ended 30 June 2015 increased by approximately RMB99.5 million or 36.4% to approximately RMB373.0 million, as compared to the six months ended 30 June 2014. Without excluding the effects of the aforementioned items, the EBITDA increased by approximately RMB63.2 million or 24.9% to approximately RMB317.5 million, as compared to the six months ended 30 June 2014.

The normalized net profit is defined as the profit for the period excluding: (a) the expenses associated with certain management share-based awards granted in 2013 and 2014 pursuant to certain investors rights agreement among the Company's then ultimate parent and the parent's shareholders; (b) the warrant expenses associated with the CP Guojian Warrants; and (c) the expenses incurred in relation to the Listing. The Group's normalized net profit for the six months ended 30 June 2015 was approximately RMB298.1 million, as compared to approximately RMB212.5 million for the six months ended 30 June 2014, representing an increase of approximately RMB85.6 million, or 40.3%. Without excluding the effects of the aforementioned items, the net profit for the six months ended 30 June 2015 was approximately RMB242.5 million, as compared to approximately RMB193.2 million for the six months ended 30 June 2014, representing an increase of approximately RMB49.3 million, or 25.5%.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group's liquidity remained strong. For the six months ended 30 June 2015, the Group's operating activities generated a net cash inflow of approximately RMB267.2 million. As at 30 June 2015, the Group's cash and cash equivalents and time deposits (including pledged time deposits) were approximately RMB4,315.3 million.

Net Current Assets/(Liabilities)

As at 30 June 2015, the Group had net current assets of approximately RMB3,938.1 million, as compared to net current liabilities of approximately RMB309.3 million as at 31 December 2014. The current ratio of the Group increased from approximately 0.8 as at 31 December 2014 to approximately 4.7 as at 30 June 2015. The increase in net current assets was mainly due to the proceeds from the Listing received in June 2015.

Borrowing and the Pledge of Assets

As at 30 June 2015, the Group had an aggregate interest-bearing bank and other borrowings of approximately RMB672.4 million, as compared to approximately RMB617.4 million as at 31 December 2014. The increase in bank borrowings primarily reflected the additional bank loans of US$56.0 million and RMB10.0 million taken in 2015 for the Group's acquisitions, which was partially offset by the repayment of loans of US$47.3 million and RMB8.0 million.

Within the short-term deposits, RMB167.5 million were pledged to secure bank loans as at 30 June 2015, as compared to RMB252.2 million as at 31 December 2014.

Gearing Ratio

The gearing ratio of the Group, which is calculated by dividing the total borrowings by the total equity, decreased to approximately 13.0% as at 30 June 2015 from approximately 65.4% as at 31 December 2014. The decrease was primarily due to an increase in the Group's share premium resulting from the Listing.

Contingent Liabilities

As at 30 June 2015, the Group had no significant contingent liabilities.

Contractual Obligations

As at 30 June 2015, the Group's operating lease commitment amounted to approximately RMB1.6 million, as compared to approximately RMB0.5 million as at 31 December 2014. The Group's capital commitment amounted to approximately RMB35.5 million as at 30 June 2015, as compared to approximately RMB39.3 million as at 31 December 2014.

Foreign Exchange and Exchange Rate Risk

The Group mainly operates in the PRC, with all material aspects of its regular business conducted in Renminbi other than in regard to: (1) the operations of Sirton; and (2) the Group's exports, which amounted to RMB15.7 million, or 2.0% of the Group's revenue, for the six months ended 30 June 2015. Except for the operations of Sirton, the Group's exports and the foreign currency denominated bank deposits and bank borrowings, the Group believes that it does not have any other material direct exposure to foreign exchange fluctuations. As at 30 June 2015, the Group's foreign currency denominated bank deposits primarily comprised: (1) approximately US$124.9 million (equivalent to approximately RMB763.4 million) denominated in US dollars; and (2) approximately HK$2,512.4 million (equivalent to approximately RMB1,981.3 million) denominated in HK dollars. As at 30 June 2015, the Group's foreign currency denominated bank borrowings comprised US$56 million (equivalent to approximately RMB342.4 million) denominated in US dollars. The Group expects that the fluctuation of the Renminbi exchange rate will not have a material adverse effect on the operations of the Group for the foreseeable period.

Significant Investments Held

During the six months ended 30 June 2015, the Group did not have any significant investments.

Future Plans for Material Investments or Capital Assets

The Group estimates that the capital expenditure will be RMB100 million to RMB150 million per year for the next 3 years. These expected capital expenditures will primarily be incurred for the maintenance of the Group's existing facilities and the expansion of the Group's production capabilities. The Group expects to finance the Group's capital expenditures through a combination of internally generated funds, the net proceeds from the Listing and bank borrowings.

EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2015, the Group employed a total of 1,461 employees, as compared to a total of 1,352 employees as at 31 December 2014. The staff costs, including the directors' emoluments but excluding any contributions to pension scheme, were approximately RMB116.8 million for the six months ended 30 June 2015 as compared to approximately RMB101.0 million for the corresponding period in 2014. The Group generally formulates the Group's employees' remuneration package to include salary, bonus and allowance elements. The compensation programs are designed to remunerate the employees based on their performance and are measured against specified objective criteria. The Group also provides the employees with welfare benefits in accordance with applicable regulations and the Group's internal policies. The Company has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 24 July 2015, the Group acquired the entire equity interest in Zhejiang Wansheng, a limited liability company incorporated in the PRC, for an aggregate consideration of RMB528 million. Zhejiang Wansheng achieved a total revenue of RMB279.4 million and a net profit after tax of RMB26.6 million for the year ended 31 December 2014 based on the financial statements prepared in accordance with the generally accepted accounting principles of the PRC and audited by local PRC auditors.

Zhejiang Wansheng specializes in R&D, production and sales of chemically synthesized pharmaceuticals. The acquisition expands the Group's portfolio of oncology drugs as Zhejiang Wansheng has six approved oncology products. In addition, the acquisition will further solidify the Group's leading position in nephrology and oncology areas as it provides a platform for the Group to proceed with the clinical development of over 12 small-molecule pipeline candidates in those core therapeutic areas by using internal facilities and expertise. The acquisition will also provide the Group with a solid base for expansion into the treatment of diabetes-related complications and dermatology, specialized markets in which the Group's academic marketing approach has the potential to build market-leading brands. Further details of the acquisition are set out in the Company's announcement dated 24 July 2015.

Save as disclosed above, there have been no other material changes in respect of the Group since the publication of the latest annual results for the year ended 31 December 2014 as set out in the Company's prospectus dated 1 June 2015.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of members of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as its own code of corporate governance.

Except as expressly described below, the Company complied with all applicable code provisions set out in the CG Code throughout the period from Listing Date to 30 June 2015.

Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer. Mr. LOU Jing currently performs these two roles. The board (the "**Board**") of directors (the "**Directors**") of the Company believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code since the Listing Date to 30 June 2015.

THE BOARD AND ITS COMMITTEES

The compositions of the Board, the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company remain the same as set out in the Company's prospectus dated 1 June 2015.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2015.

A non-cash dividend of approximately US$19,000 (equivalent to approximately RMB119,000) by issuing shares of the Company was declared and paid on 6 February 2015 to the Company's then sole shareholder for the six months period ended 30 June 2015, and a dividend of approximately US$101.2 million (equivalent to approximately RMB622.3 million) was declared and paid for the six months ended 30 June 2014.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") which comprises one non-executive Director and two independent non-executive Directors, namely Mr. PU Tianruo (chairman), Mr. LV Dong and Mr. MA Jun.

The Audit Committee has reviewed, with the management, the accounting principles and policies adopted by the Group, and discussed with the management on the internal control and financial reporting matters, including the review of the unaudited interim condensed consolidated financial statements for the Reporting Period.

CHANGES TO INFORMATION REGARDING DIRECTORS AND CHIEF EXECUTIVES

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION BY THE COMPANY

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 30 June 2015.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing (after deducting underwriting fees and all Listing-related expenses) amounted to approximately HKD5,067.6 million, and are intended to be applied in the following manner as disclosed in the Company's prospectus dated 1 June 2015:

- approximately 45% of such proceeds will be used to expand the portfolio of pharmaceutical products in the Company's focused therapeutic areas through selective acquisitions, of which RMB528 million has been used for the acquisition of Zhejiang Wansheng;
- approximately 15% of such proceeds will be used to strengthen the sales and marketing of the products of the Group;
- approximately 15% of such proceeds will be used to fund capital expenditure projects to increase the production capabilities by maintaining existing facilities and constructing new production lines in anticipation of the increase in demand for the current products and the launch of the product candidates. The Group expects RMB100 million to RMB150 million capital expenditure will be incurred every year in the next 3 years;
- approximately 15% of such proceeds will be used to fund the R&D projects, including the in-house R&D projects and external collaboration projects; and
- approximately 10% of such proceeds will be used to supplement working capital and for general corporate purposes.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Interest in the Company

Name	Nature of Interest	Number of Shares Held	Percentage of All Shares in Issue[(1)]
LOU Jing (婁競)[(2)]	Interest in controlled corporation	659,367,030[(L)]	26.21%
TAN Bo (譚擘)[(3)]	Interest in controlled corporation	115,549,920[(L)]	4.59%
SU Dongmei (蘇冬梅)[(4)]	Interest in controlled corporation	26,403,630[(L)]	1.05%
HUANG Bin (黃斌)[(5)]	Interest in controlled corporation	33,919,350[(L)]	1.35%

(L): denotes long position

(1) The calculation is based on the total number of 2,515,313,570 shares in issue as at 30 June 2015.

(2) LOU Jing directly holds 58.50% of issued share capital of Century Sunshine Limited ("**CSL**") (which holds 100% of the issued share capital of Decade Sunshine Limited ("**DSL**")) and therefore, is deemed to be interested in the same number of the shares in which DSL is interested (i.e. 659,367,030 shares of the Company).

(3) TAN Bo directly holds the entire issued share capital of Triple Talent Enterprises Limited ("**TTE**") and therefore, is deemed to be interested in the same number of the shares in which TTE is interested (i.e. 115,549,920 shares of the Company).

(4) SU Dongmei directly holds the entire issued share capital of Joint Palace Group Limited ("**JPG**") and therefore, is deemed to be interested in the same number of the shares in which JPG is interested (i.e. 26,403,630 shares of the Company).

(5) HUANG Bin directly holds the entire issued share capital of Known Virtue International Limited ("**KVI**") and therefore, is deemed to be interested in the same number of the shares in which KVI is interested (i.e. 33,919,350 shares of the Company).

Save as disclosed above, as at 30 June 2015, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would be required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, to the best of the Directors' knowledge, the following persons (other than the Directors or chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares Held	Percentage of All Shares in Issue[(1)]
DSL	Beneficial owner	659,367,030[(L)]	26.21%
CSL[(2)]	Interest in controlled corporation	659,367,030[(L)]	26.21%
CS Sunshine Investment Limited[(3)]	Beneficial owner	712,258,360[(L)]	28.32%
CPEChina Fund, L.P.[(3)]	Interest in controlled corporation	712,258,360[(L)]	28.32%
CITIC PE Associates, L.P.[(3)]	Interest in controlled corporation	712,258,360[(L)]	28.32%
CITIC PE Funds Limited[(3)]	Interest in controlled corporation	712,258,360[(L)]	28.32%

(L): denotes long position

(1) The calculation is based on the total number of 2,515,313,570 shares in issue as at 30 June 2015.

(2) DSL is wholly-owned by CSL and therefore CSL is deemed to be interested in 659,367,030 shares held by DSL.

(3) CS Sunshine Investment Limited is wholly-owned by CPEChina Fund, L.P. ("**CPE**"). The general partner of CPE is CITIC PE Associates, L.P., an exempted limited partnership registered under the laws of the Cayman Islands whose general partner is CITIC PE Funds Limited, an exempted company incorporated in the Cayman Islands with limited liability.

Save as disclosed above, as at 30 June 2015, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

POST-IPO SHARE OPTION SCHEME

Pursuant to a written resolution passed by the then sole shareholder of the Company on 23 May 2015, the Company adopted a share option scheme (the "**Scheme**"). The details of the Scheme has been disclosed in the Company's prospectus dated 1 June 2015.

There were no movements under the Scheme during the Reporting Period. The Company has not granted any option under the Scheme since its adoption to the date of this interim report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Report on Review of Interim Financial Information

Ernst & Young
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Tel: +852 2846 9888
Fax: +852 2868 4432
www.ey.com

To the Board of Directors
3SBio Inc.
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on page 23 to 52, which comprises the condensed consolidated statement of financial position of 3SBio Inc. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") as of 30 June 2015 and the related condensed consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the six months period then ended, and explanatory notes.

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards 34 *Interim Financial Reporting* ("**IAS 34**"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
20 August 2015

Unaudited Interim Condensed Consolidated Statement of Profit or Loss

	Notes	For the six months ended 30 June 2015 (unaudited) RMB'000	2014 (unaudited) RMB'000
REVENUE	3	**790,322**	557,104
Cost of sales		**(100,071)**	(44,263)
Gross profit		**690,251**	512,841
Other income and gains	3	**41,199**	11,351
Selling and distribution expenses		**(275,963)**	(203,489)
Administrative expenses		**(99,646)**	(30,286)
Other expenses and losses	4	**(53,806)**	(44,570)
Finance costs	5	**(21,802)**	(14,882)
Share of losses of associates		**(1,931)**	(944)
PROFIT BEFORE TAX	4	**278,302**	230,021
Income tax expense	6	**(35,794)**	(36,828)
PROFIT FOR THE PERIOD		**242,508**	193,193
Attributable to:			
Owners of the parent		**242,496**	193,218
Non-controlling interests		**12**	(25)
		242,508	193,193
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
— Basic (RMB)	8	**0.12**	0.10
— Diluted (RMB)	8	**0.12**	0.10

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**242,508**	193,193
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Change in fair value of available-for-sale investments, net of tax	**(1,704)**	3,078
Exchange differences on translation of foreign operations	**(3,538)**	(7,131)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**237,266**	189,140
Attributable to:		
Owners of the parent	**237,254**	189,165
Non-controlling interests	**12**	(25)
	237,266	189,140

Unaudited Interim Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2015 (unaudited) RMB'000	As at 31 December 2014 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**360,243**	373,990
Prepaid land lease payments		**85,228**	86,375
Goodwill		**230,597**	230,597
Other intangible assets		**393,558**	405,545
Advance payments for property, plant and equipment		**5,583**	1,176
Investments in a joint venture		**126**	103
Investments in associates		**1,972**	3,903
Long-term receivables		**25**	349
Available-for-sale investments		**231,182**	231,182
Due from related parties	18	**17,517**	17,424
Deferred tax assets		**24,375**	11,551
Other non-current assets		**1,467**	1,619
Total non-current assets		**1,351,873**	1,363,814
CURRENT ASSETS			
Inventories	10	**116,392**	100,401
Trade and notes receivables	11	**456,954**	347,978
Prepaid expenses and other receivables		**35,641**	24,258
Due from related parties	18	**13,300**	51,768
Available-for-sale investments		**52,301**	56,052
Non-pledged time deposits with original maturity over three months when acquired	12	**305,680**	—
Cash and cash equivalents	12	**3,835,598**	107,612
Pledged deposits	12	**174,047**	254,558
Total current assets		**4,989,913**	942,627

Unaudited Interim Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2015 (unaudited) RMB'000	As at 31 December 2014 (audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	13	**38,792**	25,638
Other payables and accruals	14	**218,974**	525,766
Due to related parties	18	**96,595**	77,711
Deferred income		**1,271**	1,646
Interest-bearing bank borrowings	15	**672,362**	617,429
Tax payable		**23,786**	3,699
Total current liabilities		**1,051,780**	1,251,889
NET CURRENT ASSETS/(LIABILITIES)		**3,938,133**	(309,262)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,290,006**	1,054,552
NON-CURRENT LIABILITIES			
Deferred income		**14,009**	17,088
Deferred tax liabilities		**69,122**	73,621
Other liabilities		**17,270**	20,251
Total non-current liabilities		**100,401**	110,960
Net assets		**5,189,605**	943,592
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	**154**	—
Share premium		**4,351,751**	366,448
Reserves		**826,463**	565,919
		5,178,368	932,367
Non-controlling interests		**11,237**	11,225
Total equity		**5,189,605**	943,592

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent									
	Share capital RMB'000 (unaudited)	Share premium RMB'000 (unaudited)	Contributed surplus* RMB'000 (unaudited)	Statutory surplus reserve* RMB'000 (unaudited)	Retained earnings* RMB'000 (unaudited)	Available-for-sale investment revaluation reserves* RMB'000 (unaudited)	Exchange fluctuation reserves* RMB'000 (unaudited)	Total RMB'000 (unaudited)	Non-controlling interests RMB'000 (unaudited)	Total Equity RMB'000 (unaudited)
At 1 January 2015	–	366,448	150,575	85,425	492,061	6,532	(168,674)	932,367	11,225	943,592
Profit for the period	–	–	–	–	242,496	–	–	242,496	12	242,508
Other comprehensive income										
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	(1,704)	–	(1,704)	–	(1,704)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(3,538)	(3,538)	–	(3,538)
Total comprehensive income	–	–	–	–	242,496	(1,704)	(3,538)	237,254	12	237,266
Equity-settled warrants (Note 17)	–	–	23,290	–	–	–	–	23,290	–	23,290
Share dividends declared	119	(119)	–	–	–	–	–	–	–	–
Issuance of shares	35	3,985,422	–	–	–	–	–	3,985,457	–	3,985,457
At 30 June 2015	154	4,351,751	173,865	85,425	734,557	4,828	(172,212)	5,178,368	11,237	5,189,605
At 1 January 2014	–	591,636	47,392	85,425	500,333	6,971	(161,179)	1,070,578	11,225	1,081,803
Profit for the period	–	–	–	–	193,218	–	–	193,218	(25)	193,193
Other comprehensive income										
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	3,078	–	3,078	–	3,078
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(7,131)	(7,131)	–	(7,131)
Total comprehensive income	–	–	–	–	193,218	3,078	(7,131)	189,165	(25)	189,140
Shareholder contribution pursuant to equity-settled restricted share unit ("**RSUs**") arrangements	–	–	19,277	–	–	–	–	19,277	–	19,277
Acquisition of non-controlling interests	–	–	(1,500)	–	–	–	–	(1,500)	–	(1,500)
Cash dividends declared	–	(322,300)	–	–	(300,000)	–	–	(622,300)	–	(622,300)
At 30 June 2014	–	269,336	65,169	85,425	393,551	10,049	(168,310)	655,220	11,200	666,420

* These reserve accounts comprise the consolidated reserves of RMB826,463,000 in the interim condensed consolidated statement of financial position as at 30 June 2015.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

	Notes	For the six months ended 30 June 2015 (unaudited) RMB'000	2014 (unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**278,302**	230,021
Adjustments for:			
Share of losses of associates		**1,931**	944
Bank interest income	3	**(7,928)**	(6,466)
Finance costs	5	**21,802**	14,882
Foreign exchange gains	3	**(14,920)**	(126)
Share-based compensation costs	17	**23,290**	19,277
Depreciation	4	**22,371**	14,112
Amortisation of other intangible assets	4	**1,785**	1,300
Amortisation of prepaid land lease payments	4	**1,147**	389
Amortisation of long-term deferred expenditures	4	**152**	10
Recognition of deferred income		**(3,454)**	(991)
Impairment/(reversal) of trade receivables	4	**1,244**	(56)
Impairment of long-term receivables	4	**—**	475
Impairment of inventories	10	**922**	6
Loss on disposal of items of property, plant and equipment	4	**175**	285
		326,819	274,062
Increase in inventories		**(7,022)**	(1,356)
Decrease/(increase) in pledged time deposits		**754**	(1)
Increase in trade and notes receivables		**(111,387)**	(62,650)
Increase in prepaid expenses and other receivables		**(8,754)**	(5,157)
Decrease/(increase) in amounts due from related parties		**7,871**	(5,010)
Decrease in long-term receivables		**324**	125
Increase in trade and bills payables		**13,757**	331
Increase in other payables and accruals		**58,915**	21,455
Increase in amounts due to related parties		**18,884**	—
Cash generated from operations		**300,161**	221,799
Income tax paid		**(32,971)**	(101,632)
Net cash flows from operating activities		**267,190**	120,167

Unaudited Interim Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June 2015 (unaudited) RMB'000	2014 (unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**5,163**	15,153
Purchase of items of property, plant and equipment	**(20,103)**	(8,288)
Proceeds from disposal of available-for-sale securities	**2,000**	—
Issuance of loans	**(2,514)**	(5,315)
Advances from a third party	**—**	104
Payment for pledged deposits	**(1,136)**	(422)
Proceeds from disposal of pledged deposits	**115**	468
Proceeds from disposal of non-pledged time deposits	**—**	245,859
Purchase of non-pledged time deposits	**(305,680)**	(20,000)
Payment for acquisition of subsidiaries	**(377,181)**	—
Proceed from disposal of a subsidiary	**32,225**	—
Addition of investments	**—**	(1,568)
Addition of non-controlling interests	**—**	(1,500)
Proceeds from disposal of property, plant and equipment	**8**	6
Net cash flows provided by/(used in) investing activities	**(667,103)**	224,497
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	**4,001,750**	—
Dividends paid to owners of the Company	**—**	(622,300)
Increase/(decrease) in pledged deposits for bank borrowings	**80,778**	(414,243)
Proceeds from bank borrowings	**349,659**	800,000
Repayment of bank borrowings	**(297,429)**	—
Interests paid	**(24,123)**	(8,250)
Net cash flows provided by/(used in) financing activities	**4,110,635**	(244,793)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,710,722**	99,871
Cash and cash equivalents at beginning of period	**107,612**	268,202
Effect of foreign exchange rate changes on cash, net	**17,264**	(7,331)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,835,598**	360,742

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

1. Corporate information

3SBio Inc. (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Laws on 9 August 2006. It was listed on the National Association of Securities Dealers Automated Quotation (the "**NASDAQ**") on 7 February 2007. On 29 May 2013, the Company was delisted from the NASDAQ. The registered office address of the Company is the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2015, the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") were principally engaged in the development, production, marketing and sale of pharmaceutical products in People's Republic of China (the "**PRC**") except for Hong Kong and Macau ("**Mainland China**").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 June 2015.

2. Basis of preparation and changes to the group's accounting policies

Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial information for the three years ended 31 December 2012, 2013 and 2014 included in the Accountants' Report in Appendix I to the prospectus of the Company dated 1 June 2015 (the "**Prospectus**") in connection with the listing of the shares of the Company on the Stock Exchange.

The unaudited interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand, except when otherwise indicated.

2. Basis of preparation and changes to the group's accounting policies (continued)

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the three years ended 31 December 2012, 2013 and 2014 included in the Accountants' Report in Appendix I to the Prospectus, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

These new and revised International Financial Reporting Standards ("**IFRSs**") do not impact the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment are described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of the service cost in the period in which the related service is rendered, instead of allocating the contributions to the periods of related service. This amendment is effective for annual periods beginning on or after 1 July 2014. The amendments have had no financial impact on the Group.

2. Basis of preparation and changes to the group's accounting policies (continued)

New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2010–2012 Cycle

These amendments are effective from 1 July 2014 and the Group has applied these amendments for the first time in the unaudited interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The amendments have had no financial impact on the Group.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). The amendments have had no financial impact on the Group.

2. Basis of preparation and changes to the group's accounting policies (continued)

New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2010–2012 Cycle (continued)

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The amendments have had no financial impact on the Group as it has only one operating segment, which is the development, production, marketing and sale of pharmaceuticals.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The amendments have had no financial impact on the Group as it did not record any revaluation adjustments.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments have had no financial impact on the Group as it does not receive any management services from other entities.

2. Basis of preparation and changes to the group's accounting policies (continued)

New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2011–2013 Cycle

These amendments are effective from 1 July 2014 and the Group has applied these amendments for the first time in these unaudited interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The amendments have had no financial impact on the Group.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The amendments have had no financial impact on the Group as it does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. The amendments have had no financial impact on the Group.

3. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue		
Sale of goods	**794,875**	562,685
Less: Business tax and government surcharges	**(4,553)**	(5,581)
	790,322	557,104
Other income		
Bank interest income	**7,928**	6,466
Government grants related to		
— Assets	**584**	187
— Income	**4,704**	3,500
Consulting service income	**670**	804
Licensing income	**3,064**	—
Patent and technology know-how transfer income	**6,000**	—
Others	**3,329**	268
	26,279	11,225
Gain		
Foreign exchange differences	**14,920**	126
	41,199	11,351

4. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June 2015 (unaudited) RMB'000	2014 (unaudited) RMB'000
Cost of inventories sold	**100,071**	44,263
Depreciation of items of property, plant and equipment	**22,371**	14,112
Amortisation of other intangible assets	**1,785**	1,300
Amortisation of prepaid land lease payments	**1,147**	389
Amortisation of long-term deferred expenditures	**152**	10
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and staff welfare	**110,476**	77,011
Equity-settled share option expenses	**—**	19,277
Pension scheme contributions	**8,630**	4,860
Social welfare and other costs	**6,278**	4,713
	150,839	121,672
Other expenses and losses:		
Research and development costs	**49,293**	43,648
Loss on disposal of items of property, plant and equipment	**175**	285
Provision/(reversal of provision) for impairment of trade receivables	**1,244**	(56)
Provision for impairment of long-term receivables	**—**	475
Others	**3,094**	218
	53,806	44,570

5. Finance costs

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Interest on bank borrowings repayable within five years	**21,802**	14,882

6. Income tax

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the relevant rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Company and the subsidiaries of the Group incorporated therein are not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2015 as the Group had no assessable profits arising in Hong Kong.

Under the relevant PRC income tax law, except for Shenyang Sunshine Pharmaceutical Co., Ltd. ("**Shenyang Sunshine**") and Shenzhen Sciprogen Bio-pharmaceutical Technology Co., Ltd. ("**Sciprogen**"), which enjoy certain preferential treatment available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% on their respective taxable income.

Shenyang Sunshine and Sciprogen are subject to a preferential income tax rate of 15% for the six months ended 30 June 2015. Shenyang Sunshine qualifies as High and New Technology Enterprises. Sciprogen is in the process of renewing its qualification as High and New Technology Enterprises which is expected to be granted in the second half year of 2015.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate of 5% may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

6. Income tax (continued)

	For the six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current	**53,117**	103,405
Deferred	**(17,323)**	(66,577)
Total tax charge for the period	**35,794**	36,828

7. Dividends

	For the six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Proposed and declared dividend	**119**	622,300

Pursuant to the Company's resolutions of the board dated 31 March 2014 and 6 February 2015, the Company proposed 2014 cash dividends and 2015 share dividends with the aggregated amounts of approximately United States Dollar ("**US$**") 101,152,000 and US$19,000, respectively, which were approved by Decade Sunshine Limited ("**Decade Sunshine**"), the then sole shareholder of the Company on the same dates.

8. Earnings per share attributable to equity holders of the parent

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the profit attributable to equity holders of the Company of RMB242,496,000 (for the six months ended 30 June 2014: RMB193,218,000) and the weighted average of 1,991,247,251 (for the six months ended 30 June 2014: 1,939,560,390) ordinary shares of the Company in issue during the period, as adjusted to reflect the new shares issued upon the listing of the Company's shares on the Stock Exchange on 11 June 2015.

The weighted average number of ordinary shares for the purpose of the basic earnings per share calculation for the six-month periods ended 30 June 2015 and 2014 has also been retrospectively adjusted to reflect the shares subdivision of par value from US$1 to US$0.00001 on 4 February 2015 and approximately US$19,000 shares dividend declared on 6 February 2015, on the assumption that they had been completed on 1 January 2014.

The Company has warrants (note 17) outstanding during the period which are dilutive potential ordinary shares. Calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding warrants. Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding for the assumed issue of 10,759,000 ordinary shares issued upon the exercise of the warrants after the grantees met the performance targets (for the six months ended 30 June 2014: nil).

9. Property, plant and equipment

During the six months ended 30 June 2015, the Group acquired assets with an aggregated cost of RMB8,646,000 (for the six months ended 30 June 2014: RMB6,075,000).

During the six months ended 30 June 2015, items of property, plant and equipment with an aggregate net carrying value of RMB183,000 (for the six months ended 30 June 2014: RMB291,000) were disposed of by the Group, resulting in a loss of RMB175,000 arising from the disposal (for the six months ended 30 June 2014: RMB285,000).

10. Inventories

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Raw materials	**18,025**	22,648
Work in progress	**74,394**	57,108
Finished goods	**18,776**	13,953
Consumables and packaging materials	**6,588**	8,082
	117,783	101,791
Impairment	**(1,391)**	(1,390)
	116,392	100,401

During the six months ended 30 June 2015, the Group wrote down RMB922,000 (for the six months ended 30 June 2014: RMB6,000) of inventories. This expense is included in cost of sales in the statement of profit or loss.

11. Trade and notes receivables

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Trade receivables	**386,545**	227,402
Notes receivable	**76,289**	125,298
	462,834	352,700
Provision for impairment of trade receivables	**(5,880)**	(4,722)
	456,954	347,978

11. Trade and notes receivables (continued)

The Group's trading terms with its customers are mainly on credit. The credit period is generally two months, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables, based on the invoice date, is as follows:

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Within 1 months	**219,675**	130,269
1–3 months	**113,021**	74,943
4–6 months	**25,859**	12,599
Over 6 months to 1 year	**22,342**	5,983
1 to 2 years	**4,166**	3,070
Over 2 years	**1,482**	538
	386,545	227,402

12. Cash and cash equivalents and pledged deposits

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Cash and bank balances	**3,833,946**	105,961
Restricted cash	**1,652**	1,651
Time deposits	**479,727**	254,558
	4,315,325	362,170
Less:		
Pledged deposits for letters of credit	**(1,720)**	(1,454)
Pledged deposits for bills payable	**(4,854)**	(900)
Pledged deposits for short term loans	**(167,473)**	(252,204)
Non-pledged time deposits with original maturity over three months when acquired	**(305,680)**	—
	3,835,598	107,612
Cash and cash equivalent and pledged deposits denominated in:		
— RMB	**1,565,305**	334,787
— Other currencies	**2,750,020**	27,383
	4,315,325	362,170

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

13. Trade and bills payables

An aged analysis of the trade and bills payables of the Group, based on the invoice date, is as follows:

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Within 3 months	**22,969**	22,152
3 to 6 months	**12,748**	3,401
Over 6 months	**3,075**	85
	38,792	25,638

The trade payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

14. Other payables and accruals

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Accrued selling and marketing expenses	**92,625**	51,363
Accrued listing expenses	**57,810**	13,610
Accrued salaries, bonuses and welfare expenses	**25,585**	30,045
Payable to acquisition vendors	**—**	377,181
Payable to vendors of plant, property and equipment	**6,919**	11,768
Taxes payable (other than income tax)	**11,280**	18,837
Payable to advisors in acquisition transactions	**2,257**	3,578
Receipts in advance from customers	**3,218**	3,590
Others	**19,280**	15,794
	218,974	525,766

Other payables are non-interest-bearing.

15. Interest-bearing bank borrowings

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Current		
Short term bank borrowings, secured	**672,362**	617,429

Notes:

(i) The short term bank borrowings bear fixed interest rate varied from 2.3% to 7.8% per annum and are secured by pledged deposits, notes receivable, prepaid land lease payments and property, plant and equipment and available-for-sale investment of the Group.

(ii) The carrying amounts of the short term bank borrowings approximate to their fair values.

16. Issued capital

The Company was incorporated in the Cayman Islands on 9 August 2006. As at 30 June 2015, the Company had an authorised share capital of US$500,000, divided into 50,000,000,000 shares with a par value of US$0.00001 each. The issued capital was approximately US$25,000 as at 30 June 2015.

The authorised and issued capital was US$50,000 and US$1, respectively, as at 31 December 2014.

17. Share incentive scheme

Warrants granted by the Company

On 1 January 2015, the Company issued warrants to Shanghai Junling Investment Partnership (Limited Partnership) which is beneficially owned by certain management members of Shanghai CP Guojian Pharmaceutical Co., Ltd. ("**CP Guojian**") ("**CP Guojian Warrants**"), in which the Group holds 6.96% equity interest. The CP Guojian Warrants entitle the holders to purchase 1,128.82033 ordinary shares of the Company at an exercise price of US$1.00 for each warrant. Pursuant to the subdivision of the par value of the Company's authorised shares from US$1.00 per share to US$0.00001 per share on 4 February 2015, the number of shares has been changed to 112,882,033 ordinary shares of the Company exercisable by the CP Guojian Warrants and the exercise price from US$1.00 per share to US$0.00001 per share.

The CP Guojian Warrants will vest and become exercisable upon meeting certain vesting and non-vesting conditions. If the vesting conditions are not met, the warrants will lapse.

The fair value at grant date is estimated using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the warrants were granted. The contractual life of each option granted is three and a half years. There is no cash settlement of the warrants. The fair value of warrants granted on 1 January 2015 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	—
Expected volatility (%)	37.50
Risk-free interest rate (%)	1.1
Contractual life of share options (years)	3.50
Underlying share price (RMB)	70.50
Exercise price of each warrant (RMB)	0.00006

On the date of grant, the fair values of each of the CP Guojian Warrants with probability of meeting the non-vesting conditions of 30% and 50% were RMB19.37 and RMB32.26, respectively.

For the six months ended 30 June 2015, the Group recognised share-based payment expense of RMB23,290,000 in the statement of profit or loss (for the six months ended 30 June 2014: RMB19,277,000).

18. Related party disclosures

Details of the Group's principal related parties are as follows:

Company	Relationship
Decade Sunshine	Shareholder of the Company
Century Sunshine Limited ("**Century Sunshine**")	Holding company of Decade Sunshine
Injenerics Srl ("**Injenerics**")	Joint venture
DaVita-3SBio Healthcare Management (Liaoning) Co., Ltd. ("**DaVita JV**")	Associate
Ascentage Shanghai Pharmaceutical Co., Ltd. ("**Ascentage Shanghai**")	Associate
Ascentage Jiangsu Pharmaceutical Co., Ltd. ("**Ascentage Jiangsu**")	Subsidiary of an associate
Beijing Huansheng Medical Investment Company Co., Ltd. ("**Beijing Huansheng**")	Significant influence by a director of the Compnay and owned by certain middle management personnel of the Group
Jiangsu Sunshine Pharmaceutical Technology Company Co., Ltd. ("**Jiangsu Sunshine**")	Subsidiary of Beijing Huansheng

(a) The Group had the following transactions with related parties during the six months ended 30 June 2015:

		For the six months ended 30 June	
		2015	2014
		(unaudited)	(unaudited)
		RMB'000	RMB'000
Service fee paid to associates	(i)	**1,000**	—
Sales of products to an associate		**178**	166
Prepayments/loans to an associate	(ii)	**2,514**	5,315
Financial guarantee provided by a director of the Company	(iii)	**—**	300,000

18. Related party disclosures (continued)

(a) The Group had the following transactions with related parties during the six months ended 30 June 2015: (continued)

Notes:

(i) The Group retained Ascentage Shanghai and Ascentage Jiangsu to perform certain ongoing research and product development. The Group recognised research and development expenses of RMB1,000,000 during the six months ended 30 June 2015 (for the six months ended 30 June 2014: nil) according to the progress achieved.

(ii) The Group extended loans to DaVita JV in support of the operations of DaVita JV. The loans were unsecured and bore an annual interest rate of 4.68% and with a fixed maturity period of 20 months.

The Group prepaid approximately RMB2,421,000 decoration expenses on behalf of DaVita JV during the six months ended 30 June 2015 (for the six months ended 30 June 2014: nil), the balances of which have no fixed maturity date and are non-interest-bearing.

(iii) A director of the Company provided a personal guarantee in favour of the bank in connection with the RMB300,000,000 interest-bearing bank borrowing by subsidiaries of the Company. The personal guarantee was released by the bank in November 2014.

(b) Outstanding balances with related parties:

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Due from related parties:		
Current portion		
Jiangsu Sunshine	**—**	8,081
Beijing Huansheng	**—**	32,225
Injenerics	**556**	329
DaVita JV — current portion	**2,421**	—
Directors and senior management (i)	**10,323**	11,133
	13,300	51,768
Non-current portion		
Davita JV	**17,517**	17,424

18. Related party disclosures (continued)

(b) Outstanding balances with related parties: (continued)

Note:

(i) The balance represents the Individual Income Tax ("**IIT**") on the grantees in connection with the RSUs granted on 31 August 2013 and 31 August 2014 which was paid by the Company on behalf of the grantees in accordance with tax regulations in Mainland China. The balance was unsecured, interest-free and had no fixed terms of repayment.

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Due to related parties:		
Century Sunshine	**96,595**	77,711

None of the amounts due from related parties is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default. The carrying amounts of the balances with related parties approximate to their fair values.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (unaudited) RMB'000
Salaries, allowances and benefits in kind	**4,176**	3,790
Pension scheme contribution	**485**	432
	4,661	4,222

19. Commitments

The Group had the following capital commitments as at 30 June 2015:

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Contracted, but not provided for:		
Plant and machinery	**20,383**	24,109
Capital contribution with respect to an associate	**15,127**	15,141
	35,510	39,250

20. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at 30 June 2015 are as follows:

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Financial assets		
Available-for-sale financial assets:		
Available-for-sale investments	**283,483**	287,234
Loans and receivables:		
Long-term receivables	**25**	349
Financial assets included in other non-current assets	**600**	600
Due from related parties — non-current	**17,517**	17,424
Trade and notes receivables	**456,954**	347,978
Financial assets included in prepaid expenses and other receivables	**23,464**	20,036
Due from related parties — current	**13,300**	51,768
Cash and cash equivalents	**3,835,598**	107,612
Non-pledged time deposits with original maturity over three months when acquired	**305,680**	—
Pledged deposits	**174,047**	254,558
	5,110,668	1,087,559

20. Financial instruments by category (continued)

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Financial liabilities		
Financial liabilities at amortised cost		
Trade and bills payables	**38,792**	25,638
Financial liabilities included in other payables and accruals	**40,011**	421,972
Interest-bearing bank borrowings	**672,362**	617,429
Due to related party	**96,595**	77,711
	847,760	1,142,750

21. Fair value and fair value hierarchy of financial instruments

The fair values of the financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Management has determined that the fair values of cash and cash equivalents, pledged time deposits, non-pledged deposits, trade and notes receivables, financial assets included in prepaid expenses and other receivables, amounts due from related parties, investments in bank financial products included in available-for-sale investments, trade and bills payables, financial liabilities included in other payables and accruals and amounts due to related parties, reasonably approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the long-term receivables and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of long-term receivables are reasonably approximate to their carrying amounts due to insignificance. The fair values of interest-bearing bank borrowings are reasonably approximate to their carrying amounts due to their short term maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2015 and 31 December 2014 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices.

21. Fair value and fair value hierarchy of financial instruments (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Assets measured at fair value:

	Fair value measurement using Quoted prices in active markets (Level 1)	
	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Available-for-sale investment: equity investment	**12,301**	14,052

Assets for which fair values are disclosed:

	Fair value measurement using significant unobservable inputs (Level 3)	
	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Long-term receivables	**25**	349

21. Fair value and fair value hierarchy of financial instruments (continued)

Liabilities for which fair values are disclosed:

	Fair value measurement using significant unobservable inputs (Level 3)	
	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Interest-bearing bank borrowings	**672,362**	617,429

During the six months ended 30 June 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended 30 June 2014: nil).

22. Events after the reporting period

On 24 July 2015, Shenyang Sunshine entered into an equity transfer agreement with the CITIC Mezzanine (Shanghai) Investment Center (LP) and Shanghai Rongyu Investment Management Center (LP) (collectively, the "**Sellers**") and Zhejiang Wansheng Pharmaceutical Co., Ltd. ("**Zhejiang Wansheng**"), pursuant to which the Sellers have agreed to sell and Shenyang Sunshine has agreed to acquire the entire equity interest in Zhejiang Wansheng at an aggregate consideration of RMB528 million. Upon completion of the acquisitions on 31 July 2015, Zhejiang Wansheng became a wholly-owned subsidiary of the Group.

23. Approval of issuance of the unaudited interim condensed consolidated financial statements

The unaudited interim condensed consolidated financial statements have been authorised for issuance by the board of directors on 20 August 2015.

三生制药
3SBIO INC.