3SBIO INC.
三生制药

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Revenue increased by RMB233.2 million or 41.9% to RMB790.3 million, as compared to the six months ended 30 June 2014.
- Gross profit increased by RMB177.4 million, or 34.6% to RMB690.3 million, as compared to the six months ended 30 June 2014, and gross profit margin was 87.3%.
- Normalized EBITDA[1] increased by RMB99.5 million or 36.4% to RMB373.0 million, as compared to the six months ended 30 June 2014.
- Normalized net profit[2] increased by RMB85.6 million or 40.3% to RMB298.1 million, as compared to the six months ended 30 June 2014.

Note:

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

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

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of 3SBio Inc. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**For the six months ended 30 June 2015 (unaudited)** *RMB'000*	2014 (unaudited) *RMB'000*
REVENUE	*4*	**790,322**	557,104
Cost of sales		**(100,071)**	(44,263)
Gross profit		**690,251**	512,841
Other income and gains	*4*	**41,199**	11,351
Selling and distribution expenses		**(275,963)**	(203,489)
Administrative expenses		**(99,646)**	(30,286)
Other expenses and losses	*5*	**(53,806)**	(44,570)
Finance costs	*6*	**(21,802)**	(14,882)
Share of losses of associates		**(1,931)**	(944)
PROFIT BEFORE TAX	*5*	**278,302**	230,021
Income tax expense	*7*	**(35,794)**	(36,828)
PROFIT FOR THE PERIOD		**242,508**	193,193
Attributable to:			
Owners of the parent		**242,496**	193,218
Non-controlling interests		**12**	(25)
		242,508	193,193
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
— Basic (RMB)	*9*	**0.12**	0.10
— Diluted (RMB)	*9*	**0.12**	0.10

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June	31 December
	Notes	**2015**	2014
		(unaudited)	(audited)
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**360,243**	373,990
Prepaid land lease payments		**85,228**	86,375
Goodwill		**230,597**	230,597
Other intangible assets		**393,558**	405,545
Advance payments for property, plant and equipment		**5,583**	1,176
Investments in a joint venture		**126**	103
Investments in associates		**1,972**	3,903
Long-term receivables		**25**	349
Available-for-sale investments		**231,182**	231,182
Due from related parties		**17,517**	17,424
Deferred tax assets		**24,375**	11,551
Other non-current assets		**1,467**	1,619
Total non-current assets		**1,351,873**	1,363,814
CURRENT ASSETS			
Inventories		**116,392**	100,401
Trade and notes receivables	*11*	**456,954**	347,978
Prepaid expenses and other receivables		**35,641**	24,258
Due from related parties		**13,300**	51,768
Available-for-sale investments		**52,301**	56,052
Non-pledged time deposits with original maturity over three months when acquired		**305,680**	—
Cash and cash equivalents		**3,835,598**	107,612
Pledged deposits		**174,047**	254,558
Total current assets		**4,989,913**	942,627
CURRENT LIABILITIES			
Trade and bills payables	*12*	**38,792**	25,638
Other payables and accruals		**218,974**	525,766
Due to related parties		**96,595**	77,711
Deferred income		**1,271**	1,646
Interest-bearing bank borrowings	*13*	**672,362**	617,429
Tax payable		**23,786**	3,699
Total current liabilities		**1,051,780**	1,251,889
NET CURRENT ASSETS/(LIABILITIES)		**3,938,133**	(309,262)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,290,006**	1,054,552

	Notes	As at 30 June 2015 (unaudited) *RMB'000*	 31 December 2014 (audited) *RMB'000*
NON-CURRENT LIABILITIES			
Deferred income		**14,009**	17,088
Deferred tax liabilities		**69,122**	73,621
Other liabilities		**17,270**	20,251
Total non-current liabilities		**100,401**	110,960
Net assets		**5,189,605**	943,592
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**154**	—
Share premium		**4,351,751**	366,448
Reserves		**826,463**	565,919
		5,178,368	932,367
Non-controlling interests		**11,237**	11,225
Total equity		**5,189,605**	943,592

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL 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 2015, the Group was 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 on 11 June 2015.

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

Basis of preparation

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

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

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

New standards, interpretations and amendments adopted by the Group

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

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

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

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

Annual Improvements 2010–2012 Cycle

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

IFRS 2 *Share-based Payment*

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

- A performance condition must contain a service condition

- A performance target must be met while the counterparty is rendering service

- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group

- A performance condition may be a market or non-market condition

- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The amendments have had no financial impact on the Group.

IFRS 3 *Business Combinations*

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

IFRS 8 *Operating Segments*

The amendments are applied retrospectively and clarify that:

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

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

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

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

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

IAS 24 *Related Party Disclosures*

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

Annual Improvements 2011–2013 Cycle

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

IFRS 3 *Business Combinations*

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

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The amendments have had no financial impact on the Group.

IFRS 13 *Fair Value Measurement*

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

IAS 40 *Investment Property*

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

3. OPERATING SEGMENT INFORMATION

The Group has only one operating segment, which is the development, production, marketing and sale of pharmaceuticals.

4. REVENUE, OTHER INCOME AND GAINS

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

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

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

5. PROFIT BEFORE TAX

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

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

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

7. INCOME TAX

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

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

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

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

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

In accordance with the relevant Italian tax regulations, Sirton Pharmaceuticals S.p.A. ("**Sirton**") is subject to an income tax rate of 31.4%.

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.

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

8. DIVIDENDS

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

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

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

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT

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

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

11. TRADE AND NOTES RECEIVABLES

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

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 a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

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

12. TRADE AND BILLS PAYABLES

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

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

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

13. INTEREST-BEARING BANK BORROWINGS

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

Notes:

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

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

14. ISSUED CAPITAL

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

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

15. SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

The Group is a leading biotechnology company in the PRC. According to Frost and Sullivan, the Group ranked first among Chinese companies in terms of sales from mammalian cell-based biopharmaceuticals and ranked second among Chinese companies in terms of sales of biopharmaceuticals in 2013. As a pioneer in the Chinese biotechnology industry, the Group has extensive expertise in developing, manufacturing and marketing biopharmaceuticals. Two core products of the Group, TPIAO (特比澳) and EPIAO (益比奥), are market leaders in the PRC. TPIAO is the only commercialized recombinant human thrombopoietin (rhTPO) product in the world. According to third party research data, EPIAO, being the recombinant human erythropoietin (rhEPO) product of the Group, together with the other rhEPO product that the Group acquired recently, SEPO (賽博爾), is the dominant market leader in the rhEPO market, far outperforming the competitors. In addition, the Group has eight other products in nephrology, oncology and other therapeutic areas. The Group is also actively pursuing international expansion through exports, acquisition, licensing and partnerships.

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

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

Product Pipeline

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

As announced on 23 June 2015, the Group has acquired the ex-China global rights to Apexigen Inc.'s ("**Apexigen**") anti-TNF mAb technology, the China rights of which were acquired from Apexigen in 2006. Acquisition of the global rights to this anti-TNF mAb technology positions the Group to participate in the approximately US$35 billion (according to IMS data) global anti-TNF market.

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

Sales, Marketing and Distribution

The Group's sales and marketing efforts are characterized by a strong emphasis on academic promotion. The Group aims to promote and strengthen the Group's academic recognition and brand awareness of its products among medical experts. The Group markets and promotes TPIAO, EPIAO and IV Iron Sucrose (蔗糖鐵) mainly through its in-house sales and marketing team. The Group sells these products to distributors who are responsible for delivering products to hospitals and other medical institutions. The Group primarily relies on third-party promoters to market other products. The Group's extensive sales and distribution network in the PRC is supported by 833 sales and marketing employees, 110 distributors and 462 third-party promoters (as of 30 June 2015). As of 30 June 2015, the Group's sales team covered 1,162 Grade III hospitals and 2,244 Grade II or lower hospitals and medical institutions, reaching 32 provinces, autonomous regions and special municipalities in the PRC. In addition, TPIAO, EPIAO and some other Group's products are exported to a number of countries through international promoters. During the Reporting Period, SEPO entered into 129 new hospitals in lower tier cities. The Group expects further penetration in lower tier cities upon fully integrating Sciprogen into the Group.

Research and Development ("R&D")

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

During the Reporting Period, the Group achieved significant progress with respect to the multi-center biosimilar clinical trials for EPIAO in Russia and Thailand. The Phase I trial of NuPIAO, the second-generation rhEPO product of the Group, is near completion. The Group has also initiated a Phase I clinical trial for its Anti-TNF in the PRC. In addition, the Group's business partner, Selecta Biosciences, Inc., initiated Phase I trial for Pegsiticase in the United States, which is a modified pegylated recombinant uricase from candida utilis developed to treat gout.

Outlook

The Group continues to be optimistic about the growth prospects of its core products, especially TPIAO and rhEPO products. The relevant markets show significant demand due to the aging population and increasing government support for major diseases treated by the Group's products. For the second half of 2015, in regard to TPIAO, the Group plans to add additional sales representatives to expand the hospital coverage. The Group will further promote EPIAO and SEPO, with a particular focus on the hospitals in lower tier cities. The recent acquisition of Zhejiang Wansheng (as detailed below under the section headed "Subsequent Events After the Reporting Period") enables the Group to further extend the depth and breadth of its product portfolio to support future growth. The Group has added a comprehensive range of commercialized products to bring the total number of approved products to over 57, which include both biologic and small-molecule products. The Group also expanded from nephrology and oncology areas to new therapeutic areas including dermatology and diabetes-related complications. The Group currently has a rich pipeline of over 28 new products, which the Group believes to be one of the strongest in the Chinese market. Subsequent to the acquisition of Zhejiang Wansheng, the number of the Group's employees has been grown to over 2,000 and the Group has added key presence in the Yangze River Delta region. The Group's strong cash balance and robust operating cash flow will support future acquisitions as and when the Group identifies new opportunities. The management is confident that, with the Group's competitive positioning of its innovative products, its strong pipeline of product candidates, its proven R&D capabilities and its effective sales and marketing networks, the Group is well positioned to enter a new phase of rapid growth.

Financial Review

Revenue

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

For the six months ended 30 June 2015, the Group's sales of TPIAO increased to approximately RMB295.0 million, as compared to approximately RMB214.1 million for the six months ended 30 June 2014, representing an increase of approximately RMB80.9 million, or 37.8%. The increase 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 2015, sales of TPIAO accounted for 37.1% of the Group's total sales of goods.

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

Cost of Sales

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

Gross Profit

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

Other Income and Gains

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Other Expenses and Losses

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

Finance Costs

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

Income Tax Expense

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

EBITDA and Net Profit

The normalized EBITDA is defined as EBITDA for the period excluding: (a) expenses associated with certain management share-based awards granted in 2013 and 2014 pursuant to certain investors rights agreement among the Company's then ultimate parent and the parent's shareholders; (b) warrant expenses associated with the issue of the CP Guojian Warrants on 1 January 2015; and (c) expenses incurred in relation to the Listing. The Group's normalized EBITDA for the six months ended 30 June 2015 increased by RMB99.5 million or 36.4% to RMB373.0 million, as compared to the six months ended 30 June 2014. Without excluding the effects of the aforementioned items, the EBITDA increased by RMB63.2 million or 24.9% to RMB317.5 million, as compared to the six months ended 30 June 2014.

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

Liquidity, Financial And Capital Resources

Net Current Assets/(Liabilities)

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

Borrowing and the Pledge of Assets

As at 30 June 2015, the Group had an aggregate interest-bearing bank and other borrowings of approximately RMB672.4 million, as compared to approximately RMB617.4 million as at 31 December 2014. The increase in bank borrowings primarily reflected the additional bank loans of US$56.0 million and RMB10.0 million taken in 2015 for the Group's acquisitions, which is partially offset by the repayment of loans of USD47.3 million and RMB8.0 million.

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

Gearing Ratio

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

Contingent Liabilities

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

Contractual Obligations

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

Foreign Exchange and Exchange Rate Risk

The Group mainly operates in the PRC. Other than the foreign currency denominated bank deposits and bank borrowings, the Group does not have any other material direct exposure to foreign exchange fluctuations. Depreciation in Renminbi would have a negative effect on the value of interest payment and repayment of foreign currency bank borrowings. However, the Directors expect that the fluctuation of the Renminbi exchange rate will not have a material adverse effect on the operations of the Group.

Significant Investments Held

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

Future Plans for Material Investments or Capital Assets

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

EMPLOYEES AND EMOLUMENTS POLICY

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

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

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

Zhejiang Wansheng's current product portfolio includes six antidiabetic and hypertension products that are commonly used by chronic kidney disease patients, which will expand the Group's products offering in the dialysis market in addition to its current nephrology portfolio. The acquisition also expands the Group's portfolio of oncology drugs as Zhejiang Wansheng has six approved oncology products. In addition, the acquisition will further solidify the Group's leading position in nephrology and oncology as it also provides a platform for the Group to proceed with the clinical development of over 12 small-molecule pipeline candidates in the core therapeutic areas using internal facilities and expertise. The acquisition will also provide the Group with a solid base for expansion into the treatment of diabetes-related complications and dermatology, specialized markets in which the Group's academic marketing approach has the potential to build market-leading brands.

USE OF NET PROCEEDS FROM LISTING

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

- approximately 45% of such proceeds will be used to expand the portfolio of pharmaceutical products in the Company's focused therapeutic areas through selective acquisitions, of which RMB528 million has been used for the acquisition of Zhejiang Wansheng;

- approximately 15% of such proceeds will be used to strengthen the sales and marketing of the products of the Group;

- approximately 15% of such proceeds will be used to fund capital expenditure projects to increase the production capabilities by constructing new production lines in anticipation of the increase in demand for the current products and the launch of the product candidates including the Group's second-generation long-acting rhEPO products, of which the Group expects RMB100 million to RMB150 million capital expenditure will be incurred every year in the next 3 years;

- approximately 15% of such proceeds will be used to fund the research and development projects, including the in-house research and development projects and external collaboration projects; and

- approximately 10% of such proceeds will be used to supplement working capital and for general corporate purposes.

INTERIM DIVIDEND

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

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

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**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. Except as expressly described below, the Company complied with all applicable code provisions set out in the CG Code throughout the period from 11 June 2015 (the "**Listing Date**") to 30 June 2015.

Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer. Mr. Lou Jing currently performs these two roles. The Board believes that vesting both the roles of 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 since the Listing Date to 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

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

The Audit Committee, together with management and external auditor, have reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2015. The Audit Committee has also reviewed the effectiveness of the internal control system of the Company and considers the internal control system to be effective and adequate.

PUBLICATION OF THE INTERIM RESULTS AND 2015 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.3sbio.com).

The Company's 2015 interim report containing all the information required under the Listing Rules will be dispatched to the members of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 20 August 2015

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