三生制药
3SBIO INC.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1530
Convertible Bonds Code: 5241

Innovation

That Will Change Your Tomorrow

2017 Interim Report

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Company Overview

3SBio Inc. (the "**Company**" or "**3SBio**", with its subsidiaries collectively, the "**Group**") is a leading biotechnology company in the People's Republic of China ("**China**"). As a pioneer in the Chinese biotechnology industry, the Group has extensive expertise in researching and developing, manufacturing and marketing biopharmaceuticals. The core products of the Group include TPIAO (特比澳), Yisaipu (益賽普), recombinant human erythropoietin ("**rhEPO**") products of EPIAO (益比奧) and SEPO (賽博爾), all four products being market leaders in China. TPIAO is the only commercialized recombinant human thrombopoietin ("**rhTPO**") product in the world. According to the data of IMS Health Inc. ("**IMS**"), the China market share of TPIAO increased to 45.8% for the treatment of thrombocytopenia in the first half of 2017. Yisaipu is a TNF α inhibitor product with a dominant market share in China of 58.6% in the first half of 2017, according to IMS. According to IMS, the Group, with its two rhEPO products EPIAO and SEPO, has been the dominant market leader in the China rhEPO market for more than a decade, with a total market share of 42.4% in the first half of 2017. The Group expects that the diabetes products licensed from AstraZeneca PLC ("**AstraZeneca**") and Lilly China will become its core products with the consolidation of Humulin (優泌林) ("**Humulin**") beginning from 1 July 2017.

As at 31 July 2017, amongst the 25 product candidates within the Group's active pipeline, 16 were being developed as National Class I New Drugs (國家一類新藥) in China. The Group has nine product candidates in oncology, including seven monoclonal antibody ("**mAb**") therapeutics; nine product candidates (including new indications) that target auto-immune diseases including rheumatoid arthritis ("**RA**"), and other diseases such as refractory gout and age-related macular degeneration; three product candidates in nephrology, which include the next-generation erythropoiesis-stimulating agents; two product candidates in the metabolic area that target type 2 diabetes; and two product candidates in dermatology.

The Group operates in a highly attractive industry. Biotechnology has revolutionized the pharmaceutical industry by addressing unmet medical needs and offering innovative treatments for a wide array of human diseases. In China, the biotechnology industry enjoys strong government support and has been selected by the State Council of China as a key strategic industry. Strong government support along with increasing physician adoption of biopharmaceuticals has driven strong industry growth in China.

The Group is well positioned for global expansion. In September 2017, the Group, with a view to entering into the North American biopharmaceutical sector, in partnership with CPE Funds (as defined below), entered into an agreement to acquire a contract development and manufacturing ("**CDMO**") business in Canada, which acquisition is expected to complete by the end of this year. The Group is applying for approval to initiate clinical trials of TPIAO in the United States, India and Mexico. Yisaipu has been approved in nine countries and is in the process of registration in eighteen countries. The Group is conducting multi-center biosimilar clinical trials for EPIAO in Russia and Thailand. In the long term, the Group aims to market its products in developed countries. Furthermore, the Group is collaborating with international partners to develop and market the Group's product candidates, such as pegsiticase and several mAb therapeutics. The Group aims to focus its efforts on research and development ("**R&D**") by providing innovative therapeutics for patients in China and globally.

As at 30 June 2017, the Group had operation facilities in Shenyang, Shanghai, Hangzhou and Shenzhen, all in China, as well as in Como, Italy, with over 3,600 employees. The Group's pharmaceutical products are marketed and sold in all provinces, autonomous regions and special municipalities (except Hong Kong and Macau) in China, as well as a number of foreign countries and regions. During the six months ended 30 June 2017 (the "**Reporting Period**"), the Group's nationwide sales and distribution network enabled it to sell its products to approximately 8,000 hospitals and medical institutions in China.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. 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 (retired on 30 June 2017)
Mr. WANG Steven Dasong (appointed on 30 June 2017)

Independent Non-executive Directors

Mr. PU Tianruo
Mr. David Ross PARKINSON
Mr. MA Jun

JOINT COMPANY SECRETARIES

Ms. LIU Yanli
Ms. LAI Siu Kuen

AUTHORIZED REPRESENTATIVES

Mr. TAN Bo
Ms. LIU Yanli

AUDIT COMMITTEE

Mr. PU Tianruo *(Chairman)*
Mr. LV Dong (retired on 30 June 2017)
Mr. WANG Steven Dasong (appointed on 30 June 2017)
Mr. MA Jun

REMUNERATION COMMITTEE

Mr. MA Jun *(Chairman)*
Mr. LIU Dong
Mr. PU Tianruo

NOMINATION COMMITTEE

Dr. 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

HEADQUARTER

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Shenyang
People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two, Times Square
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Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
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Grand Cayman, KY1-1111
Cayman Islands

Corporate Information

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Hong Kong

LEGAL ADVISERS

As to Hong Kong law and United States law:
Baker & McKenzie
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10 Harcourt Road
Central
Hong Kong

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Jingtian & Gongcheng
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People's Republic of China

As to Cayman Islands law:
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PO Box 2681
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Cayman Islands

AUDITORS

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

STOCK CODES

Shares Listing
Ordinary Shares
The Stock Exchange of Hong Kong Limited
(Stock Code: 1530)

Convertible Bonds Listing
€300,000,000 Zero Coupon
Convertible Bonds due 2022
The Stock Exchange of Hong Kong Limited
(Convertible Bonds Code: 5241)

COMPANY'S WEBSITE

www.3sbio.com

PRINCIPAL BANK

Industrial Bank Co., Ltd, Shenyang Branch
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Shenyang
People's Republic of China

Financial Highlights

- **Revenue[1] increased by approximately RMB401.9 million or approximately 30.8% to approximately RMB1,706.7 million, as compared to the six months ended 30 June 2016.**

- **Gross profit[1] increased by approximately RMB323.9 million, or approximately 28.6% to approximately RMB1,457.1 million, as compared to the six months ended 30 June 2016, and gross profit margin was approximately 85.4%.**

- **EBITDA[1,2] increased by approximately RMB162.6 million or approximately 33.2% to approximately RMB652.7 million, as compared to the six months ended 30 June 2016.**

- **Net profit[1,3] increased by approximately RMB99.6 million or approximately 34.3% to approximately RMB389.6 million, as compared to the six months ended 30 June 2016.**

Notes:

1. The financial information of Shanghai CP Guojian Pharmaceutical Co., Ltd. (now Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (三生國健藥業(上海)股份有限公司),"**Sunshine Guojian**") was consolidated into the Group's financial statements since 1 April 2016.

2. The normalized EBITDA increased by approximately RMB112.1 million or approximately 20.2% to approximately RMB667.0 million, as compared to the six months ended 30 June 2016. The normalized EBITDA is defined as the EBITDA for the period excluding, as applicable: (a) the expenses incurred in relation to the issuance of the Bonds (as defined below); (b) the option expenses associated with options granted on 2 February 2017; (c) the expenses incurred in relation to the acquisition of Sunshine Guojian; (d) the warrant expenses associated with the issue of the warrants granted to the management of Sunshine Guojian (the "**Sunshine Guojian Warrants**") on 1 January 2015; and (e) the income associated with the fair value gain of the approximately 28.8% equity interests in Sunshine Guojian previously acquired by the Group in 2014 and 2015.

3. The normalized net profit increased by approximately RMB49.0 million, or approximately 13.8%, to approximately RMB403.8 million, as compared to the six months ended 30 June 2016. The normalized net profit is defined as the profit for the period excluding the same items as listed in Note 2 above.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Key Events

The Ministry of Human Resources and Social Security of China published the 2017 National Reimbursement Drug List ("**NRDL**") on 23 February 2017. Three of the Group's products, namely Yisaipu, TPIAO and Qiming Keli (芪明顆粒), are included in this list. The Group is of the view that this development will enhance its penetration into the hospitals in its coverage and allow its further expansion to lower-tier cities and hospitals, which will in turn enable the Group to satisfy treatment needs by providing affordable and high quality medicines to a wider patient base.

On 16 May 2017, 3SBio announced that its subsidiaries have entered into a strategic cooperation agreement with a subsidiary of Eli Lilly and Company (NYSE: LLY) ("**Lilly**"), Lilly China (and its affiliate), pursuant to which, the Group has been granted the exclusive right of distribution and promotion of Humulin, an insulin product of Lilly, in China from 1 July 2017 onwards. Pursuant to the agreement, leveraging on its nationwide sales network and its existing metabolic disease related resources, the Group has established a marketing and promotion team which will cover a wide array of diabetes products (including Humulin). Lilly China will be responsible for the production and supply of the Humulin products produced in accordance with its global quality standards. Both parties have been cooperating closely to ensure a smooth transition.

On 24 May 2017, the Group received an approval from the China Food and Drug Administration ("**CFDA**") to conduct clinical trials for additional indications of TPIAO for the treatment of surgery patients with hepatic dysfunction at the risk of thrombocytopenia. In addition, TPIAO received a priority review status from the CFDA for an investigation new drug ("**IND**") in pediatric immune thrombocytopenia (immune thrombocytopenia, "**ITP**") indication in February 2017.

As announced on 8 June 2017, the Group has received the marketing authorization for EPIAO (authorization no. UA/15976/01/03) from the Ministry of Health of Ukraine. The authorization is valid for the entire territory of Ukraine until 13 May 2022. Ukraine is a member of the Pharmaceutical Inspection Co-operation Scheme (the "**PIC/S**"). PIC/S is a non-binding and informal co-operative arrangement between regulatory authorities in the field of Good Manufacturing Practices of medicinal products for human or veterinary use. PIC/S presently comprises 49 participating authorities from Europe, Africa, America, Asia and Australia. The marketing authorization received from a PIC/S member will facilitate the review process by other PIC/S members and benefit the Group's international registration in PIC/S countries and its further expansion into the highly regulated markets.

On 12 July 2017, the Group, through Strategic International Group Limited ("**Strategic International**"), a direct wholly-owned subsidiary of the Company, conducted an international offering of the Euro-denominated zero-coupon convertible bonds (the "**Bonds**") in an aggregate principal amount of €300,000,000 due 2022, which is unconditionally and irrevocably guaranteed by the Company. The issue of the Bonds was completed on 21 July 2017. The listing of and permission to deal in the Bonds became effective on 24 July 2017. The successful issue of the Bonds represents an opportunity for 3SBio to improve the liquidity position of the Group, to reduce the financing costs of the Group and to raise further working capital of the Group. Further information regarding the Bond is provided in the 3SBio's announcements made on 12 July 2017, 13 July 2017 and 21 July 2017, respectively.

On 1 September 2017, the Group entered into a shareholders agreement with certain funds (collectively as "**CPE Funds**") associated with CS Sunshine Investment Limited, a substantial shareholder of the Company, pursuant to which a joint venture (the "**CDMO JV**") shall be established. The Group and CPE Funds seek to position the CDMO JV as a global, comprehensive and biologics-focused CDMO platform. On the same date, the CDMO JV entered into an asset purchase agreement with a Canada-based biologics manufacturer, Therapure Biopharma Inc., to acquire its CDMO business ("**CDMO Acquisition**"), Therapure Biomanufacturing, for 290 million United States Dollars ("**USD**"). Further to the signing and in accordance with the terms of these two agreements, 3SBio will seek its shareholders' approval to complete the transactions contemplated thereunder. Through this CDMO Acquisition, the Group intends to enter the North American biopharmaceutical sector, an important milestone towards the Group's strategy of building a leading global biologics business. The acquisition enables the Group to significantly enhance its connections with global biotechnology and pharmaceutical companies, and potentially explore diverse strategic partnerships and license innovative products across the world. At the same time, the expansion in the Group's CDMO business is expected to optimize the utilization of its manufacturing assets, enhance its own technical capabilities and improve its financial profile.

Key Products

TPIAO is the Group's in-house developed proprietary product, and has been the only commercialized rhTPO product in the world since its launch in 2006. TPIAO has been approved by the CFDA for two indications: the treatment of chemotherapy-induced thrombocytopenia ("**CIT**") and ITP. TPIAO has the advantages of higher efficacy, faster platelet recovery and fewer side effects as compared to alternative treatments for CIT and ITP. In "The Consensus of Chinese Experts on Diagnosis and Treatment of Adult Primary Immune Thrombocytopenia" (2016 Version), rhTPO products are included as the first choice recommendation for the second tier treatments list, and are recommended among medicines to boost platelet production in certain emergencies cases. TPIAO is included in the 2017 NRDL as a Class B Drug (No. 214) for the treatment of severe CIT in patients with solid tumors or ITP. TPIAO has experienced significant sales growth due to increasing physician awareness of its safety and efficacy as a treatment for CIT and ITP and its quick adoption in China. The Group believes that 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 approximately 13% to 17%. Currently, the majority of the Group's sales of TPIAO is generated from approximately 13% of the hospitals covered by the Group's sales team. On 24 May 2017, the Group has received an approval from the CFDA to conduct clinical trials for additional indications of TPIAO for the treatment of surgery patients with hepatic dysfunction at the risk of thrombocytopenia. In addition, TPIAO has received a priority review status from the CFDA for an IND in pediatric ITP indication in February 2017. TPIAO received marketing authorization from the Ministry of Public Health of Ukraine, a PIC/S member, for the treatment of CIT in patients with solid tumors on 24 June 2016. The Group is applying for approval to initiate clinical trials of TPIAO in the United States, India and Mexico.

Yisaipu, generically known as etanercept, is a TNF α inhibitor product. It was first launched in 2005 in China for RA. Its indications were expanded to ankylosing spondylitis ("**AS**") and psoriasis in 2007. The Group actively participated and helped develop an experts consensus titled "The Experts Consensus on the Treatment of Childhood Idiopathic Arthritis", published on the Journal of Clinical Pediatrics (2011, 29(6), pages 587–591); in addition, the Group actively participated in "The Rheumatoid Arthritis Treatment Guidance" and "The Ankylosing Spondylitis Treatment Guidance", both authoritative documents issued by the China Medical Association, and Yisaipu is adopted in the two guidances under 'Etanercept' as one of the RA and AS treatment options. Yisaipu is included in the 2017 NRDL as a Class B Drug (No. 846) for the treatment of patients with confirmed diagnosis of RA, and for the treatment of patients with confirmed diagnosis of AS (not including pre-radiographic axial spondyloarthritis), both with certain medical prerequisites. Yisaipu has experienced significant growth as the first-to-market Etanercept product in China, with a dominant market share in China of 58.6% by sales in the first half of 2017, according to IMS. The sales coverage of Yisaipu extends to more than 2,000 hospitals in China, including over 1,000 Grade III hospitals. The Group believes that Yisaipu is still at early stage of its product life cycle. The Group estimates that the penetration rates for both RA and AS in China are less than 5%. Currently, the majority of the Group's sales of Yisaipu is generated from approximately 9% of the hospitals covered by the Group's sales team. The prefilled syringe of Yisaipu in the Group's pipeline is the only product of its kind in China, of which the Group has completed the Phase III trial and is expecting to apply for manufacturing approval in the fourth quarter of 2017. The Group is of the view that the prefilled syringe of Yisaipu will improve patients convenience and contribute to further growth of Yisaipu. Yisaipu has been approved in nine countries and is in the process of being registered in 18 countries.

EPIAO is still 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 is included in the NRDL as a category B drug in China since 2000. EPIAO has consistently been the dominant market leader in China rhEPO market since 2002 in terms of both volume and value. EPIAO is the only rhEPO product in China available at 36,000 IU (international unit per vial) dosage, and together with SEPO, claims the majority of China rhEPO market share at 10,000 IU dosage. Future growth for EPIAO may be driven by: (1) the increase 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 in the applications of EPIAO in reducing allogeneic blood transfusion and in CIA oncology indication in China, which the Group believes at a very early stage of growth. With contribution from the second brand of the Group's rhEPO products, SEPO, market coverage of the Group's rhEPO products has expanded in Grade II and Grade I hospitals, where sales of its rhEPO products have been experiencing significant growth. The Group expects that SEPO will continue to gain market share in the rhEPO market. As announced on 8 June 2017, the Group has received the marketing authorization for EPIAO in Ukraine, a PIC/S member country. The multi-center biosimilar clinical trials for EPIAO in Russia and Thailand have made good progress, with patients recruitment for the maintenance period to be completed by the end of 2017. The trials are expected to be completed by 2018.

Byetta, generically known as "exenatide injection", is an injectable glucagon-like peptide-1 receptor agonist, or GLP-1 receptor agonist, administered twice daily as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus, which is indicated for treatment of patients who have not achieved adequate glycaemic control on metformin, sulphonylureas, or metformin plus sulphonylureas. Byetta is licensed from AstraZeneca, and the Group started to record the revenue of Byetta from October 2016.

Qiming Keli, Man Di (蔓迪), Di Su (迪蘇) and Lai Duo Fei (萊多菲) are a group of dermatology and ophthalmology drugs, indicated to treat diabetic retinopathy, alopecia areata, chronic bronchitis and chronic idiopathic urticaria, respectively. Qiming Keli is included in the 2017 NRDL as a Class B Traditional Chinese Medicine (No. 1004) for the treatment of non-proliferative retinopathy caused by type 2 diabetes.

Product Pipeline

As at 31 July 2017, amongst the 25 product candidates within the Group's active pipeline, 16 were being developed as National Class I New Drugs (國家一類新藥) in China. The Group has nine product candidates in oncology, including seven mAb therapeutics; nine product candidates (including new indications) that target auto-immune diseases including RA, and other diseases such as refractory gout and age-related macular degeneration; three product candidates in nephrology, which include the next-generation erythropoiesis-stimulating agents; two product candidates in the metabolic area that target type 2 diabetes; and two product candidates in dermatology.

Robust and Innovative Product Pipeline Supported by Integrated Research and Development Platform and Collaboration with Industry Leaders and International Partners

Therapeutic Area	Product Candidate	Intended Indication	Development Status	Classification
Nephrology	SSS06	Anemia associated with CKD	Phase I (completed)	Class I Biologics
	RD001	Anemia associated with CKD	Phase I	Class I Biologics
	SSS17	Anemia	Pre-clinical	Class I Chemical Drug
Oncology	302	Metastatic breast cancer, etc	New Drug Approval ("**NDA**")	Class I mAb
	304	Non-Hodgkin lymphomas	NDA	Class I mAb
	602	Metastatic colorectal cancer	Phase I	Class I mAb
	SSS23	Cancer	Pre-clinical	Class I mAb
	701	Metastatic breast cancer	IND	Biosimilar mAb
	601t	Cancer	IND	Biosimilar mAb
	609	Cancer	Pre-clinical	Class I mAb
	SSS24	Colorectal cancer	Phase I	Class III Chemical Drug
	SSS22	Solid tumors	Phase I	Class I Chemical Drug
Auto-Immune Diseases and Other Areas	301 (Prefilled Syringe)	RA	Pre-NDA	Class I mAb
	SSS07	RA	Phase Ib	Class I mAb
	601a	Age-related Macular Degeneration	IND	Class I mAb
	SSS11	Refractory gout	Phase I (SEL-212 (SVP-Rapamycin in combination with pegsiticase) in US Phase II)	Class I Biologics
	TPIAO	Pediatric ITP	IND	Class I Biologics
		Surgery patients with chronic hepatic diseases with thrombocytopenia	Phase I	Class I Biologics
	608	Psoriasis, RA	Pre-clinical	Class I mAb
	SSS20	ITP	Phase I	Class III Chemical Drug
	AP506	Psoriatic arthritis	Phase I	Class III Chemical Drug
Metabolic	Bydureon single dose tray	Type 2 diabetes	Import Drug Approval ("**IDA**")	Imported drug
	Bydureon dual chamber pen	Type 2 diabetes	IDA	Imported drug
Dermatology	KW303	Acne vulgaris	Phase III	Class III Chemical Drug
	BK011	Inflammatory & Pruritic skin diseases	NDA approved	Class IV Chemical Drug

Research and Development ("**R&D**")

The Group's integrated R&D expertise covers the areas of discovery and development of a variety of biopharmaceutical products 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 R&D of mammalian cell-expressed, bacterial cell-expressed and chemically-synthesized pharmaceuticals.

The Group focuses its R&D efforts on developing its leading biologic products, including NuPIAO (the second-generation rhEPO product of the Group), SSS07 (the anti-TNFα mAb product which the Group acquired from Apexigen Inc.), Pegsiticase (a modified pegylated recombinant uricase from candida utilis developed to treat refractory gout), 602 (an anti-epidermal growth factor receptor antibody), and prefilled syringe of Yisaipu.

The Group has completed multiple Phase I trials of NuPIAO in anemic patients, and is preparing to file an application for Phase II and Phase III clinical trials for NuPIAO in China in the second half of 2017.

The Group has completed the Phase Ia clinical trial for SSS07 in healthy volunteers in China, and has initiated the Phase Ib trial in patients with RA in the second quarter of 2017.

The Group has completed the Phase III trial of prefilled syringe of Yisaipu and is expected to apply for manufacturing approval in the fourth quarter of 2017.

Bydureon single dose tray ("**SDT**"), a product the Group licensed from AstraZeneca in 2016 for the treatment of type 2 diabetes, was put on the clinical trial inspection list by the CFDA on 18 August 2017. The inspection is expected to take place prior to the end of 2017. Upon a successful clinical inspection by the CFDA, Bydureon SDT could possibly gain a marketing approval in China by the first quarter of 2018. Bydureon SDT thus may become the first-to-market weekly-administered GLP-1 receptor agonist product in China.

Fluticasone Propionate Cream, a product with broad applications in the treatment of a variety of dermatological disorders, gained a marketing approval by the CFDA on 26 July 2017. The Group is in preparation to launch the product in the fourth quarter of 2017.

As announced on 5 January 2017, the Group has received an IND approval for clinical trials for Pegsiticase from the CFDA. Clinical trials for the product are planned to start in the second half of 2017. The Group's business partner, Selecta Biosciences, Inc. (NASDAQ: SELB), is conducting Phase II trials for SEL-212 (SVP-Rapamycin in combination with pegsiticase as licensed from the Group) in the United States. Their study has shown positive results in reducing uric acid levels while having significantly fewer patients experiencing gout flares during treatment. Selecta will initiate a Phase III trial in 2018.

On 24 May 2017, the Group received an IND approval for clinical trials from the CFDA for TPIAO in surgery patients with chronic hepatic diseases with thrombocytopenia. In addition, TPIAO received a priority review status from the CFDA for an IND in pediatric ITP indication in February 2017.

As disclosed previously in the Company's 2016 Annual Report, the Group filed three IND applications during 2016, for an anti-vascular endothelial growth factor ("**anti-VEGF**") antibody indicated for the treatment of age-related macular degeneration, an anti-VEGF antibody for the treatment of solid cancers, and an anti-HER2 antibody-drug conjugate indicated for the treatment of Her2-positive metastatic breast cancer. The Group is expected to receive regulatory approval for clinical trials for these IND applications in the second half of 2017 or the first quarter of 2018.

The Group is preparing several new IND applications, including an anti-VEGF antibody for the treatment of various ophthalmic diseases, to be filed by the end of 2017.

During the period from 2009 to 2013, the Group conducted an open label, multi-center, perspective Phase III trial in China with a humanized anti-HER2 antibody, trastuzumab (賽普汀), in patients with HER2 over-expressing metastatic breast cancer. A total of 26 hospitals and clinical centers participated in the study. A group of 341 eligible patients were randomized into two groups, one receiving trastuzumab plus vinorelbine (長春瑞濱), the other group receiving vinorelbine until either intolerance due to toxicity or disease progression, followed by switching to trastuzumab as a single agent. The final results showed that there was a significant prolongation in progression-free survival (PFS) and greater reduction in the risk of disease progression in patients who received trastuzumab plus vinorelbine in combination, as compared to those receiving chemotherapy alone or chemotherapy followed by trastuzumab. The overall objective response rate (ORR) was also significantly higher in the patient group which received trastuzumab plus vinorelbine in combination. There was no significant difference in the occurrence of systemic toxicities and serious adverse events between the two treatment groups. The Group has recently completed an internal review of all the data associated with trastuzumab clinical studies, and has retained a third-party clinical study audit firm to perform a further and thorough audit of all the clinical sites and the associated clinical data. The Group expects to receive the final audit result in the near future. Upon receiving the audit result, the Group shall make a decision on the plan and strategy to move forward with the aim to re-submiting a NDA to the CFDA in order to register trastuzumab in China as a safe and efficacious therapeutic biologics medicine for the treatment of patients with HER2 over-expression metastatic breast cancer.

The Group's R&D team of experienced researchers and scientists under the leadership of Dr. ZHU Zhenping, the chief scientific officer of the Company, is working diligently to research and discover new medicines, to accelerate the progress of clinical development, and to bring breakthrough therapies to fulfill the treatment needs of patients.

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 the brand awareness of its products among medical experts. The Group markets and promotes its key products 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 relies on third-party promoters to market certain products.

As at 30 June 2017, the Group's extensive sales and distribution network in China was supported by approximately 2,136 sales and marketing employees, 260 distributors and 1,374 third-party promoters. As at 30 June 2017, the Group's sales team covered approximately 2,000 Grade III hospitals and approximately 6,000 Grade II or lower hospitals and medical institutions, reaching all provinces, autonomous regions and special municipalities (except Hong Kong and Macau) in China. In addition, TPIAO, Yisaipu, EPIAO, SEPO and some of the Group's other products are exported to a number of countries through international promoters.

After the acquisition of Sunshine Guojian and with the in-license of the AstraZeneca diabetes products (including Byetta and other products), Sunshine Guojian's sales team and Byetta's sales team were integrated into the Group's commercialization platform as two new business units. With the in-license of Humulin from Lilly China, the Group will further expand diabetes sales team to promote Humulin in China.

Outlook

The Group intends to leverage its position as the leading biopharmaceutical company in China to continue to build its strength in R&D, commercial and manufacturing platforms. The Group plans to boost the revenue of its launched products through further penetration into the hospitals currently covered by the Group's sales and marketing team and new hospitals to be covered, and through continuous education within the medical profession. With the three products (including two key products) included in the NRDL in 2017, the Group is of the view that this development will enhance its penetration into the hospitals under its coverage and allow its further expansion to lower-tier cities and hospitals. The Group focuses on developing leading biologic products, including NuPIAO, SSS07, Pegsiticase, 602, prefilled syringe of Yisaipu and other mAb products, and fully integrates various R&D functions and platforms within the Group to accelerate the development of biologic products in the core therapeutic areas, which would enable the Group to provide a variety of treatment options for patients. The Group prioritizes pipeline products to refocus on key therapeutic areas and biologic products. With the Group's approximately 38,000-liter capacity mAb facility, as well as mammalian cell-based, bacteria cell-based and small molecule manufacturing facilities, the Group is able to manufacture high quality pharmaceutical products with scalable manufacturing capacity, which will in turn enable the Group to further satisfy treatment needs. The manufacturing capability of the Group provides a solid foundation for the Group to achieve the strategic objective of creating profitable CDMO business, leveraging on its existing CDMO assets.

The Group continues to seek selective merger and acquisition and collaboration opportunities to enrich its existing product portfolio and pipeline so as to provide growth engine for the long term. The strategic collaboration with AstraZeneca and Lilly China helps the Group to expand product lines and brings it into the field of diabetes, a major chronic disease, which is an affirmation of the Group being the partner of choice to leading pharmaceutical companies around the world, and lays a foundation for the Group to launch future strategic collaborations. The Group is expanding international sales through registration of existing products in new countries and registration of new products through either innovative or biosimilar pathway, in highly regulated markets.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2017, the Group's revenue amounted to approximately RMB1,706.7 million, as compared to approximately RMB1,304.9 million for the six months ended 30 June 2016, representing an increase of approximately RMB401.9 million, or approximately 30.8%. The increase is mainly attributable to the sales growth of the Group's key products and the consolidation of the revenues of Sunshine Guojian and Byetta into the Group's financial information since 1 April 2016 and 11 October 2016, respectively.

For the six months ended 30 June 2017, the Group's sales of TPIAO increased to approximately RMB492.6 million, as compared to approximately RMB405.3 million for the six months ended 30 June 2016, representing an increase of approximately RMB87.3 million, or approximately 21.5%. The increase is primarily attributable to an increase in sales volume, which in turn was primarily driven by the increase in recognition of TPIAO within the medical profession. For the six months ended 30 June 2017, sales of TPIAO accounted for approximately 28.7% of the Group's total sales of goods.

For the six months ended 30 June 2017, the Group's sales of Yisaipu increased to approximately RMB439.8 million, as compared to approximately RMB307.3 million for the six months ended 30 June 2016, representing an increase of approximately RMB132.5 million, or approximately 43.1%. The increase was mainly due to that Yisaipu was consolidated into the Group's financial information since 1 April 2016. As compared to the sales of Yisaipu from 1 January to 30 June 2016, the Group's sales of Yisaipu for the six month ended 30 June 2017 decreased slightly from approximately RMB446.3 million to approximately RMB439.8 million, representing a slight decrease of approximately RMB6.5 million, or approximately 1.5%. The decrease was primarily attributable to slower growth in sales volume, largely due to the restructuring of Yisaipu's sales team in the first half of 2017. The restructuring was implemented smoothly and the team is well positioned for long term growth. For the six months ended 30 June 2017, the sales of Yisaipu accounted for approximately 25.7% of the Group's total sales of goods.

For the six months ended 30 June 2017, the Group's sales of EPIAO and SEPO increased to approximately RMB409.0 million, as compared to approximately RMB388.7 million for the six months ended 30 June 2016, representing an increase of approximately RMB20.3 million, or approximately 5.2%. The increase was primarily attributable to an increase in sales volume, which in turn was primarily driven by the surging demand for rhEPO products in China. For the six months ended 30 June 2017, the Group's sales of SEPO increased to approximately RMB65.2 million, as compared to approximately RMB41.3 million for the six months ended 30 June 2016, representing a significant increase of approximately RMB23.8 million, or approximately 57.7%. For the six months ended 30 June 2017, the Group's sales of EPIAO decreased to approximately RMB343.9 million, as compared to approximately RMB347.4 million for the six months ended 30 June 2016, representing a slight decrease of approximately RMB3.5 million, or approximately 1.0%. The decrease was primarily attributable to a slight decrease in the ex-factory price. The second brand of the Group's rhEPO product, SEPO, performed strongly and expanded the market coverage. For the six months ended 30 June 2017, the sales of EPIAO and SEPO accounted for a total of approximately 23.9% of the Group's total sales of goods.

For the six months ended 30 June 2017, the Group's sales derived from Zhejiang Wansheng Pharmaceutical Co., Ltd. ("**Zhejiang Wansheng**") increased to approximately RMB121.4 million, as compared to approximately RMB92.3 million for the six months ended 30 June 2016, representing an increase of approximately RMB29.1 million, or approximately 31.6%. The Group's dermatology products performed strongly for the six months ended 30 June 2017.

For the six months ended 30 June 2017, the Group's sales of Byetta were approximately RMB85.2 million, which were consolidated into the Group's financial information since 11 October 2016.

For the six months ended 30 June 2017, the Group's export sales increased to approximately RMB37.0 million, as compared to approximately RMB19.7 million for the six months ended 30 June 2016, representing an increase of approximately RMB17.3 million, or approximately 87.7%. The increase was primarily attributable to an increase in sales in Thailand and the consolidation of Yisaipu's export sales into the Group's financial information since 1 April 2016.

For the six months ended 30 June 2017, the Group's sales of other products primarily included the contract manufacturing income derived from Sirton Pharmaceuticals S.p.A ("**Sirton**") as well as the sales of IV Iron Sucrose and Sparin.

Cost of Sales

The Group's cost of sales increased from approximately RMB171.7 million for the six months ended 30 June 2016 to approximately RMB249.6 million for the six months ended 30 June 2017, which accounted for approximately 14.6% 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 volume for the six months ended 30 June 2017, as compared to the corresponding period in 2016, and the consolidation of the costs of sales of Sunshine Guojian and Byetta into the Group's financial information since 1 April 2016 and 11 October 2016, respectively.

Gross Profit

For the six months ended 30 June 2017, the Group's gross profit increased to approximately RMB1,457.1 million, as compared to approximately RMB1,133.2 million for the six months ended 30 June 2016, representing an increase of approximately RMB323.9 million, or approximately 28.6%. The increase in the Group's gross profit was broadly in line with its revenue growth during the period. The Group's gross profit margin decreased to approximately 85.4% for the six months ended 30 June 2017 from approximately 86.8% for the corresponding period in 2016. The decrease was mainly attributable to the Group's consolidation of Byetta since 11 October 2016, which had a lower gross profit margin than the Group's other businesses.

Other Income and Gains

The Group's other income and gains mainly comprised government grants, interest income and other miscellaneous income. For the six months ended 30 June 2017, the Group's other income and gains decreased to approximately RMB35.4 million, as compared to approximately RMB52.9 million for the six months ended 30 June 2016, representing a decrease of approximately RMB17.4 million, or approximately 33.0%. The decrease was mainly attributable to the decrease of government grants received by the Group and the decrease of fair value gain on the revaluation of investment in an associate. Generally, government grants would be received once the relevant projects reach certain milestones. We expect to continue to receive government grants with the progress of the Group's R&D projects.

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 2017, the Group's selling and distribution expenses amounted to approximately RMB654.9 million, as compared to approximately RMB470.9 million for the six months ended 30 June 2016, representing an increase of approximately RMB184.0 million, or approximately 39.1%. 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 Sunshine Guojian and Byetta into the Group's financial information since 1 April 2016 and 11 October 2016, respectively. In terms of the percentage of revenue, the Group's selling and distribution expenses increased from approximately 36.1% for the six months ended 30 June 2016 to approximately 38.4% for the six months ended 30 June 2017, primarily due to the consolidation of the selling and distribution costs of Byetta, which needs higher level of investments in marketing activities at the early stage of its product life cycle.

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 2017, the Group's administrative expenses amounted to approximately RMB140.1 million, as compared to approximately RMB161.7 million for the six months ended 30 June 2016, representing a decrease of approximately RMB21.6 million, or approximately 13.4%. The decrease was mainly due to a one-off advisory fee of RMB78.3 million for the acquisition of Sunshine Guojian as incurred during the six months ended 30 June 2016, which was partially offset by the consolidation of Sunshine Guojian's administrative expenses since 1 April 2016. Had the effects of the non-recurring items been excluded, the administrative expenses for the six months ended 30 June 2017 would have been approximately RMB125.9 million. The administrative expenses (excluding the aforementioned non-recurring items) as a percentage of revenue was approximately 7.4% for the six months ended 30 June 2017, as compared to approximately 7.0% for the corresponding period in 2016.

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 2017, the Group's other expenses and losses amounted to approximately RMB149.1 million, as compared to approximately RMB117.8 million for the six months ended 30 June 2016, representing an increase of approximately RMB31.2 million, or approximately 26.5%. The increase was mainly due to the consolidation of Sunshine Guojian's R&D costs since 1 April 2016 and the increase in prescription assistance program (PAP) benefits for Byetta and Yisaipu to provide affordable and high quality medicines to patients with economic hardship.

Finance Costs

For the six months ended 30 June 2017, the Group's finance costs amounted to approximately RMB60.1 million, as compared to approximately RMB74.5 million for the six months ended 30 June 2016, representing a decrease of approximately RMB14.4 million, or approximately 19.3%. The decrease was mainly due to the decrease in the average monthly outstanding bank borrowings during the six months ended 30 June 2017, as compared to the corresponding period in 2016.

Income Tax Expense

For the six months ended 30 June 2017, the Group's income tax expense amounted to approximately RMB93.7 million, as compared to approximately RMB62.6 million for the six months ended 30 June 2016, representing an increase of approximately RMB31.1 million, or approximately 49.7%. The increase was mainly due to the increase of taxable income during the six months ended 30 June 2017, as compared to the corresponding period in 2016. The effective tax rates for the six months ended 30 June 2017 and the corresponding period in 2016 were 19.4% and 17.8% respectively. The increase in effective tax rate was mainly due to the increased offshore losses for the six months ended 30 June 2017, as compared to those for the six months ended 30 June 2016.

EBITDA and Net Profit

The EBITDA for the six months ended 30 June 2017 increased by approximately RMB162.6 million or approximately 33.2% to approximately RMB652.7 million, as compared to approximately RMB490.1 million for the six months ended 30 June 2016. The normalized EBITDA is defined as the EBITDA for the period excluding, as applicable: (a) the expenses incurred in relation to the issuance of the Bonds; (b) the option expenses associated with options granted on 2 February 2017; (c) the expenses incurred in relation to the acquisition of Sunshine Guojian; (d) the warrant expenses associated with the issue of the Sunshine Guojian Warrants on 1 January 2015; and (e) the income associated with the fair value gain of the approximately 28.8% equity interests in Sunshine Guojian previously acquired by the Group in 2014 and 2015. The Group's normalized EBITDA for the six months ended 30 June 2017 increased by approximately RMB112.1 million or approximately 20.2% to approximately RMB 667.0 million, as compared to approximately RMB554.9 million for the six months ended 30 June 2016.

The net profit for the six months ended 30 June 2017 was approximately RMB389.6 million, as compared to approximately RMB290.0 million for the six months ended 30 June 2016, representing an increase of approximately RMB99.6 million, or approximately 34.3%. The normalized net profit is defined as the profit for the period excluding, as applicable: (a) the expenses incurred in relation to the issuance of the Bonds; (b) the option expenses associated with options granted on 2 February 2017; (c) the expenses incurred in relation to the acquisition of Sunshine Guojian; (d) the warrant expenses associated with the issue of the Sunshine Guojian Warrants on 1 January 2015; and (e) the income associated with the fair value gain of the approximately 28.8% equity interests in Sunshine Guojian previously acquired by the Group in 2014 and 2015. The Group's normalized net profit for the six months ended 30 June 2017 was approximately RMB403.8 million, as compared to approximately RMB354.8 million for the six months ended 30 June 2016, representing an increase of approximately RMB49.0 million, or approximately 13.8%. The normalized net profit grew slower than the revenue growth primarily due to the higher selling and distribution expenses of Byetta, which is at the early stage of product life cycle and requires a higher level of investment in its marketing activities.

Long term receivables

As at 30 June 2017, long term receivables represented the convertible loan provided to Zhejiang Sunshine Pharmaceutical Company Limited in a principal amount of RMB75.0 million with an interest amount of RMB7.5 million due at loan maturity.

Available-for-sale investments

As at 30 June 2017, available-for-sale investments primarily comprised the investment in treasury or cash management products issued by certain banks and the investment in a private equity fund which is focusing on investment in the healthcare industry.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group's liquidity remained strong. For the six months ended 30 June 2017, the Group's operating activities generated a net cash inflow of approximately RMB350.4 million. As at 30 June 2017, the Group's cash and cash equivalents and time deposits (including pledged time deposits) were approximately RMB501.6 million.

Net Current Assets

As at 30 June 2017, the Group had net current assets of approximately RMB620.4 million, as compared to net current assets of approximately RMB1,097.1 million as at 31 December 2016. The current ratio of the Group decreased from approximately 2.0 as at 31 December 2016 to approximately 1.4 as at 30 June 2017. The decrease in net current assets was mainly due to the decrease in cash and cash equivalents after repaying bank loans and the increase in short-term interest-bearing bank borrowings as a replacement of long-term bank loans, so as to lower interest expenses.

Funding and Treasury Policies, Borrowings and the Pledge of Assets

The Group's finance department is responsible for the funding and treasury policies with regard to the overall business operation of the Group. The Company expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to internal financing and external financing at reasonable market rates. The Group continues to seek improving the return of the equity and assets while maintaining a prudent funding and treasury policy.

As at 30 June 2017, the Group had an aggregate interest-bearing bank borrowings of approximately RMB2,407.2 million, as compared to approximately RMB3,059.1 million as at 31 December 2016. The decrease in bank borrowings primarily reflected the repayment of loans of RMB909.4 million, which was partially offset by the additional short-term bank loans of RMB300.0 million obtained in 2017. The short-term bank borrowings were obtained to replace long-term bank borrowings so as to lower interest expenses. Among the short-term deposits, none was pledged to secure bank loans as at 30 June 2017, as compared to RMB5.9 million pledged deposits as at 31 December 2016.

Gearing Ratio

The gearing ratio of the Group, which was calculated by dividing the total borrowings by the total equity, decreased to approximately 33.8% as at 30 June 2017 from approximately 45.2% as at 31 December 2016. The decrease was primarily due to repayment of loans.

Contingent Liabilities

As at 30 June 2017, the Group had no significant contingent liabilities.

Contractual Obligations

The Group's capital commitment amounted to approximately RMB39.4 million as at 30 June 2017, as compared to approximately RMB180.3 million as at 31 December 2016.

Foreign Exchange and Exchange Rate Risk

The Group mainly operates in China, with all material aspects of its regular business conducted in Renminbi other than: (1) the operations of Sirton; and (2) the Group's exports, which amounted to approximately RMB37.0 million, or approximately 2.2% of the Group's revenue, for the six months ended 30 June 2017. Except for the operations of Sirton, the Group's exports, potential international deal-making expenditures (such as related to international licensing and acquisitions), foreign currency denominated bank deposits and the Euro-dominated Bonds, the Group believes that it does not have any other material direct exposure to foreign exchange fluctuations. As at 30 June 2017, the Group's foreign currency denominated bank deposits primarily comprised: (1) approximately USD21.3 million (equivalent to approximately RMB144.4 million) denominated in US dollars; and (2) approximately 5.1 million Hong Kong Dollars ("**HKD**") (equivalent to approximately RMB4.5 million) denominated in HK 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 in the foreseeable future.

Significant Investments Held

During the six months ended 30 June 2017, 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 RMB200 million to RMB250 million per year for the next three 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 its capital expenditures through a combination of internally generated funds and bank borrowings.

EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2017, the Group employed a total of 3,690 employees, as compared to a total of 3,465 employees as at 31 December 2016. The staff costs, including Directors' emoluments but excluding any contributions to pension scheme, were approximately RMB340.6 million for the six months ended 30 June 2017, as compared to approximately RMB228.0 million for the corresponding period in 2016. The Group generally formulated its employees' remuneration package to include salary, bonus and allowance elements. The compensation programs were designed to remunerate the employees based on their performance, measured against specified objective criteria. The Group also provided 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.

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 of Hong Kong Limited (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 Reporting Period.

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. Dr. 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 Issuer" as set out 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 during the six months ended 30 June 2017, except that when the Company granted share options to The Empire Trust for the benefit of a list of the Company's employees and other eligible beneficiaries as part of its incentive plans on 2 February 2017 (the "**Grant**"), the beneficiaries list contained certain Directors as disclosed in the Company's announcement dated 3 February 2017. The Grant was made in full compliance with the requirements (including the dealing restriction requirements) under Chapter 17 of the Listing Rules governing share option schemes, but fell into the black-out period for Directors' dealings in the shares of the Company under the Model Code, which deems the Grant to a Director as a dealing by the Director. Each of the relevant Directors has confirmed that save for the above deeming provision, he or she had not dealt in the shares of the Company during the blackout period and had acted in full compliance with the Model Code. The Grant is subject to vesting conditions and the share options are not yet vested.

The Company has paid due regard to the above and has taken immediate steps to remind the Directors and the management of the deeming provisions relating to grant of share options under the Model Code so as to prevent the occurrence of similar incidents.

THE BOARD AND ITS COMMITTEES

The compositions of the Board, the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company are as set out in the Corporate Information section.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2017.

CHANGES TO INFORMATION REGARDING DIRECTORS AND CHIEF EXECUTIVES

At the adjourned annual general meeting (the "**2017 Adjourned AGM**") held on 30 June 2017, Mr. Lv Dong did not seek for re-election as a non-executive director of the Company due to his business engagement/re-arrangement, and accordingly, he retired from office as a non-executive director of the Company upon the conclusion of the 2017 Adjourned AGM.

Following the approval by the shareholders of the Company at the 2017 Adjourned AGM, Mr. WANG Steven Dasong was appointed as a non-executive director of the Company and a member of the audit committee of the Board with effect from 30 June 2017.

Mr. WANG Steven Dasong (王大松), aged 49, is a managing director and team leader of the Pharmaceutical Sector at CITIC Private Equity Funds Management Co., Ltd ("**CITIC PE**") (中信產業基金). He has over 17 years of experience of working in top global investment banks and direct investment firms. Before joining CITIC PE, Mr. WANG was a managing director and head of APAC Healthcare Investment Banking at Credit Suisse. He previously held various senior positions at the investment banking department of UBS AG and Morgan Stanley in Hong Kong. He led a number of Asia healthcare and related deals including the initial public offerings of Sinopharm Corporation Group Co., Ltd. (國藥控股股份有限公司), Luye Pharma Group Ltd. (綠葉製藥集團有限公司) and Rici Healthcare Holdings Ltd. (瑞慈醫療服務控股有限公司), the privatization of WuXi AppTec Co., Ltd. (葯明康德新藥開發有限公司) and Simcere Pharmaceutical Group (先聲藥業集團), as well as Luye Pharma Group Ltd.'s acquisition of Acino. Before returning to China in 2007, Mr. WANG worked seven years in New York for multinational investment banks and multi-strategy hedge funds. Before his career in finance, Mr. WANG Steven Dasong was a senior research scientist in the research and development department of Schering-Plough Corporation (now acquired by Merck & Co., Inc.), focusing on allergy and immunology with multiple published paper and patents. Mr. WANG holds a Ph.D. in Medicinal Chemistry from the Johns Hopkins University, and a MBA in Finance (with distinction) from New York University. He is a Chartered Financial Analyst.

Mr. David Ross PARKINSON serves as a director of CTI BioPharma, Inc., in addition to his other business and professional commitments.

Dr. LOU Jing and Mr. TAN Bo were appointed as directors of Strategic International on 19 June 2017 and both of them have been serving as directors of Strategic International since then.

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

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. WANG Steven Dasong and Mr. MA Jun.

The Audit Committee, together with the management, has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2017. The Audit Committee does not have any disagreement with any accounting treatment which had been adopted. The Audit Committee has also reviewed the effectiveness of the financial controls, internal control and risk management systems of the Company and considers the internal control and risk management systems to be effective and adequate.

In addition, the independent auditor of the Company, Ernst & Young, has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2017 in accordance with International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

PURCHASE, SALE OR REDEMPTION BY THE COMPANY

Other than the Bonds as noted and discussed in "Significant Events Subsequent to the Reporting Period" below, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

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 pursuant to Chapter 17 of the Listing Rules (the "**Scheme**"). The details of the Scheme has been disclosed in the Company's prospectus dated 1 June 2015 in the section headed "Statutory and General Information — 5. Post-IPO Share Option Scheme" in Appendix IV. Under the Scheme, the Company is authorised to issue up to 242,439,857 ordinary shares (subject to possible adjustments), which represents approximately 9.57% of the issued shares as at June 30 2017. The Scheme will continue to be in effect for a term of ten years unless terminated sooner, and has a remaining term of approximately 7.5 years as at the date of this report. The Scheme was amended on 28 June 2016, to include nominees and/or trustees of employee benefit trusts set up for the employees of the members of the Group as participants eligible in the Scheme.

To provide its employees, among others, more incentives or reward for their contribution to the Group, the Company decided to cancel certain share options granted to The Empire Trust (the "**Grantee**") and grant new share options to the Grantee at a more attractive exercise price for the benefit of its employees. On 2 February 2017, the Company and Grantee canceled the 20,000,000 share options granted to the Grantee on 26 September 2016. On the even date, the Company granted 20,000,000 share options to the Grantee held for and on behalf of the beneficiaries nominated by the advisory committee of the Grantee. Among the 20,000,000 share options granted, 2,640,000 share options were granted for the benefit of beneficiaries who are executive Directors, with 660,000 share options granted for the benefit of each of Dr. LOU Jing, Mr. TAN Bo, Ms. SU Dongmei and Mr. HUANG Bin. For details of the cancellation and grant of share options, please refer to the announcement of the Company dated 3 February 2017.

The following share options were outstanding under the Scheme as of June 30 2017:

	NUMBER OF SHARE OPTIONS										WEIGHTED AVERAGE PRICE OF THE COMPANY'S SHARES	
NAME OR CATEGORY OF PARTICIPANT	AS AT 1 JANUARY 2017	GRANTED DURING THE PERIOD	EXERCISED DURING THE PERIOD	FORFEITED DURING THE PERIOD	EXPIRED DURING THE PERIOD	AS AT 30 JUNE 2017	DATE OF GRANT OF SHARE OPTIONS	EXERCISE PERIOD OF SHARE OPTIONS	EXERCISE PRICE OF SHARE OPTIONS *(HK$ PER SHARE)*	PRICE OF THE COMPANY'S SHARES IMMEDIATELY BEFORE THE GRANT DATE OF OPTIONS *(HK$ PER SHARE)*	IMMEDIATELY BEFORE THE EXERCISE DATE *(HK$ PER SHARE)*	AT EXERCISE DATE OF THE OPTIONS *(HK$ PER SHARE)*
The Empire Trust*	20,000,000	20,000,000	0	20,000,000	–	20,000,000	2 February 2017	From 2 August 2018 to 2 February 2027**	7.62	7.37	–	–
	20,000,000	20,000,000	0	20,000,000	–	20,000,000						

* The Empire Trust is a trust established by the Company for beneficiaries who are employees of the Company and its subsidiaries and affiliates, and any other persons as nominated from time to time by the advisory committee of The Empire Trust that is established with the authority of the Board.

** Share options granted are subject to vesting conditions.

In respect of the options granted to the Grantee during the Reporting Period, their fair value is estimated to be approximately RMB58,697,000. Please refer to the Note 17 to the Unaudited Interim Condensed Consolidated Financial Statements in this report for the accounting policy adopted for share options.

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

As at 30 June 2017, 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 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 of spouse	599,367,030(L)	23.67%
	Beneficiary of a trust	41,746,000(L)	1.65%
	Beneficial owner	660,000(L)	0.03%
		Total: 641,773,030(L)	Total*: 25.34%
TAN Bo (譚擘)(3)	Interest in controlled corporation	116,849,920(L)	4.61%
	Beneficial owner	660,000(L)	0.03%
		Total:117,509,920(L)	Total: 4.64%
SU Dongmei (蘇冬梅)(4)	Interest in controlled Corporation	24,925,630(L)	0.98%
	Founder of a discretionary trust	19,340,000(L)	0.76%
	Beneficial owner	660,000(L)	0.03%
		Total: 44,925,630(L)	Total: 1.77%
HUANG Bin (黃斌)(5)	Interest in controlled Corporation	32,197,350(L)	1.27%
	Beneficial owner	660,000(L)	0.03%
		Total: 32,857,350(L)	Total: 1.30%

(L): denotes long position.

* Figures shown as total may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.

(1) The calculation is based on the total number of 2,532,313,570 ordinary shares in the share capital of the Company (each with a par value USD0.00001, the "**Share**") in issue as at 30 June 2017.

(2) LOU Jing's spouse, XING Lily, was interested in 599,367,030 Shares and therefore, LOU Jing was deemed to be interested in the same number of Shares; in addition, LOU Jing is a beneficiary of a trust, and thus he was taken to be interested in the 41,746,000 Shares in which the trust had an interest; and lastly, 660,000 Shares will become issuable upon the exercise of the share options granted by the Company for the benefit of LOU Jing under the Scheme.

(3) TAN Bo directly holds the entire issued share capital of Triple Talent Enterprises Limited ("**TTE**") and therefore, was deemed to be interested in the same number of Shares in which TTE was interested (i.e. 116,849,920 Shares); in addition, 660,000 Shares will become issuable upon the exercise of the share options granted by the Company for the benefit of TAN Bo under the Scheme.

(4) SU Dongmei directly holds the entire issued share capital of Joint Palace Group Limited ("**JPG**") and therefore, was deemed to be interested in the same number of Shares in which JPG was interested (i.e. 24,925,630 Shares); in addition, SU Dongmei serves as the sole member of the advisory committee of The Empire Trust, and was thus deemed to be interested in the 19,340,000 share options (each entitling the holder to subscribe for one Share) held by The Empire Trust; and lastly, 660,000 Shares will become issuable upon the exercise of the share options granted by the Company for the benefit of SU Dongmei under the Scheme.

(5) HUANG Bin directly holds the entire issued share capital of Known Virtue International Limited ("**KVI**") and therefore, was deemed to be interested in the same number of Shares in which KVI was interested (i.e. 32,197,350 Shares); in addition, 660,000 Shares will become issuable upon the exercise of the share options granted by the Company for the benefit of HUANG Bin under the Scheme.

Save as disclosed above, as at 30 June 2017, 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 2017, 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 of shareholder	Nature of Interest	Number of Shares held	Approximate percentage of all Shares in Issue [1]
Decade Sunshine Limited ("**DSL**")	Beneficial owner	599,367,030(L)	23.67%
Century Sunshine Limited ("**CSL**")[2]	Interest in a controlled corporation	599,367,030(L)	23.67%
Lambda International Limited[2]	Interest in a controlled corporation	599,367,030(L)	23.67%
XING Lily[2][3]	Interest in a controlled corporation	599,367,030(L)	23.67%
	Interest of spouse	42,406,000(L)	1.67%
		Total: 641,773,030(L)	Total: 25.34%
LOU Dan[4]	Founder of a discretionary trust	599,367,030(L)	23.67%
	Interest in a controlled corporation	6,200,010(L)	0.24%
		Total: 605,567,040(L)	Total: 23.91%
TMF (Cayman) Ltd.[5]	Trustee	672,169,510(L)	26.54%
CS Sunshine Investment Limited[6]	Beneficial owner	621,512,360(L)	24.54%
CPEChina Fund, L.P.[6]	Interest in a controlled corporation	621,512,360(L)	24.54%
CITIC PE Associates, L.P.[6]	Interest in a controlled corporation	621,512,360(L)	24.54%
CITIC PE Funds Limited[6]	Interest in a controlled corporation	621,512,360(L)	24.54%
CITICPE Holdings Limited[6]	Interest in a controlled corporation	621,512,360(L)	24.54%
CLSA Global Investment Management Limited (formerly known as CITIC Securities International Asset Management Limited)[6]	Interest in a controlled corporation	621,512,360(L)	24.54%
CITIC Securities International Company Limited[6]	Interest in a controlled corporation	621,512,360(L)	24.54%
CITIC Securities Company Limited[6]	Interest in a controlled corporation	621,512,360(L)	24.54%
BlackRock, Inc.[7]	Interest in a controlled corporation	123,991,817(L)	4.90%
		429,000(S)	0.02%
JPMorgan Chase & Co.[8]	Interest in a controlled corporation	152,212,473(L)	6.01%
		4,800,000(S)	0.19%
		116,083,473(P)	4.58%

(L): denotes long position

(S): denotes short position

(P): denotes lending pool

(1) The calculation is based on the total number of 2,532,313,570 Shares in issue as at 30 June 2017.

(2) DSL is wholly-owned by CSL, and therefore CSL was deemed to be interested in 599,367,030 Shares held by DSL; and, further, 42.60% and 35.65% of CSL were respectively controlled by XING Lily and Lambda International Limited, each of whom therefore was deemed to be interested in such 599,367,030 Shares.

(3) XING Lily's spouse, LOU Jing, was interested in 42,406,000 Shares, and therefore, XING Lily was deemed to be interested in the same number of Shares.

(4) LOU Dan is the founder of a discretionary trust, and was therefore deemed to be interested in 599,367,030 Shares in which the trust was interested; further, LOU Dan is the sole shareholder of Hero Grand Management Limited, and therefore was deemed to be interested in 6,200,010 Shares in which Hero Grand Management Limited was interested.

(5) TMF (Cayman) Ltd. is the trustee with respect to three unnamed trusts, which, respectively, were interested in 599,367,030, 52,802,480 and 20,000,000 Shares, and therefore TMF (Cayman) Ltd. was deemed to be interested in all such Shares.

(6) CS Sunshine Investment Limited is wholly-owned by CPEChina Fund, L.P. The general partner of CPEChina Fund, L.P. 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. CITICPE Holdings Limited exercises 100% control over CITIC PE Funds Limited. 35% of CITICPE Holdings Limited is controlled by CLSA Global Investment Management Limited (formerly known as CITIC Securities International Asset Management Limited), which therefore is deemed to be interested in the Shares in which CITICPE Holdings Limited is interested. CITIC Securities International Company Limited exercises 100% control over CLSA Global Investment Management Limited. CITIC Securities Company Limited exercises 100% control over CITIC Securities International Company Limited.

(7) BlackRock, Inc. controls 43 entities and was therefore deemed to be interested in an aggregate of 123,991,817 Shares in long position and 429,000 Shares in short position held by those 43 entities.

(8) JPMorgan Chase & Co. controls 21 entities and was therefore deemed to be interested in an aggregate of 152,212,473 Shares in long position, 4,800,000 Shares in short position and 116,083,473 Shares in lending pool held by those 21 entities.

Save as disclosed above, as at 30 June 2017, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed under the heading "POST-IPO SHARE OPTION SCHEME", 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.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

On 22 February 2016, Hongkong Sansheng Medical Limited (香港三生醫藥有限公司) ("**Hongkong Sansheng**"), a wholly owned subsidiary of the Company, entered into a Hong Kong dollar equivalent RMB2,200,000,000 term loan facility (the "**Loan Facility**") with Ping An Bank Company Limited (平安銀行股份有限公司). The funds from the Loan Facility were to be used for the purposes of undertaking of equity interest in Sunshine Guojian.

The Loan Facility is to be repaid in five installments with the last instalment due on the date falling 36 months after the first utilization date. As at 30 June 2017, the outstanding amount owing by the Hongkong Sansheng under the Loan Facility was RMB1,450.2 million.

The details of the Loan Facility are set out in the announcement of the Company dated 22 February 2016.

Pursuant to the terms of the Loan Facility, Hongkong Sansheng shall procure that Dr. LOU Jing, a controlling shareholder (as defined in the Listing Rules) of the Company, will remain a controlling shareholder of the Company for as long as any amount is outstanding under the Loan Facility. As at 30 June 2017, Dr. LOU Jing and other controlling shareholders as a group collectively controlled 874,088,420 shares of the Company (representing approximately 34.52% of the issued share capital of the Company as at 30 June 2017). Dr. LOU Jing had remained a controlling shareholder of the Company in compliance with the terms of the Loan Facility.

Save as disclosed above, the Directors are not aware of any other circumstances which would give rise to a disclosure obligation pursuant to the requirements under Rule 13.18 of the Listing Rules as at 30 June 2017.

SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

1. On 12 July 2017, the Group, through Strategic International, conducted an international offering of the Bonds in an aggregate principal amount of €300,000,000 at zero coupon, which is unconditionally and irrevocably guaranteed by the Company. The issue of the Bonds was completed on 21 July 2017. The listing of, and permission to deal in, the Bonds became effective on 24 July 2017. The Bonds will be convertible into approximately 188,363,445 Shares, representing approximately 7.44% of the issued share capital of the Company as at 12 July 2017 and approximately 6.92% of the issued share capital of the Company as at 12 July 2017 as enlarged by the issue of the Shares upon full conversion of the Bonds (such Shares, "**Conversion Share(s)**"). The net proceeds from the Bonds (after deduction of commissions and other related expenses) were approximately €294,905,274, representing a net issue price of approximately HKD14.04 per Conversion Share based on the initial conversion price applicable to the Bonds.

2. On 18 July 2017, a total of 6,483,320 Shares, representing approximately 0.26% of the issued share capital of the Company as at 18 July 2017, was issued pursuant to the exercise of the Sunshine Guojian Warrants, as a result of which the issued share capital of the Company increased to 2,538,796,890 Shares as at 18 July 2017.

3. On 1 September 2017, the Group entered into a shareholders Agreement with CPE Funds, pursuant to which, the Group and CPE Funds have conditionally agreed to establish the CDMO JV, which is to be owned as to 51% by the Group and as to 49% by CPE Funds. The Company seeks to establish the CDMO JV as a development and manufacturing platform operating a comprehensive and profitable biological CDMO business in North America, expanding the Group's biopharmaceutical business into North America, favourably positioning the Group to access global biopharmaceutical companies through the CDMO services in North America for opportunities of licensing innovative products and exploring different strategic collaborations in the future, and creating potential synergies with the development and manufacturing capacity of the Group. The Group has granted a put option to CPE Funds, pursuant to which CPE Funds are entitled to sell all or part of their shareholdings in the CDMO JV to the Group from the fourth anniversary of the closing date of the CDMO Acquisition, subject to the terms and conditions under the shareholders agreement.

   On the same date, a buyer entity (which will become an indirect wholly-owned subsidiary of the CDMO JV in Canada before closing) entered into an asset purchase agreement with Therapure Biopharma Inc. (the "**Seller**"), a corporation governed by the laws of Ontario, Canada, in respect of the CDMO Acquisition, subject to fulfillment or waiver (where applicable) of conditions precedent. Pursuant to the asset purchase agreement, the buyer has conditionally agreed to purchase from the Seller the CDMO business, the target assets and associated business under the asset purchase agreement relating to the outsourced pharmaceutical development and manufacturing services carried on by the Seller under the mark "Therapure Biomanufacturing". The purchase price for the target CDMO business is USD290 million (i.e. approximately HK$2,268.1 million) and the assumption of certain liabilities, subject to the adjustments provided in the asset purchase agreement.

   For details regarding CDMO JV and CDMO Acquisition and any other relevant aspects, please refer, and the above description is qualified in its entirety by reference, to the announcement of the Company dated 3 September 2017.

Report on Review of Interim Financial Information

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To the Board of Directors of 3SBio Inc.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 32 to 68, which comprise the interim condensed consolidated statement of financial position of 3SBio Inc. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") as at 30 June 2017 and the related interim condensed consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with 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 agreed terms of 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* issued by the International Auditing and Assurance Standards Board. A review of interim condensed consolidated financial statements 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
28 August 2017

Unaudited Interim Condensed Consolidated Statement of Profit or Loss

	Notes	For the six months ended 30 June 2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
REVENUE	3	**1,706,735**	1,304,866
Cost of sales		**(249,647)**	(171,687)
Gross profit		**1,457,088**	1,133,179
Other income and gains	3	**35,412**	52,852
Selling and distribution expenses		**(654,906)**	(470,882)
Administrative expenses		**(140,118)**	(161,725)
Other expenses and losses	4	**(149,060)**	(117,816)
Finance costs	5	**(60,098)**	(74,456)
Share of losses of associates		**(5,038)**	(8,557)
PROFIT BEFORE TAX		**483,280**	352,595
Income tax expense	6	**(93,729)**	(62,600)
PROFIT FOR THE PERIOD		**389,551**	289,995
Attributable to:			
Owners of the parent		**392,764**	286,852
Non-controlling interests		**(3,213)**	3,143
		389,551	289,995
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic (RMB)	8	**0.16**	0.11
— Diluted (RMB)	8	**0.15**	0.11

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**389,551**	289,995
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Change in fair value of available-for-sale investments, net of tax	**(2,668)**	584
Exchange differences on translation of foreign operations	**(45,288)**	(9,116)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(47,956)**	(8,532)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(47,956)**	(8,532)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**341,595**	281,463
Attributable to:		
Owners of the parent	**344,808**	278,320
Non-controlling interests	**(3,213)**	3,143
	341,595	281,463

Unaudited Interim Condensed Consolidated Statement of Financial Position

	Notes	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**1,779,229**	1,762,813
Prepaid land lease payments		**294,709**	298,632
Goodwill		**4,044,403**	4,126,180
Other intangible assets		**2,234,101**	2,288,500
Advance payments for property, plant and equipment		**24,671**	37,971
Investment in a joint venture		**142**	134
Investments in associates		**80,264**	85,575
Long-term receivables		**82,517**	79,517
Available-for-sale investments		**47,410**	50,000
Deferred tax assets		**66,624**	65,794
Other non-current assets		**105,211**	2,955
Total non-current assets		**8,759,281**	8,798,071
CURRENT ASSETS			
Inventories	10	**277,103**	262,438
Trade and notes receivables	11	**1,028,389**	785,543
Prepaid expenses and other receivables		**175,311**	140,981
Available-for-sale investments		**22,754**	362,172
Derivative financial instruments		**311**	2,613
Cash and cash equivalents	12	**500,986**	677,598
Pledged deposits	12	**658**	9,386
Total current assets		**2,005,512**	2,240,731

Unaudited Interim Condensed Consolidated Statement of Financial Position (continued)

	Notes	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
CURRENT LIABILITIES			
Trade payables	13	**65,212**	58,792
Other payables and accruals	14	**518,023**	502,070
Deferred income		**17,611**	25,020
Interest-bearing bank borrowings	15	**721,539**	518,461
Tax payable		**62,761**	39,276
Total current liabilities		**1,385,146**	1,143,619
NET CURRENT ASSETS		**620,366**	1,097,112
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,379,647**	9,895,183
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	15	**1,685,682**	2,540,682
Deferred income		**264,637**	269,980
Deferred tax liabilities		**287,759**	294,396
Other liabilities		**23,824**	23,783
Total non-current liabilities		**2,261,902**	3,128,841
Net assets		**7,117,745**	6,766,342
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	**155**	155
Share premium		**4,367,719**	4,367,719
Reserves		**2,509,241**	2,154,625
		6,877,115	6,522,499
Non-controlling interests		**240,630**	243,843
Total equity		**7,117,745**	6,766,342

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 reserve* RMB'000 (unaudited)	Exchange fluctuation reserve* RMB'000 (unaudited)	Total RMB'000 (unaudited)	Non-controlling interests RMB'000 (unaudited)	Total equity RMB'000 (unaudited)
At 1 January 2017	155	4,367,719	179,417	206,847	1,609,483	57	158,821	6,522,499	243,843	6,766,342
Profit for the period	–	–	–	–	392,764	–	–	392,764	(3,213)	389,551
Other comprehensive loss:										
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	(2,668)	–	(2,668)	–	(2,668)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(45,288)	(45,288)	–	(45,288)
Total comprehensive income	–	–	–	–	392,764	(2,668)	(45,288)	344,808	(3,213)	341,595
Equity-settled warrants (Note 17)	–	–	9,808	–	–	–	–	9,808	–	9,808
At 30 June 2017	155	4,367,719	189,225	206,847	2,002,247	(2,611)	113,533	6,877,115	240,630	7,117,745
At 1 January 2016	154	4,355,287	197,156	125,378	978,388	1,703	(33,776)	5,624,290	11,175	5,635,465
Profit for the period	–	–	–	–	286,852	–	–	286,852	3,143	289,995
Other comprehensive income:										
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	584	–	584	–	584
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(9,116)	(9,116)	–	(9,116)
Total comprehensive income	–	–	–	–	286,852	584	(9,116)	278,320	3,143	281,463
Equity-settled warrants (Note 17)	–	–	(7,371)	–	–	–	–	(7,371)	–	(7,371)
Shares issued upon exercise of warrants	1	12,432	(12,432)	–	–	–	–	1	–	1
Acquisition of subsidiaries (Note 18)	–	–	–	–	–	–	–	–	230,978	230,978
At 30 June 2016	155	4,367,719	177,353	125,378	1,265,240	2,287	(42,892)	5,895,240	245,296	6,140,536

* These reserve accounts comprise the consolidated reserves of RMB2,509,241,000 in the unaudited interim condensed consolidated statement of financial position as at 30 June 2017 (as at 31 December 2016: RMB2,154,625,000).

Unaudited Interim Condensed Consolidated Statement of Cash Flows

	Notes	For the six months ended 30 June 2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**483,280**	352,595
Adjustments for:			
Share of losses of associates		**5,038**	8,557
Fair value gain on the revaluation of investment in an associate	3	**—**	(6,117)
Interest income	3	**(10,012)**	(13,321)
Finance costs	5	**60,098**	74,456
Foreign exchange losses	4	**5,214**	4,176
Charge of/(reversal of) share-based compensation costs	17	**9,808**	(7,371)
Depreciation	4	**61,612**	42,733
Amortisation of other intangible assets	4	**52,716**	30,412
Amortisation of prepaid land lease payments	4	**3,923**	2,574
Amortisation of long-term deferred expenditures	4	**1,102**	679
Recognition of deferred income		**(13,273)**	(10,257)
Fair value loss on derivative financial instruments	4	**2,276**	1,278
Provision/(reversal of provision) for impairment of trade receivables	4	**6,816**	(3,292)
Reversal of provision for impairment of other receivables	4	**—**	(1,770)
Write-down of inventories	10	**696**	2,787
Provision for impairment of investment in an associate	4	**—**	1,354
Distribution received from an associate	3	**—**	(2,155)
Payment for service fee in relation to acquisition of subsidiaries		**—**	78,275
Loss on disposal of items of property, plant and equipment	4	**110**	912
		669,404	556,505
Increase in inventories		**(9,466)**	(13,577)
Decrease in pledged deposits		**2,841**	2,808
Increase in trade and notes receivables		**(250,155)**	(194,835)
Increase in prepaid expenses and other receivables		**(24,984)**	(29,686)
Increase in trade payables		**5,881**	7,334
Increase in other payables and accruals		**34,520**	92,025
Cash generated from operations		**428,041**	420,574
Income tax paid		**(77,679)**	(25,737)
Net cash flows from operating activities		**350,362**	394,837

Unaudited Interim Condensed Consolidated Statement of Cash Flows (continued)

	Notes	For the six months ended 30 June 2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**6,403**	5,503
Purchase of items of property, plant and equipment		**(73,283)**	(38,559)
Proceeds from disposal of available-for-sale securities		**361,516**	64,190
Purchase of available-for-sale investments		**(22,190)**	(110,135)
Purchase of derivative financial instruments		**–**	(5,362)
Addition to other intangible assets		**(3,899)**	(3,686)
Decrease/(increase) in prepaid expenses and other receivables		**(10,000)**	3,500
Purchase of a related party's convertible loan		**–**	(75,000)
Distribution received from an associate		**–**	2,155
Payment for acquisition of subsidiaries	18	**–**	(4,138,200)
Payment for service fee in relation to acquisition of subsidiaries		**–**	(78,275)
Proceeds from disposal of a subsidiary		**–**	100,000
Payments for investment in an associate		**–**	(2,189)
Advance payment in connection with a collaboration		**(102,289)**	–
Proceeds from disposal of property, plant and equipment		**143**	90
Net cash flows from/(used in) investing activities		**156,401**	(4,275,968)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in pledged deposits for bank borrowings		**5,887**	7,858
Proceeds from bank borrowings		**300,000**	3,988,667
Loan from an associate		**–**	300,000
Repayments of bank borrowings		**(909,404)**	(857,786)
Interest paid		**(75,656)**	(67,089)
Net cash flows from/(used in) financing activities		**(679,173)**	3,371,650
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(172,410)**	(509,481)
Cash and cash equivalents at beginning of period		**677,598**	1,299,398
Effect of foreign exchange rate changes on cash, net		**(4,202)**	(20,952)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**500,986**	768,965

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law 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 2017, the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are principally engaged in the development, production, marketing and sale of pharmaceutical products in the 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

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

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 annual financial statements for the year ended 31 December 2016.

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.

2.2 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 consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards, interpretations and amendments effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group. The nature and the impact of the amendments are described below:

(a) Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ending 31 December 2017.

(b) Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments to IAS 12 retrospectively. However, the adoption of the amendments has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) *Annual Improvements Cycle — 2014–2016*

Amendments to IFRS 12 *Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The amendments did not have any 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	
	2017	2016
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue		
Sale of goods	**1,714,112**	1,310,891
Less: Business tax and government surcharges	**(7,377)**	(6,025)
	1,706,735	1,304,866
Other income		
Bank interest income	**10,012**	13,321
Government grants related to		
— Assets	**10,074**	8,288
— Income	**12,581**	21,903
Technical service income	**1,593**	—
Distribution received from an associate	**—**	2,155
Others	**1,152**	1,068
	35,412	46,735
Gains		
Fair value gain on the revaluation of investment in an associate	**—**	6,117
	—	6,117
	35,412	52,852

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Cost of inventories sold	**249,647**	171,687
Depreciation of items of property, plant and equipment	**61,612**	42,733
Amortisation of other intangible assets	**52,716**	30,412
Amortisation of prepaid land lease payments	**3,923**	2,574
Amortisation of long-term deferred expenditures	**1,102**	679
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and staff welfare	**310,877**	217,206
Equity-settled compensation expenses	**9,808**	(7,371)
Pension scheme contributions	**22,492**	12,628
Social welfare and other costs	**19,929**	10,824
	363,106	233,287
Other expenses and losses:		
Research and development costs	**113,055**	109,603
Donation outlay	**15,150**	4,438
Loss on disposal of items of property, plant and equipment	**110**	912
Provision/(reversal of provision) for impairment of trade receivables	**6,816**	(3,292)
Provision for impairment of investment in an associate	**—**	1,354
Reversal of provision for impairment of other receivables	**—**	(1,770)
Foreign exchange differences	**5,214**	4,176
Fair value loss on derivative financial instruments	**2,276**	1,278
Technical service cost	**5,749**	—
Others	**690**	1,117
	149,060	117,816

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Interest on bank borrowings repayable within five years	**60,098**	74,456

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits 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 2017 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**"), Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (formerly known as Shanghai CP Guojian Pharmaceutical Co., Ltd., "**Sunshine Guojian**"), National Engineering Research Center of Antibody Medicine ("**NERC**"), Shenzhen Sciprogen Bio-pharmaceutical Technology Co., Ltd. ("**Sciprogen**") and Zhejiang Wansheng Pharmaceutical Co., Ltd. ("**Zhejiang Wansheng**"), all of which enjoy certain preferential treatment, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% on their respective taxable income. In accordance with relevant Italian tax regulations, Sirton Pharmaceuticals S.p.A. is subject to income tax at a rate of 31.4%.

Shenyang Sunshine, Sunshine Guojian, NERC, Sciprogen and Zhejiang Wansheng, which qualify as High and New Technology Enterprises, are entitled to a preferential income tax rate of 15% for the six months ended 30 June 2017.

6. INCOME TAX (continued)

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.

An analysis of the provision for tax in the financial statements is as follows:

	For the six months ended 30 June	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Current	**101,076**	74,300
Deferred	**(7,347)**	(11,700)
Total tax charge for the period	**93,729**	62,600

7. DIVIDENDS

	For the six months ended 30 June	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Proposed and declared dividend	**—**	—

No dividends were declared or paid by the Company during the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the six months ended 30 June 2017 attributable to equity holders of the parent of RMB392,764,000 (for the six months ended 30 June 2016: RMB286,852,000) and the weighted average of 2,532,313,570 (for the six months ended 30 June 2016: 2,515,408,014) ordinary shares of the Company in issue during the reporting period, as adjusted to reflect the issue of ordinary shares during the reporting period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to equity holders of the parent, the weighted average number of ordinary shares used in the calculation of the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at the exercise price on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Earnings		
Profit attributable to equity holders of the parent	**392,764**	286,852

	For the six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Shares		
Weighted average number of ordinary shares in issue during the reporting period	**2,532,313,570**	2,515,408,014
Effect of dilution — weighted average number of ordinary shares:		
Warrants	**39,440,692**	28,152,578
	2,571,754,262	2,543,560,592

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Carrying amount at 1 January	**1,762,813**	450,254
Additions	**76,011**	119,921
Acquisition of subsidiaries (note 18)	**—**	1,296,355
Depreciation provided during the period/year	**(61,612)**	(102,338)
Disposals	**(252)**	(2,515)
Exchange realignment	**2,269**	1,136
Carrying amount at 30 June/31 December	**1,779,229**	1,762,813

A freehold land with a carrying amount of approximately RMB3,946,000 as at 30 June 2017 (31 December 2016: RMB3,721,000) is situated in Italy.

The Group was in the process of applying for the title certificates of certain of its buildings with an aggregate book value of approximately RMB8,468,000 as at 30 June 2017 (31 December 2016: RMB8,738,000). The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter does not have any significant impact on the Group's financial position as at 30 June 2017.

The Group did not have any item of property, plant and equipment as at 30 June 2017 (31 December 2016: items of property, plant and equipment pledged with a net book value of approximately RMB39,552,000) that has been pledged as security for the Group's interest-bearing bank borrowings (note 15).

10. INVENTORIES

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Raw materials	**53,613**	50,479
Work in progress	**150,076**	160,001
Finished goods	**63,944**	43,199
Consumables and packaging materials	**11,841**	10,434
	279,474	264,113
Impairment	**(2,371)**	(1,675)
	277,103	262,438

During the six months ended 30 June 2017, the Group wrote down inventories of RMB696,000 (for the six months ended 30 June 2016: RMB2,787,000). This expense is included in cost of sales in the statement of profit or loss.

11. TRADE AND NOTES RECEIVABLES

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Trade receivables	**954,209**	688,396
Notes receivable	**93,818**	108,767
	1,048,027	797,163
Provision for impairment of trade receivables	**(19,638)**	(11,620)
	1,028,389	785,543

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 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Within 1 month	**574,268**	286,241
1 to 3 months	**292,626**	356,288
4 to 6 months	**24,468**	20,392
Over 6 months to 1 year	**43,209**	13,855
1 to 2 years	**10,642**	4,547
Over 2 years	**8,996**	7,073
	954,209	688,396

As at 30 June 2017, the Group has no notes receivable pledged (31 December 2016: pledged notes receivable amounting to approximately RMB30,940,000) as security for the Group's interest-bearing bank borrowings (note 15).

12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Cash and bank balances	**498,748**	674,380
Restricted cash	**2,238**	3,218
Deposits	**658**	9,386
	501,644	686,984
Less:		
Pledged deposits for letters of credit	**(658)**	(3,499)
Pledged deposits for short-term bank borrowings	**—**	(5,887)
Cash and cash equivalents in the condensed consolidated statement of financial position	**500,986**	677,598
Cash and cash equivalents and pledged deposits denominated in:		
— RMB	**335,097**	276,303
— Other currencies	**166,547**	410,681
	501,644	686,984

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale 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 PAYABLES

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

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Within 3 months	**42,249**	44,154
3 to 6 months	**12,980**	6,833
Over 6 months	**9,983**	7,805
	65,212	58,792

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

14. OTHER PAYABLES AND ACCRUALS

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Accrued selling and marketing expenses	**232,144**	144,056
Accrued salaries, bonuses and welfare expenses	**99,954**	141,177
Due to related parties	**80,253**	118,946
Taxes payable (other than income tax)	**31,281**	31,245
Payable to vendors of technology know-how	**13,150**	2,709
Receipts in advance from customers	**8,683**	6,330
Payable to vendors of property, plant and equipment	**6,983**	3,927
Interest payable	**2,862**	18,420
Others	**42,713**	35,260
	518,023	502,070

Other payables are non-interest-bearing.

15. INTEREST-BEARING BANK BORROWINGS

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Current		
Short-term bank borrowings, secured	**621,539**	518,461
Short-term bank borrowings, unsecured	**100,000**	—
	721,539	518,461
Non-current		
Long-term bank borrowings, secured	**1,685,682**	2,540,682
Total	**2,407,221**	3,059,143

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Analysed into:		
Bank borrowings:		
Within one year or on demand	**721,539**	518,461
In the second year	**1,028,682**	845,709
In the third to fifth years, inclusive	**657,000**	1,694,973
	2,407,221	3,059,143

15. INTEREST-BEARING BANK BORROWINGS (continued)

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Interest-bearing bank borrowings denominated in:		
— RMB	**957,000**	1,192,000
— Hong Kong Dollar ("**HKD**")	**1,450,221**	1,867,143
Total	**2,407,221**	3,059,143

Notes:

(i) The bank borrowings bear fixed interest rates ranging from 2.5% to 4.65% per annum and are secured by equity interests in the subsidiaries of the Group, pledged deposits, notes receivable, the Group's land and buildings situated in Shenyang and Shenzhen.

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

16. SHARE CAPITAL

Shares	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Issued and fully paid:		
2,532,313,570 (31 December 2016: 2,532,313,570) ordinary shares	**155**	155

A summary of movements in the Company's issued share capital for the six months ended 30 June 2017 is as follows:

	Number of shares in issue	Share capital (unaudited) RMB'000	Share premium (unaudited) RMB'000	Total (unaudited) RMB'000
Ordinary shares of USD0.00001 each at 30 June 2017 and 31 December 2016	**2,532,313,570**	**155**	**4,367,719**	**4,367,874**

17. SHARE INCENTIVE SCHEME

Share option scheme adopted by the Company

On 26 September 2016, a total of 20,000,000 share options, which entitle the holders to subscribe for one ordinary share of the Company at an exercise price of HKD9.10 for each share option, under the post-IPO share option schemes of the Company adopted on 23 May 2015 and 28 June 2016 (the "**Share Option Scheme**"), were granted to TMF (Cayman) Ltd. ("**TMF**"), as the trustee of The Empire Trust (the "**Grantee**"), a trust established by the Company for the beneficiaries who are executive directors and employees of the Group and its holding companies, and any other persons as nominated from time to time by the advisory committee of the Grantee that is established with the authority of the board of the directors of the Company.

17. SHARE INCENTIVE SCHEME (continued)

Share option scheme adopted by the Company (continued)

On 2 February 2017, the Company and the Grantee had agreed that the grant of 20,000,000 share options on 26 September 2016 which was approved by the board on 22 September 2016 was cancelled at nil consideration. By the date of cancellation, no beneficiary had been nominated by the advisory committee of the Grantee and no options had been designated to any beneficiary, and thus the Group did not recognise any share-based payment expenses in relation to the cancelled 20,000,000 share options. On the same date, a total 20,000,000 of share options, which entitle the holders to subscribe for one ordinary share of the Company at an exercise price of HKD7.62 for each share option, were granted to TMF, as the trustee of the Grantee under the Share Option Scheme for the benefits of the designated beneficiaries. The share options will vest and become exercisable upon meeting certain vesting conditions. If the vesting conditions are not met, the share options will lapse.

The fair value of the share options at grant date is estimated using a binomial options pricing model, taking into account the terms and conditions upon which the warrants were granted. The contractual life of each option granted is ten years. There is no cash settlement of the warrants. The fair value of warrants granted on 2 February 2017 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	—
Expected volatility (%)	39.63
Risk-free interest rate (%)	1.91
Contractual life of share options (years)	10.00
Underlying share price (RMB)	6.45
Exercise price of each warrant (RMB)	6.73

At the date of approval of the interim financial statements, the Company had 20,000,000 share options outstanding under the Share Option Scheme, which represented approximately 0.79% of the Company's shares in issue as at that date.

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 Sunshine Guojian ("**Sunshine Guojian Warrants**"), in which the Group held an approximately 6.96% equity interest. The Sunshine Guojian Warrants entitle the holders to purchase 1,128.82033 ordinary shares of the Company at an exercise price of USD1.00 for each warrant. Pursuant to the subdivision of the par value of the Company's authorised shares from USD1.00 per share to USD0.00001 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 Sunshine Guojian Warrants and the exercise price from USD1.00 per share to USD0.00001 per share.

17. SHARE INCENTIVE SCHEME (continued)

Warrants granted by the Company (continued)

The Sunshine 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 of the Sunshine Guojian Warrants 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 warrant 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 warrants (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 Sunshine Guojian Warrants with probability of meeting the non-vesting conditions of 30% and 50% were RMB19.37 and RMB32.26, respectively.

At the date of approval of the interim financial statements, the Company had 95,882,033 Sunshine Guojian Warrants outstanding, which represented approximately 3.79% of the Company's shares in issue as at that date.

For the six months ended 30 June 2017, the Group had recorded share-based payment expenses of RMB9,808,000 in the statement of profit or loss (for the six months ended 30 June 2016: reversal of expense of RMB7,371,000).

There were no vested warrants for the six months ended 30 June 2017. For the six months ended 30 June 2017, there was no exercise of warrants (for the six months ended 30 June 2016: warrants exercisable on 17,000,000 ordinary shares were exercised at an exercise price of USD0.00001 per share).

There was no forfeiture or expiry of warrants for the six months ended 30 June 2017 and 2016.

18. BUSINESS COMBINATION

As at 31 December 2015, the Group held approximately 28.8% of the equity interests in Sunshine Guojian. During the six months ended 30 June 2016, the Group further acquired equity interests in Sunshine Guojian through the following transactions. Upon the completion of the acquisitions, the Group held approximately 96.22% of equity interests in Sunshine Guojian.

Pursuant to the sale and purchase agreement between Shanghai Hongshang Investment Co., Ltd. ("**Shanghai Hongshang**"), Shanghai Lansheng Corporation ("**Lansheng Corporation**") and Shanghai Lansheng (Group) Corporation ("**Lansheng Group**") dated 26 January 2016, Shanghai Hongshang acquired 34.65% and 3.85% of equity interests in Shanghai Xingsheng Pharmaceutical Co., Ltd. ("**Xing Sheng**") at cash considerations of approximately RMB890,094,000 and RMB98,899,000 from Lansheng Corporation and Lansheng Group, respectively. Xing Sheng became a subsidiary with 96.25% of its equity interests owned by Shanghai Hongshang and held approximately 41.69% of equity interests in Sunshine Guojian.

Pursuant to the sale and purchase agreement between Shanghai Hongshang and Lansheng Corporation dated 26 January 2016, Shanghai Hongshang acquired 0.73% of the equity interests in Sunshine Guojian at a cash consideration of approximately RMB44,326,000.

Pursuant to the sale and purchase agreement between Shenyang Sunshine and Xizang Hongshang Capital Equity Investment Co., Ltd. dated 3 March 2016, Shenyang Sunshine acquired 30% of equity interests in Shanghai Hongshang at a cash consideration of RMB1,217,994,000. Shanghai Hongshang became a wholly-owned subsidiary of Shenyang Sunshine.

Pursuant to the sale and purchase agreement between the Company and CITIC Hong Kong (Holdings) Limited ("**CITIC Holdings**") dated 3 March 2016, the Company acquired (i) the entire equity interests of Gains Prestige Limited ("**Gains Prestige**"), which indirectly holds approximately 43.42% of equity interests in Sunshine Guojian, from CITIC Holdings, and (ii) the interests of CITIC Holdings in a shareholder's loan of HKD1,085,230,000 owed by Gains Prestige, at an aggregate cash consideration of HKD3,229,501,000 (equivalent to approximately RMB2,713,750,000). In addition, the Company granted options to CITIC Pacific Limited, which entitle the holders to subscribe for up to a total of 125,765,500 ordinary shares of the Company at an exercise price of HKD9.1 per share. The options will vest and become exercisable by the holders upon meeting certain vesting and exercise conditions.

The details of the above transactions are set out in the circular to shareholders of the Company dated 25 April 2016. The acquisitions were considered to be completed by 31 March 2016, when Shanghai Hongshang, Xing Sheng, Gains Prestige and Sunshine Guojian became subsidiaries of the Group.

18. BUSINESS COMBINATION (continued)

The fair values of the aggregate identifiable assets and liabilities of Gains Prestige, Shanghai Hongshang, Xing Sheng and Sunshine Guojian (collectively,"**Guojian Group**") as at the date of acquisition were as follows:

Guojian Group	Fair value recognised on acquisition RMB'000
Property, plant and equipment	1,296,355
Prepaid land lease payments	218,600
Other intangible assets	1,517,716
Deferred tax assets	50,733
Other non-current assets	28,398
Inventories	114,938
Trade and notes receivables	106,925
Prepaid expenses and other receivables	313,885
Available-for-sale investments	77,735
Cash and cash equivalents	320,981
Pledged deposits	3,174
Trade payables	(12,994)
Accrued expenses and other payables	(55,606)
Interest-bearing bank borrowings	(8,900)
Tax payable	(5,551)
Deferred income	(170,878)
Deferred tax liabilities	(222,868)
Total identifiable net assets at fair value	3,572,643
Non-controlling interests	(230,978)
Goodwill on acquisition	3,327,399
	6,669,064
Satisfied by cash	4,459,181
Advance payments made as at 31 December 2015	505,883
Fair value of 28.8% of equity interests of Guojian Group as at the date of acquisition	1,704,000
	6,669,064

18. BUSINESS COMBINATION (continued)

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Cash consideration paid	4,459,181
Less: Cash and cash equivalents acquired	(320,981)
Net outflow of cash and cash equivalents included in cash flows used in investing activities	4,138,200

Since the acquisition, the contributions of Guojian Group to the Group's consolidated revenue and consolidated profit for the six months ended 30 June 2016 amounted to RMB309,537,000 and RMB144,977,000, respectively.

Had the combination taken place at the beginning of the period, the revenue and the profit of the Group for the period would have been RMB1,443,889,000 and RMB266,238,000, respectively.

19. RELATED PARTY DISCLOSURES

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

Company	Relationship
Century Sunshine Limited ("**Century Sunshine**")	Ultimate shareholder of the Company
Decade Sunshine	Immediate shareholder of the Company
Injenerics Srl ("**Injenerics**")	Joint venture
Ascentage Pharma Group Co., Ltd. ("**Ascentage Pharma**")	Associate
Ascentage Jiangsu Pharmaceutical Co., Ltd.	Associate
Beijing Huansheng Medical Investment Co., Ltd. ("**Beijing Huansheng**")	Under significant influence of a director of the Company and owned by certain middle management personnel of the Group
Jiangsu Sunshine Pharmaceutical Technology Co., Ltd.	Subsidiary of Beijing Huansheng
Liaoning Sunshine Science and Technology Development Co., Ltd. ("**Liaoning Sunshine Technology**")	Subsidiary of Beijing Huansheng
DaVita-3SBio Healthcare Management (Liaoning) Co., Ltd. ("**DaVita JV**")	Associate of Beijing Huansheng
Zhejiang Sunshine Pharmaceutical Co., Ltd. ("**Zhejiang Sunshine**")	Owned by one of the controlling shareholders of the Company

19. RELATED PARTY DISCLOSURES (continued)

(a) The Group had the following transactions with related parties during the six months ended 30 June 2017:

	Notes	For the six months ended 30 June	
		2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Loan to Beijing Huansheng	(i)	**10,000**	—
Convertible loan including interest to Zhejiang Sunshine	(ii)	**3,000**	76,517
Interest income from a loan to Liaoning Sunshine Technology	(iii)	**604**	—
Advance to a director	(iv)	**100**	—
Repayment of a loan from Century Sunshine	(v)	**36,495**	—
Guarantee provided to Beijing Huansheng	(vi)	**5,000**	—
Loan including interest expenses from an associate		**—**	300,128
Service fee paid to Beijing Huansheng		**—**	500

Notes:

(i) On 26 May 2017, Zhejiang Wansheng provided a loan, the principal amount of which is RMB10,000,000, to Beijing Huansheng at an interest rate of 4.35% per annum with the maturity date on 26 May 2018.

(ii) On 29 March 2016, Shenyang Sunshine agreed to make available to Zhejiang Sunshine, approximately 52.1% of the equity interests of which is owned by one of the controlling shareholders of the Company and thus is a related party of the Group, a convertible loan with a principal amount of RMB75,000,000 at an interest rate of 8% per annum. The convertible loan can be converted into equity interests in Zhejiang Sunshine at the discretion of Shenyang Sunshine. The accrued interest for the six months ended 30 June 2017 was RMB3,000,000 (for the six months ended 30 June 2016: RMB1,517,000).

(iii) On 7 December 2016 and 23 December 2016, Sunshine Guojian extended loans, the principal amounts of which are RMB20,000,000 and RMB10,000,000, to Liaoning Sunshine Technology at an annual interest rate of 3.85% with the maturity dates on 7 March 2017 and 23 March 2017, respectively. Pursuant to supplemental agreements dated on 6 March 2017 and 22 March 2017, the maturity dates were extended to 6 March 2018 and 22 March 2018, respectively. The accrued interest for the six months ended 30 June 2017 was RMB604,000 (for the six months ended 30 June 2016: Nil).

(iv) The Group had advanced RMB100,000 to a director in May 2017.

(v) The Group repaid Century Sunshine a loan of USD5,300,000, which is equivalent to RMB36,495,000.

(vi) On 18 November 2016, the Group provided a financial guarantee to Beijing Huansheng in favour of bank borrowings amounting to RMB5,000,000 on a term of six months. The guarantee has reached maturity on 18 May 2017.

19. RELATED PARTY DISCLOSURES (continued)

(b) Outstanding balances with related parties:

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Due from related parties:		
Current portion		
Liaoning Sunshine Technology	**30,604**	30,000
Beijing Huansheng	**10,000**	—
Directors and senior management (i)	**8,021**	7,921
Injenerics	**480**	475
DaVita JV	**190**	190
	49,295	38,586
Non-current portion		
Zhejiang Sunshine	**82,517**	79,517

Note:

(i) The balance represents the Individual Income Tax ("**IIT**") due from 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.

19. RELATED PARTY DISCLOSURES (continued)

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

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Due to related parties:		
Ascentage Pharma	**9,122**	9,341
Century Sunshine	**71,131**	109,605
	80,253	118,946

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	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Salaries, allowances and benefits in kind	**11,464**	7,822
Pension scheme contributions	**152**	201
	11,616	8,023

20. COMMITMENTS

The Group had the following capital commitments as at 30 June 2017:

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Contracted, but not provided for:		
Plant and machinery	**39,440**	110,130
Other intangible assets — online marketing platform	**—**	800
Capital contributions for a joint venture	**—**	69,370
	39,440	180,300

21. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 30 June 2017 are as follows:

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Financial assets		
Available-for-sale financial assets:		
Available-for-sale investments	**70,164**	412,172
Financial assets at fair value through profit or loss:		
Derivative financial instruments	**311**	2,613
Loans and receivables:		
Financial assets included in other non-current assets	**600**	600
Trade and notes receivables	**1,028,389**	785,543
Long-term receivables	**82,517**	79,517
Financial assets included in prepaid expenses and other receivables	**58,675**	63,428
Cash and cash equivalents	**500,986**	677,598
Pledged deposits	**658**	9,386
	1,742,300	2,030,857

21. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables	**65,212**	58,792
Financial liabilities included in other payables and accruals	**145,961**	179,262
Interest-bearing bank borrowings	**2,407,221**	3,059,143
Financial liabilities included in other liabilities	**17,804**	18,111
	2,636,198	3,315,308

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair value	
	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000	30 June 2017 (unaudited) RMB'000	31 December 2016 (audited) RMB'000
Financial assets				
Available-for-sale investments	**70,164**	412,172	**70,164**	412,172
Derivative financial instruments	**311**	2,613	**311**	2,613
Long-term receivables	**82,517**	79,517	**82,517**	79,517
	152,992	494,302	**152,992**	494,302
Financial liabilities				
Interest-bearing bank borrowings	**1,685,682**	2,540,682	**1,685,682**	2,540,682
Financial liabilities included in other liabilities	**5,000**	5,000	**4,853**	4,729
	1,690,682	2,545,682	**1,690,535**	2,545,411

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

The Group's finance team headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance director reports directly to the chief financial officer. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with senior management twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at 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:

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 reasonably approximate to their carrying amounts due to the insignificance.

The fair values of interest-bearing bank borrowings reasonably approximate to their carrying amounts due to the short-term maturities. The Group's own non-performance risk for interest-bearing bank borrowings and financial liabilities included in other payables and accruals as at 30 June 2017 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices adjusted for the discount of lack of marketability during the restricted period.

The fair value of derivative financial instruments, which represents the warrants exercisable on the issuer's ordinary shares, is measured using the Black-Scholes option pricing model. The model incorporates various market observable inputs including the underlying stock spot closing price, market risk-free rate and stock price volatility.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial assets measured at fair value:

As at 30 June 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (unaudited) RMB'000	Significant observable inputs (Level 2) (unaudited) RMB'000	Significant unobservable inputs (Level 3) (unaudited) RMB'000	Total (unaudited) RMB'000
Available-for-sale investments:				
Listed equity investments	564	—	—	564
Unlisted equity investments	—	—	47,410	47,410
Investments in bank financial products	—	22,190	—	22,190
Derivative financial instruments	—	311	—	311
	564	22,501	47,410	70,475

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (audited) RMB'000	Significant observable inputs (Level 2) (audited) RMB'000	Significant unobservable inputs (Level 3) (audited) RMB'000	Total (audited) RMB'000
Available-for-sale investments:				
Listed equity investments	655	—	—	655
Unlisted equity investments	—	—	50,000	50,000
Investments in bank financial products	—	361,517	—	361,517
Derivative financial instruments	—	2,613	—	2,613
	655	364,130	50,000	414,785

The Group did not have any financial liabilities measured at fair value as at 30 June 2017 and 31 December 2016.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

As at 30 June 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (unaudited) RMB'000	Significant observable inputs (Level 2) (unaudited) RMB'000	Significant unobservable inputs (Level 3) (unaudited) RMB'000	Total (unaudited) RMB'000
Long-term receivables	—	82,517	—	82,517

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (audited) RMB'000	Significant observable inputs (Level 2) (audited) RMB'000	Significant unobservable inputs (Level 3) (audited) RMB'000	Total (audited) RMB'000
Long-term receivables	—	79,517	—	79,517

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 30 June 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (unaudited) RMB'000	Significant observable inputs (Level 2) (unaudited) RMB'000	Significant unobservable inputs (Level 3) (unaudited) RMB'000	Total (unaudited) RMB'000
Interest-bearing bank borrowings	—	1,685,682	—	1,685,682
Financial liabilities included in other liabilities	—	4,853	—	4,853
	—	1,690,535	—	1,690,535

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (audited) RMB'000	Significant observable inputs (Level 2) (audited) RMB'000	Significant unobservable inputs (Level 3) (audited) RMB'000	Total (audited) RMB'000
Interest-bearing bank borrowings	—	2,540,682	—	2,540,682
Other borrowings included in other liabilities	—	4,729	—	4,729
		2,545,411		2,545,411

During the six months ended 30 June 2017, 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 2016: Nil).

23. EVENTS AFTER THE REPORTING PERIOD

On 12 July 2017, the Group, through Strategic International Group Limited, a direct wholly-owned subsidiary of the Company, conducted an international offering of the Euro-denominated zero-coupon convertible bonds in an aggregate principal amount of €300,000,000 due 2022, which is unconditionally and irrevocably guaranteed by the Company.

On 18 July 2017, a total of 6,483,320 Shares, representing approximately 0.26% of the issued share capital of the Company as at 18 July 2017, was issued pursuant to the exercise of the Sunshine Guojian Warrants, as a result of which the issued share capital of the Company increased to 2,538,796,890 Shares as at 18 July 2017.

24. 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 28 August 2017.

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3SBIO INC.