3SBIO INC.

三生制药

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1530)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue increased by RMB542.3 million or 48% to RMB1,673.1 million.
- Gross profit increased by RMB387.8 million or 37.2% to RMB1,431.2 million, with gross profit margin at 85.5%.
- EBITDA increased by RMB261.2 million or 65.4% to RMB660.7 million. Normalized EBITDA[1] increased by RMB215.3 million or 41.5% to RMB734.1 million.
- Net profit increased by RMB234.5 million or 80.4% to RMB526.2 million. Normalized net profit[2] increased by RMB188.7 million or 45.9% to RMB599.7 million.

Notes:

1 The normalized EBITDA is defined as the EBITDA for the period excluding: (a) the expenses associated with certain management share-based awards granted in 2013 and 2014 pursuant to certain investor rights agreement among the Company's then ultimate parent and the parent's shareholders; (b) the warrant expenses associated with the warrants (the "**Guojian Warrants**") granted to the management of Shanghai CP Guojian Pharmaceutical Co., Ltd. ("**Guojian**") on 1 January 2015; (c) the expenses incurred in relation to the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); (d) the expenses incurred in relation to the acquistion of equity interests in Guojian; and (e) the income associated with the fair value gain of the 6.96% equity interest in Guojian previously acquired by the Group in 2014.

2 The normalized net profit is defined as the profit for the period excluding the same items as listed in Note 1 above.

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of 3SBio Inc. (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
REVENUE	5	**1,673,126**	1,130,854
Cost of sales	6	**(241,911)**	(87,481)
Gross profit		**1,431,215**	1,043,373
Other income and gains	5	**208,618**	47,763
Selling and distribution expenses		**(585,585)**	(431,432)
Administrative expenses		**(301,044)**	(170,770)
Other expenses and losses	6	**(142,651)**	(98,185)
Finance costs	7	**(26,545)**	(29,182)
Share of profits and losses of associates		**3,848**	(1,383)
PROFIT BEFORE TAX		**587,856**	360,184
Income tax expense	8	**(61,626)**	(68,456)
PROFIT FOR THE YEAR		**526,230**	291,728
Attributable to:			
Owners of the parent		**526,280**	291,728
Non-controlling interests		**(50)**	—
		526,230	291,728
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic (RMB)	10	**0.23**	0.15
— Diluted (RMB)	10	**0.23**	0.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 *RMB'000*	2014 *RMB'000*
PROFIT FOR THE YEAR	**526,230**	291,728
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair value, net of tax	**(4,829)**	(439)
	(4,829)	(439)
Exchange differences on translation of foreign operations	**134,898**	(7,495)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**130,069**	(7,934)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**130,069**	(7,934)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**656,299**	283,794
Attributable to:		
Owners of the parent	**656,349**	283,794
Non-controlling interests	**(50)**	—
	656,299	283,794

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	**2015**	2014
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**450,254**	373,990
Prepaid land lease payments		**91,908**	86,375
Goodwill		**560,883**	230,597
Other intangible assets		**497,753**	405,545
Advance payments for property, plant and equipment		**13,326**	1,176
Investment in a joint venture		**130**	103
Advance payments for acquisitions		**505,883**	—
Investments in associates		**1,729,219**	3,903
Long-term receivables		**—**	349
Available-for-sale investments		**—**	231,182
Prepaid expenses and other receivables		**—**	17,424
Deferred tax assets		**15,411**	11,551
Other non-current assets		**2,698**	1,619
Total non-current assets		**3,867,465**	1,363,814
CURRENT ASSETS			
Inventories		**134,391**	100,401
Trade and notes receivables	11	**549,596**	347,978
Prepaid expenses and other receivables		**147,025**	76,026
Available-for-sale investments		**81,585**	56,052
Cash and cash equivalents		**1,299,398**	107,612
Non-pledged time deposits		**519,488**	—
Pledged deposits		**31,484**	254,558
Total current assets		**2,762,967**	942,627
CURRENT LIABILITIES			
Trade and bills payables	12	**34,444**	25,638
Other payables and accruals		**309,992**	603,477
Deferred income		**12,959**	1,646
Interest-bearing bank borrowings	13	**405,000**	617,429
Tax payable		**10,215**	3,699
Total current liabilities		**772,610**	1,251,889
NET CURRENT ASSETS/(LIABILITIES)		**1,990,357**	(309,262)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,857,822**	1,054,552

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,857,822**	1,054,552
NON-CURRENT LIABILITIES		
Deferred income	**122,567**	17,088
Deferred tax liabilities	**81,790**	73,621
Other liabilities	**18,000**	20,251
Total non-current liabilities	**222,357**	110,960
Net assets	**5,635,465**	943,592
EQUITY		
Equity attributable to owners of the parent		
Share capital	**154**	—
Share premium	**4,355,287**	366,448
Reserves	**1,268,849**	565,919
	5,624,290	932,367
Non-controlling interests	**11,175**	11,225
Total equity	**5,635,465**	943,592

Notes:

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Laws on 9 August 2006. 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's shares were listed on the Main Board of Hong Kong Stock Exchange ("**Stock Exchange**") on 11 June 2015.

The Company is an investment holding company. During the year, the subsidiaries of the Company are principally engaged in the development, production, marketing and sale of pharmaceutical products in the People's Republic of China ("**PRC**" or "**China**") except for Hong Kong and Macau ("**Mainland China**").

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") as issued by the International Accounting Standards Board ("**IASB**"). They have been prepared under the historical cost convention, except for available-for-sale investments and certain financial assets which have been measured at fair value. These financial Statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to IFRSs 2010-2012 Cycle
Annual Improvements to IFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. 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 service cost in the period in which the related service is rendered. The amendments have had no significant impact on the Group.

(b) The *Annual Improvements to IFRSs 2010-2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to IFRSs 2011-2013 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement*: 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 amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

3. **CHANGES IN ACCOUNTING POLICES AND DISCLOSURES (continued)**

(c) The *Annual Improvements to IFRSs 2011-2013 Cycle*: (continued)

- IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment is not applicable and has had no impact on the Group as the Group did not have any acquisition of investment property during the year.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial statements with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

4. **OPERATING SEGMENT INFORMATION**

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

Geographical information

(a) Revenue from external customers

	2015	2014
	RMB'000	*RMB'000*
Mainland China	**1,582,588**	1,106,093
Others	**90,538**	24,761
	1,673,126	1,130,854

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2015	2014
	RMB'000	*RMB'000*
Mainland China	**3,637,066**	1,004,410
Others	**214,388**	98,298
	3,851,454	1,102,708

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

5. 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:

	2015 *RMB'000*	2014 *RMB'000*
Revenue		
Sale of goods	**1,683,018**	1,140,179
Less: Business tax and government surcharges	**(9,892)**	(9,325)
	1,673,126	1,130,854
Other income		
Bank interest income	**33,525**	24,092
Government grants related to		
— Assets	**6,046**	581
— Income	**9,889**	6,440
Consulting service income	**670**	1,607
Licensing income	**3,114**	3,975
Patent and technology know-how transfer income	**11,491**	—
Others	**6,161**	520
	70,896	37,215
Gains		
Foreign exchange differences	**—**	637
Gain on disposal of a subsidiary	**21,811**	9,911
Fair value gain on available-for-sale investments upon reclassification to investments in associates	**102,818**	—
Gain on deemed disposal of investments in an associate	**13,093**	—
	137,722	10,548
	208,618	47,763

6. PROFIT BEFORE TAX

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

	2015	2014
	RMB'000	*RMB'000*
Cost of inventories sold	**241,911**	87,481
Depreciation of items of property, plant and equipment	**49,863**	30,889
Amortisation of other intangible assets	**27,500**	2,601
Recognition of prepaid land lease payments	**2,466**	764
Amortisation of long-term deferred expenditures	**367**	52
Operating lease expenses	**6,744**	3,962
Auditors' remuneration	**7,211**	4,650
Employee benefit expenses (excluding Directors' and chief executive's remuneration):		
Wages, salaries and staff welfare	**236,986**	149,941
Equity-settled compensation expenses	**46,581**	64,055
Pension scheme contributions	**15,082**	11,144
Social welfare and other costs	**28,701**	17,602
	327,350	242,742
Other expenses and losses:		
Research and development costs	**111,324**	96,375
Loss on disposal of items of property, plant and equipment	**2,019**	337
Reversal of provision for impairment of trade receivables	**(437)**	(180)
Provision for impairment of long-term receivables	**—**	475
Foreign exchange differences	**23,022**	—
Others	**6,723**	1,178
	142,651	98,185

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	RMB'000	*RMB'000*
Interest on bank borrowings	**26,545**	29,182

8. 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 during the year as the Group had no assessable profits arising in Hong Kong.

8. INCOME TAX (continued)

Under the relevant PRC income tax law, except for Shenyang Sunshine Pharmaceutical Company Limited ("**Shenyang Sunshine**"), Shenzhen Sciprogen Bio-pharmaceutical Co., Ltd. ("**Sciprogen**") and Zhejiang Wansheng Pharmaceutical Co., Ltd. ("**Zhejiang Wansheng**") 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, Sciprogen and Zhejiang Wansheng are qualified as High and New Technology Enterprises and are subject to a preferential income tax rate of 15%.

In accordance with 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.

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

	2015	2014
	RMB'000	*RMB'000*
Current	**69,480**	131,093
Deferred	**(7,854)**	(62,637)
Total tax charge for the year	**61,626**	68,456

The effective tax rates of the Group for the year ended 31 December 2015 was 10.5% (2014: 19.0%).

9. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Proposed and declared dividend	**119**	659,014

Pursuant to the Company's resolutions of the Board dated 31 March 2014, 28 October 2014 and 6 February 2015, the Company proposed 2014 cash dividends and 2015 share dividends with amounts of approximately United States Dollar ("**USD**") 107,152,000 and USD19,000 in aggregate, respectively, which were approved by Decade Sunshine Limited ("**Decade Sunshine**"), the then sole shareholder of the Company on the same dates.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,255,271,762 (2014: 1,939,518,570) in issue during the year, as adjusted to reflect the issue of ordinary shares during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary 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 issued at the exercise price on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

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

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**526,280**	291,728

	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year	**2,255,271,762**	1,939,518,570
Effect of dilution-weighted average number of ordinary shares:		
Warrants	**43,462,623**	—
	2,298,734,385	1,939,518,570

11. TRADE AND NOTES RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**425,922**	227,402
Notes receivable	**138,305**	125,298
	564,227	352,700
Provision for impairment of trade receivables	**(14,631)**	(4,722)
	549,596	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 as at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**200,802**	130,269
1 to 3 months	**188,335**	74,943
4 to 6 months	**12,127**	12,599
Over 6 months to 1 year	**9,992**	5,983
1 to 2 years	**12,483**	3,070
Over 2 years	**2,183**	538
	425,922	227,402

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**23,262**	22,152
3 to 6 months	**3,442**	3,401
Over 6 months	**7,740**	85
	34,444	25,638

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

13. INTEREST-BEARING BANK BORROWINGS

	2015	2014
	RMB'000	*RMB'000*
Current		
Short term bank borrowings, secured	**405,000**	617,429

Notes:

(a) The short term bank borrowings bear interest at fixed interest rates ranging from 4.35% to 7% per annum and are secured by:

(i) mortgages over the Group's land and buildings situated in Shenyang and Shenzhen, which had an aggregate carrying value of RMB56,313,000 as at 31 December 2015 (2014: RMB106,118,000);

(ii) the pledge of time deposits amounting to RMB30,335,000 as at 31 December 2015 (2014: RMB252,204,000);

(b) As at 31 December 2015, all borrowings were denominated in RMB (2014: except for the 2.20% and 2.29% secured bank loans which were denominated in USD, all other bank borrowings were denominated in RMB).

(c) The carrying amount of the short term bank borrowings approximates to their fair value.

14. EVENTS AFTER THE REPORTING PERIOD

On 26 January 2016, Shanghai Hongshang Investment Company Limited ("**Shanghai Hongshang**") acquired 34.65% and 3.85% of equity interests in Shanghai Lansheng Guojian Pharmaceutical Company Limited ("**Lansheng Guojian**") from Shanghai Lansheng Corporation ("**Lansheng Corporation**") and Shanghai Lansheng (Group) Corporation ("**Lansheng Group**"), respectively, at considerations of approximately RMB890,094,000 and RMB98,899,000, respectively.

On 26 January 2016, Shanghai Hongshang acquired an approximately 0.73% equity interest in Shanghai CP Guojian Pharmaceutical Co., Ltd. ("**Guojian**") from Lansheng Corporation at a consideration of approximately RMB44,326,000.

On 22 February 2016, as confirmed by the Shanghai United Assets and Equity Exchange (the "**SUAEE**"), the Company is the only intended transferee for (i) the entire equity interest of Gains Prestige Limited ("**Gains Prestige**"), which indirectly holds an approximately 43.42% equity interest in Guojian, held by CITIC Hong Kong (Holdings) Limited ("**CITIC Holdings**") and (ii) the interest of CITIC Holdings in a shareholder's loan of HKD1,085,230,000 owed by Gains Prestige. Pursuant to the requirements by the SUAEE, an amount in HKD equivalent to RMB800 million shall be payable in cash by the Company to the SUAEE on or before 25 February 2016 as an interest-free refundable deposit for the purpose of completion of the transactions. The Company paid the deposit to the SUAEE on 23 February 2016.

14. EVENTS AFTER THE REPORTING PERIOD (continued)

On 22 February 2016, Hongkong Sansheng Medical Limited entered into a HKD equivalent to RMB2,200,000,000 term loan facility with Ping An Bank Company Limited. The term loan will be used for the purposes of undertaking further acquisition of equity interests in Guojian. The drawn down amount under the term loan facility to date is RMB2,200,000,000 as an interest-bearing bank borrowing with the maturity date on 28 January 2019. The bank borrowing bears interest at an annual interest rate of 2.5%.

On 3 March 2016, the Company conditionally agreed to acquire (i) the entire equity interest of Gains Prestige, which holds an approximately 43.42% equity interest in Guojian, held by CITIC Holdings, and (ii) the interest of CITIC Holdings in a shareholder's loan of HKD1,085,230,000 owed by Gains Prestige at a consideration of RMB2,713,750,000 payable in Hong Kong dollars. In addition, the Company will grant the options to CITIC Pacific Limited ("**CITIC Pacific**"), which is beneficially owned by CITIC Holdings. The options entitled the holders to purchase 125,765,500 ordinary shares of the Company with an exercise price of HKD9.1 per option share. The options will vest and become exercisable by the holders upon meeting certain vesting and exercise conditions.

On 3 March 2016, Shenyang Sunshine acquired the remaining 30% equity interest in Shanghai Hongshang from Xizang Hongshang Capital Investment Company Limited at a consideration of RMB1,217,994,000.

On 29 March 2016, Shenyang Sunshine agreed to make available to Zhejiang Sunshine Pharmaceutical Company Limited ("**Zhejiang Sunshine**"), which is as to approximately 52.1% owned by one of the controlling shareholders of the Company and thus 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

3SBio Inc. is a leading biotechnology company in the PRC. As a pioneer in the PRC biotechnology industry, the Group has extensive expertise in developing, manufacturing and marketing biopharmaceuticals. The core products of the Group include TPIAO (特比澳), Yisaipu (益賽普), a product acquired through the acquisition of Guojian, and EPIAO (益比奧), all three products being market leaders in the PRC. TPIAO is the only commercialized recombinant human thrombopoietin (rhTPO) product in the world. According to the data of IMS Health Inc. ("**IMS**"), the China market share of TPIAO increased to 41.0% for the treatment of thrombocytopenia for 2015. Yisaipu is a TNF α inhibitor product with a dominant market share in China of 64.9% for 2015, according to IMS. According to IMS, the Group, with its two recombinant human erythropoietin (rhEPO) products EPIAO and SEPO (賽博爾), is the dominant market leader in the China rhEPO market, with a total market share of 43.0% for 2015. The Group is also actively pursuing international expansion through exports, licensing, partnerships, and acquisitions.

On 11 June 2015 (the "**Listing Date**"), the shares of the Company were listed (the "**Listing**") on the Stock Exchange. Effective from 14 September 2015, the Company was added as a constituent of the Hang Seng LargeCap & MidCap Index, a sub-index of the Hang Seng Composite Index, a comprehensive benchmark index covering the top 95% of the total market capitalization of companies listed on the Main Board of the Stock Exchange. Effective from 14 March 2016, the Company was added as a constituent of the Hang Seng Mainland Healthcare Index, a sub-index of the Hang Seng Composite Index.

In July 2015, the Company acquired Zhejiang Wansheng. In November 2015 and subsequently in January and March 2016, the Group acquired control over additional equity interests in Guojian. As of the date of this announcement, the Group collectively controls an approximately 97.78% equity interest in Guojian.

During 2015, in spite of a challenging operating 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 year 2015, the Group recorded a strong revenue growth of 48.0% as compared to the year 2014, while the comparable year-to-year growth rate for the Chinese pharmaceutical industry is estimated to be in the range between 7% to 8%, according to the Ministry of Industry and Information Technology of the PRC. The Group achieved considerable progress within the existing pipeline. Integration of the two subsidiaries which the Group acquired in December 2014, namely, Sciprogen which owned SEPO and Sirton, went smoothly throughout the year.

Acquisition of Zhejiang Wansheng

In 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 RMB528.0 million.

Zhejiang Wansheng specializes in research and development ("**R&D**"), production and sales of chemically synthesized pharmaceuticals with 13 GMP (Good Manufacturing Practices) certified production lines. The acquisition further solidifies the Group's leading position in nephrology and oncology areas as it provides a platform for the Group to proceed with the clinical development of over 12 small-molecule pipeline candidates in those core therapeutic areas with internal facilities and expertise. In addition, the acquisition expands the Group's portfolio of oncology drugs as Zhejiang Wansheng has 3 approved oncology products. The acquisition will also provide the Group with a solid foundation for expansion into the areas of dermatology and diabetes-related complications, the specialized markets in which the Group's academic marketing approach has the potential to build market-leading brands.

Guojian Added into the Group after Acquisition of Further Interests

Prior to November 2015, the Group controlled an approximately 6.96% equity interest in Guojian. In November 2015, the Group acquired an additional approximately 21.84% equity interest in Guojian for an aggregate consideration of approximately RMB1,363.6 million. Upon the completion of the acquisition, the Group collectively controlled an approximately 53.64% equity interest in Guojian, and Guojian became an indirect non-wholly owned subsidiary of the Company. Guojian reported a total revenue of approximately RMB877.3 million and a normalized net profit after tax of approximately RMB253.6 million for the year ended 31 December 2015 based on the financial statements prepared in accordance with the IFRS. According to the IFRS, the Group will begin to consolidate the Guojian data into its financial information from 2016. **For the avoidance of doubt, unless otherwise indicated, all information and discussions concerning the Group in this announcement shall be exclusive of Guojian (except for the "Outlook" section where Guojian is discussed as a part of the Group).**

Guojian is a PRC biopharmaceutical company focusing on the development, manufacture and marketing of monoclonal antibody ("**mAb**") therapeutics. Guojian currently markets two products, Yisaipu (益賽普) and Xenopax (健尼哌). Guojian has a robust pipeline of mAb product candidates with significant market potential in the areas of oncology and rheumatology, including: Ipterbin (賽普汀) designed for the treatment of HER2 over-expressing metastatic breast cancer, Jiantuoxi (健妥昔) designed for the treatment of CD20-positive B-cell non-Hodgkin's lymphoma, and Yilairui (益來瑞) designed for the treatment of auto-immune diseases such as rheumatoid arthritis. Through the acquisition of Guojian, the Group has added Guojian's marketed products to its product portfolio, and further expands the product pipeline of the Group with Guojian's mAb product candidates.

Guojian will provide a monoclonal antibody manufacturing platform for the Group's mAb product candidates. This platform is complementary to the Group's other manufacturing platforms for mammalian and bacterial recombinant proteins in Shenyang and Shenzhen, and chemically synthesized small molecules in Hangzhou. Such platform will also enable the Group to develop, manufacture and market a wide range of medicines within its therapeutic areas. Guojian currently operates five antibody production lines with a total annual capacity of over 8,000 liters. Six new antibody production lines with a total annual capacity of 30,000 liters are currently under trial run.

Further, the Group will be able to: (i) expand its sales team with Guojian's rheumatology sales team, with a combined staff of 1,800 sales representatives and a leading market position in oncology, rheumatology, nephrology and dermatology therapeutic areas; and (ii) strengthen its R&D capabilities for monoclonal antibody products.

In January 2016, the Group further acquired (1) a 38.5% equity interest in Shanghai Lansheng Guojian Pharmaceutical Company Limited, which holds an approximately 41.69% equity interest in Guojian and (2) an approximately 0.73% equity interest in Guojian for an aggregate consideration of approximately RMB1,033.3 million. In March 2016, the Group acquired (1) an additional approximately 43.42% equity interest in Guojian for an aggregate consideration comprised of approximately RMB2,713.8 million as well as the options to purchase 125,765,500 ordinary shares of the Company subject to certain vesting conditions; and (2) an additional approximately 12.04% equity interest in Guojian for an aggregate consideration of approximately RMB1,218.0 million. After the completion of these acquisitions and as of the date of this announcement, the Group collectively controls an approximately 97.78% equity interest in Guojian.

Key Products

TPIAO is the Group's self-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 China Food and Drug Administration (the "**CFDA**") for two indications: the treatment of chemotherapy-induced thrombocytopenia ("**CIT**") and immune thrombocytopenia ("**ITP**"). TPIAO has the advantages of higher efficacy, faster platelet recovery and fewer side effects as compared to alternative treatments for CIT and ITP. TPIAO has experienced significant sales growth due to increasing physician awareness of its safety and efficacy as a treatment of CIT and its quick adoption in China. The Group believes TPIAO is still at an early stage of its product life cycle. The Group estimates that the penetration rates for both CIT and ITP indications in China may be approximately 10%. Currently, the majority of the Group's sales of TPIAO is generated from less than 10% of the hospitals covered by the Group's sales team. The Group employed additional sales representatives to further increase TPIAO's hospital coverage and penetration in 2015. Recently, the authoritative guidance in China medical profession, "the PRC Experts Consensus on Diagnosis and Treatment of Adult Primary Immune Thrombocytopenia" (version 2016) ("**Consensus**"), selects rhTPO products as the first choice treatment for the second line treatments list, and also recommends medicines to boost platelet production (which include rhTPO products) in certain cases of emergency treatment. The Group's studies also support the Consensus's conclusions.

Yisaipu, generically known as Etanercept, is a TNF α inhibitor product. It was first launched in 2005 in China for rheumatoid arthritis. Its indications were expanded to ankylosing spondylitis and psoriasis in 2007. Yisaipu has experienced significant growth as the first-to-market Etanercept product in China, with a dominant China market share by sales of 64.9% for 2015, according to IMS. The Group believes that Yisaipu is still at early stage of its product life cycle in China, given the monoclonal antibody market in China is under-penetrated compared with the global market. Yisaipu is approved in 9 countries and in the process of registration in 16 countries.

EPIAO is the only rhEPO product approved by the CFDA for three indications: the treatment of anemia associated with chronic kidney disease ("**CKD**"), the treatment of chemotherapy-induced anemia ("**CIA**") and the reduction of allogeneic blood transfusion in surgery patients. EPIAO has consistently been the dominant market leader in the PRC rhEPO market since 2002. 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 rhEPO market share at 10,000 IU dosage. Future growth for EPIAO may be driven by: (1) the enhancement of the dialysis penetration rate among stages IV and V CKD patients, which the Group believes is substantially lower in China as compared with other countries; and (2) the increase of application of EPIAO in reducing allogeneic blood transfusion and CIA oncology indication in China, which the Group believes are at a very early stage of growth. In December 2014, the Group acquired another rhEPO product, SEPO, which helps broaden the Group's market coverage, especially in the hospitals in lower-tier cities, where rhEPO has been experiencing significant growth. During 2015, SEPO entered into 334 new hospitals in lower tier cities. The Group expects that Sciprogen will further penetrate into markets of lower tier cities following its successful integration with the Group. As for export sales, marketing approval applications were submitted in five new countries during 2015, namely Russia, Uzbekistan, Namibia, Venezuela, Uganda, with the market approval granted in Uzbekistan; and multi-center biosimilar clinical trials for EPIAO in Russia and Thailand are in good progress.

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

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

Qiming Keli (芪明顆粒) was acquired through the Group's acquisition of Zhejiang Wansheng in July 2015. It has been approved by CFDA for diabetes retinopathy. It was the first CFDA approved Traditional Chinese Medicine for diabetes retinopathy and a national protected traditional medicine.

Man Di (蔓迪), Di Su (迪蘇) and Lai Duo Fei (萊多菲) were a group of dermatology drugs acquired through the Group's acquisition of Zhejiang Wansheng in July 2015, which are designed for the treatment of alopecia areata, chronic bronchitis and chronic idiopathic urticaria, respectively.

Product Pipeline

As of 31 December 2015, the Group had a robust pipeline of 30 product candidates, of which 14 were being developed as National Class I New Drugs (國家一類新藥) in the PRC. The Group has 9 product candidates in nephrology, including 3 next-generation erythropoiesis-stimulating agents. The Group has 8 product candidates in oncology, including 4 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.

With the acquisition of Guojian, the Group added a pipeline of 8 monoclonal antibody product candidates which have significant market potential, including Ipterbin (賽普汀) (also generally known as trastuzumab (曲妥珠單抗)), Jiantuoxi (健妥昔) (also generally known as rituximab (利妥昔單抗)) and Yilairui (益來瑞) (also generally known as abatacept (阿巴西普)). Ipterbin is designed for the treatment of HER2 over-expressing metastic breast cancer and gastric cancer. Jiaotuoxi is designed for the treatment of non-hodgkin's lymphoma, chronic lymphocytic leukemia, rheumatoid arthritis, granulomatosis with polyangiitis and microscopic polyangiitis. Yilairui is designed for the treatment of rheumatoid arthritis.

As announced on 22 June 2015, the Group has acquired the ex-China global rights to Apexigen Inc.'s ("**Apexigen**") anti-TNF α mAb product, internally designated as SSS07, the China rights of which were acquired from Apexigen in 2006. Acquisition of the global rights to this anti-TNF mAb product positions the Group to participate in the approximately USD35 billion (according to IMS data) global anti-TNF market. As announced on 12 October 2015, the Group has entered into an exclusive licensing agreement with Alteogen Inc. ("**Alteogen**") (Korean stock exchange code: 196170.KS), a Korean biopharmaceutical company, for the development, manufacturing and marketing of ALT-P7, a novel antibody-drug conjugate ("**ADC**") targeting HER2 pathway for cancer in the territory of mainland China, Hong Kong and Macau. Novel mAb candidates, including ADCs and bispecific antibodies, shed light on the treatment for refractory or metastatic cancers, such as breast and gastric cancers, which fit into the Group's core therapeutic area of oncology.

During 2015, the Group also in-licensed several other product candidates, including TAS102 (an orally administered combination of the trifluridine and tipiracil hydrochloride), trelagliptin succinate and ferric citrate.

Sales, Marketing and Distribution

The Group's sales and marketing efforts are characterized by a strong emphasis on academic promotion. The Group aims to promote and strengthen the Group's academic recognition and brand awareness of its products among medical experts. The Group markets and promotes TPIAO, EPIAO and IV Iron Sucrose mainly through its in-house sales and marketing team. The Group sells these products to distributors who are responsible for delivering products to hospitals and other medical institutions. The Group primarily relies on third-party promoters to market other products. As of 31 December 2015, the Group's extensive sales and distribution network in the PRC was supported by approximately 1,300 sales and marketing employees, 108 distributors and 462 third-party promoters. As of 31 December 2015, the Group's sales team covered 1,270 Grade III hospitals and 3,090 Grade II or lower hospitals and medical institutions, reaching all provinces, autonomous regions and special municipalities in the PRC. In addition, TPIAO, Yisaipu, EPIAO and some of the Group's other products are exported to a number of countries through international promoters.

As of 31 December 2015, Guojian had 509 sales and marketing employees and covered approximately 1,600 hospitals and medical institutions, including 1,002 Grade III hospitals, reaching all provinces, autonomous regions and special municipalities in the PRC.

Research and Development

The Group's integrated R&D expertise covers the areas of discovery and development of biopharmaceuticals 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 the R&D of both mammalian cell-expressed and bacterial cell-expressed biopharmaceuticals.

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-TNF α mAb product which the Group acquired from Apexigen), and Pegsiticase (a modified pegylated recombinant uricase from candida utilis developed to treat gout).

The studies of Phase I trial of NuPIAO were completed by 2015 year end, with the data analysis and research report preparation to be concluded in early 2016. For Phase II trial, the Group is planning to, in 2016, complete the clinical trial design, update the research materials, and select the hospitals that the Group will collaborate with for the Phase II studies.

The Group has initiated a Phase I clinical trial for SSS07 in the PRC in 2015. The Group is wrapping up on the first part of the Phase I in the first half of 2016, and expects to substantially move into its second part by 2016 year end.

As for Pegsiticase, the Group's U.S. partner, Selecta Biosciences, Inc., has begun a Phase I trial for Pegsiticase in the United States, with the Phase Ia completed. In addition, for Voclosporin, the Group's next-generation calcineurin inhibitor being developed for the treatment of lupus nephritis, the Group's Canada partner, Aurinia Pharmaceuticals Inc., which licensed Voclosporin to the Group in 2010, reported positive results from an open label study as part of the global multi-center Phase II clinical trial in February 2016. In March 2016, the Group received an Investigational New Drug (IND) approval letter from the CFDA for PEG-irinotecan, a long-acting polymer-drug conjugate which inhibits topoisomerase I, which is over expressed in many solid tumors. During 2015, the Group also achieved significant progress with respect to the multi-center biosimilar clinical trials for EPIAO in Russia and Thailand.

Guojian has a proven track record in commercializing antibody-based biologic therapies in China. Ipterbin has completed the Phase III trial and awaits for manufacturing approval. Jiantuoxi has also completed the Phase III trial. Additionally, an IND application previously filed by Guojian for an anti-EGFR antibody for the treatment of colorectal cancer is expected to receive approval in 2016. Another IND application for a humanized anti-VEGF antibody for the treatment of non-small cell lung cancer was filed in early 2016, with 2 more IND applications, respectively for an anti-VEGF antibody for the treatment of age-related macular degeneration and an anti-Her2 ADC for the treatment of Her2-positive metastatic breast cancer, planned to be filed in late 2016.

Outlook

The PRC pharmaceutical industry has grown rapidly in recent years but experienced a slowdown in 2015, given the overall slowdown of the economy. The provincial tendering and the hospital renegotiation after tendering put downward pressure on the prices of pharmaceutical products, especially on those products that are not shown to have proven efficacy/safety profiles (often classified as "adjuvant drug"). None of the Group's core products is classified as adjuvant drug. Given the tightening budget in different provinces, the Group expects the downward pricing pressure to continue, but believes that the Group's products, especially the innovative and follow-on biopharmaceuticals, will be less affected than the overall pharmaceutical industry.

The regulatory developments at the CFDA in 2015, which includes setting higher approval standard, reducing registration backlog and improving review efficiency, will benefit industry leaders with innovation capacity such as the Group. The new regulatory requirements set up a higher barrier for entry, and will speed up the approval process for qualified new drugs. The Group expects that under the new policies the National Class I New Drugs candidates in the Group's pipeline may be on a faster track to be approved for market.

With the acquisition of Guojian, the Group now has three core products, namely, TPIAO, Yisaipu and EPIAO, which are all eligible to be "blockbuster drugs" that enjoy tremendous market popularity. All the three products are dominant market players as compared with their competitors. In terms of the manufacturing capability, the Group owns the manufacturing platforms in China for monoclonal antibody (with total capacity of 38,250 liters), rhEPO and rhTPO products (with total capacity of 20 million vials), and small molecule products (with 13 GMP-certified production lines), and furthermore, Sirton, a member of the Group is a Contract Manufacturing Organization in Europe. The Group's marketing and sales function is supported by approximately 1,800 sales and marketing employees, covering oncology, rheumatology, nephology and dermatology therapeutic areas. The Group's R&D team comprises over 380 employees, focusing on the discovery and development of innovative biopharmaceuticals. With the latest acquisition of Guojian, the management is confident that the Group is further strengthened as a leading biopharmaceutical company in the PRC for the future periods.

Financial Review

Revenue

For the year ended 31 December 2015, the Group's revenue amounted to approximately RMB1,673.1 million, as compared to approximately RMB1,130.9 million for the year ended 31 December 2014, representing an increase of approximately RMB542.3 million, or 48.0%. The increase was mainly attributable to: (1) the sales growth of the Group's key products; (2) the consolidation of the revenue of Sciprogen and Sirton into the Group's financial information since 1 January 2015; and (3) the consolidation of the revenue of Zhejiang Wansheng into the Group's financial information since 1 August 2015.

For the year ended 31 December 2015, the Group's sales of TPIAO in China increased to approximately RMB605.1 million, as compared to approximately RMB444.7 million for the year ended 31 December 2014, representing an increase of approximately RMB160.5 million, or 36.1%. The increase was primarily attributable to the increase in sales volume, which in turn was primarily driven by the increased recognition of TPIAO within the medical profession. For the year ended 31 December 2015, sales of TPIAO in China accounted for 36.0% of the Group's total sales of goods.

For the year ended 31 December 2015, the Group's sales of EPIAO in China increased to approximately RMB683.7 million, as compared to approximately RMB594.1 million for the year ended 31 December 2014, representing an increase of approximately RMB89.7 million, or 15.1%. The increase was primarily attributable to the increase in sales volume, which in turn was primarily driven by the increasing demand for rhEPO products and EPIAO's continued dominance in the PRC rhEPO market. For the year ended 31 December 2015, sales of EPIAO in China accounted for 40.6% of the Group's total sales of goods. In addition, for the year ended 31 December 2015, the Group's sales of SEPO in China amounted to approximately RMB43.5 million. As a result, the Group's total sales of rhEPO products in China were RMB727.2 million for the year ended 31 December 2015, representing an increase of approximately RMB133.1 million, or 22.4%, as compared to the corresponding period in 2014.

For the year ended 31 December 2015, the Group's sales of IV Iron Sucrose in China increased to approximately RMB81.6 million, as compared to approximately RMB64.7 million for the year ended 31 December 2014, representing an increase of approximately RMB16.9 million, or 26.1%. The increase was primarily attributable to an increase in market demand for this product through the Group's marketing efforts and the extensive coverage of the Group's in-house sales force in the nephrology area.

For the year ended 31 December 2015, the Group's sales of Sparin were approximately RMB49.0 million. The sales of Sparin were consolidated into the Group's financial information since 1 January 2015.

For the period from 1 August 2015 to 31 December 2015, the Group's sales derived from Zhejiang Wansheng were RMB103.3 million.

For the year ended 31 December 2015, the Group's sales of other products increased to approximately RMB116.9 million, as compared to approximately RMB36.7 million for the year ended 31 December 2014, representing an increase of approximately RMB80.1 million, or 218.3%. The increase was primarily attributable to the consolidation of the sales of Sirton into the Group's financial information since 1 January 2015, which was approximately RMB58.3 million for the year ended 31 December 2015, and an increase in the sales of the in-licensed products from Zhejiang Wansheng.

Cost of Sales

The Group's cost of sales increased from approximately RMB87.5 million for the year ended 31 December 2014 to approximately RMB241.9 million for the year ended 31 December 2015, and accounted for approximately 14.5% of the Group's total revenue for year ended 31 December 2015. The primary reasons for the increase in the Group's cost of sales were: (1) the increased sales volumes for the year ended 31 December 2015, as compared to the corresponding period in 2014; (2) the consolidation of the costs of sales of Sciprogen and Sirton into the Group's financial information since 1 January 2015; and (3) the consolidation of the costs of sales of Zhejiang Wansheng into the Group's financial information since 1 August 2015.

Gross Profit

For the year ended 31 December 2015, the Group's gross profit increased to approximately RMB1,431.2 million, as compared to approximately RMB1,043.4 million for the year ended 31 December 2014, representing an increase of approximately RMB387.8 million or 37.2%. The increase in the Group's gross profit was broadly in line with its revenue growth. The Group's gross profit margin decreased to 85.5% for the year ended 31 December 2015 from 92.3% for the corresponding period in 2014. The decrease was mainly attributable to the Group's consolidation of the financial information of Sciprogen and Sirton since 1 January 2015 and the financial information of Zhejiang Wansheng since 1 August 2015, all of which had lower gross profit margins than the Group's other businesses. Had the effects of such consolidations been excluded, the Group's gross profit margin for the year ended 31 December 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 year ended 31 December 2015, the Group's other income and gains increased to approximately RMB208.6 million, as compared to approximately RMB47.8 million for the year ended 31 December 2014, representing an increase of approximately RMB160.9 million, or 336.8%. The increase was mainly attributable to the income of approximately RMB102.8 million associated with the fair value gain of the 6.96% equity interest in Guojian previously acquired by the Group in 2014, certain technology know-how transfer income, the licensing fees received relating to Pegsiticase, the gain from the disposal of Liaoning Sunshine Science Technology Development Company Limited and an increase in government grants received during the year ended 31 December 2015, as compared to the corresponding period in 2014.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily comprised marketing and promotion expenses, staff costs, transportation expenses, consulting fees and other miscellaneous selling and distribution expenses. For the year ended 31 December 2015, the Group's selling and distribution expenses amounted to approximately RMB585.6 million, as compared to approximately RMB431.4 million for the year ended 31 December 2014, representing an increase of approximately RMB154.2 million, or 35.7%. The increase was mainly attributable to: (1) the increased promotional activities for the Group's products; (2) the consolidation of the selling and distribution expenses of Sciprogen and Sirton into the Group's financial information since 1 January 2015; and (3) the consolidation of the selling and distribution expenses of Zhejiang Wansheng into the Group's financial information since 1 August 2015. However, in terms of a percentage of revenue, the Group's selling and distribution expenses decreased from 38.2% for the year ended 31 December 2014 to 35.0% for the year ended 31 December 2015, primarily as a result of the Group's effective control of selling and distribution costs, improved sales productivity and economies of scale, as well as the consolidation of Sciprogen and Sirton, both of which have a lower selling-and-distribution expenses to revenue ratio than the Group's other business.

Administrative Expenses

The Group's administrative expenses comprised staff costs, professional fees, depreciation and amortization, property expenses, share-based compensation expenses, and other miscellaneous administrative expenses. For the year ended 31 December 2015, the Group's administrative expenses amounted to approximately RMB301.0 million, as compared to approximately RMB170.8 million for the year ended 31 December 2014, representing an increase of approximately RMB130.3 million, or 76.3%. The increase was mainly due to: (1) the one-off expenses for the Listing; (2) the advisory fees incurred for the acquisition of Guojian during the year ended 31 December 2015; (3) the warrants expenses associated with the Guojian Warrants; (4) the consolidation of the administrative expenses of Sciprogen and Sirton into the Group's financial information since 1 January 2015; and (5) the consolidation of the administrative expenses of Zhejiang Wansheng into the Group's financial information since 1 August 2015. Had the effects of the Listing expenses, the advisory fees and the Guojian Warrants-related expenses been excluded, the administrative expenses for 2015 would have been RMB124.8 million. The administrative expenses (excluding the impact of the Listing expenses, the Guojian Warrants related expenses, and the advisory fees) as a percentage of revenue is 7.5% for the year ended 31 December 2015, as compared to 6.5% for the corresponding period in 2014.

Other Expenses and Losses

The Group's other expenses and losses primarily comprised its R&D costs. For the year ended 31 December 2015, the Group's other expenses and losses amounted to approximately RMB142.7 million, as compared to approximately RMB98.2 million for the year ended 31 December 2014, representing an increase of approximately RMB44.5 million, or 45.3%. The increase was mainly due to increased R&D costs, which increased from approximately RMB96.4 million for the year ended 31 December 2014 to approximately RMB111.3 million for the year ended 31 December 2015, and the foreign exchange losses of RMB23.0 million related to the Renminbi deposited in offshore subsidiaries in 2015.

Finance Costs

For the year ended 31 December 2015, the Group's finance costs amounted to approximately RMB26.5 million, as compared to approximately RMB29.2 million for the year ended 31 December 2014, representing a decrease of approximately RMB2.6 million, or 9.0%. The decrease was mainly due to the decrease in average monthly outstanding bank borrowings during the year ended 31 December 2015 as compared to the corresponding period in 2014.

Income Tax Expense

For the year ended 31 December 2015, the Group's income tax expense amounted to approximately RMB61.6 million, as compared to approximately RMB68.5 million for the year ended 31 December 2014, representing a decrease of approximately RMB6.8 million, or 10.0%. The decrease was mainly due to the reversal of deferred tax liability. The effective tax rates for the year ended 31 December 2015 and the corresponding period in 2014 were 10.5% and 19.0%, respectively. The decrease in effective tax rate was mainly due to the increase in non-taxable income that includes, primarily, the income associated with the fair value gain of the 6.96% equity interest in Guojian previously acquired by the Group in 2014, for the year ended 31 December 2015, compared to the year ended 31 December 2014.

EBITDA and Net Profit

The normalized EBITDA is defined as the EBITDA for the period excluding: (1) the expenses associated with certain management share-based awards granted in 2013 and 2014 pursuant to certain investors rights agreement among the Company's then ultimate parent and the parent's shareholders; (2) the warrant expenses associated with the Guojian Warrants; (3) the expenses incurred in relation to the Listing; (4) the expenses incurred in relation to the Guojian acquisition; and (5) the income associated with the fair value gain of the 6.96% equity interests in Guojian previously acquired by the Group in 2014. The Group's normalized EBITDA for the year ended 31 December 2015 increased by approximately RMB215.3 million or 41.5% to approximately RMB734.1 million, as compared to the year ended 31 December 2014. Without excluding the aforementioned items, the EBITDA increased by approximately RMB261.2 million or 65.4% to approximately RMB660.7 million, as compared to the year ended 31 December 2014.

The normalized net profit is defined as the profit for the period excluding: (1) the expenses associated with certain management share-based awards granted in 2013 and 2014 pursuant to certain investors rights agreement among the Company's then ultimate parent and the parent's shareholders; (2) the warrant expenses associated with the Guojian Warrants; (3) the expenses incurred in relation to the Listing; (4) the expenses incurred in relation to the Guojian acquisition; and (5) the income associated with the fair value gain of the 6.96% equity interests in Guojian. The Group's normalized net profit for the year ended 31 December 2015 was approximately RMB599.7 million, as compared to approximately RMB411.0 million for the year ended 31 December 2014, representing an increase of approximately RMB188.7 million or 45.9%. Without excluding the aforementioned items, the net profit for the year ended 31 December 2015 was approximately RMB526.2 million, as compared to approximately RMB291.7 million for the year ended 31 December 2014, representing an increase of approximately RMB234.5 million, or 80.4%.

Certain Acquisition-related Items

Goodwill

The increase in the goodwill of the Group in 2015 was primarily attributable to the acquisition of Zhejiang Wansheng in July 2015, which resulted in the increase of goodwill of RMB330.3 million.

Available-for-sale investments

For the year ended 31 December 2015, available-for-sale investments represented the Group's investment in bank financial products, which were issued by major banks in mainland China, and certain equity investments. The decrease in available-for-sale investments was primarily attributable to the reclassification of the equity investment in Guojian of RMB231.2 million from available-for-sale investments to investment in associates.

Investment in associates

The investment in associates as presented in the consolidated statement of financial position of the Group at 31 December 2015 of approximately RMB1,729.2 million primarily represented the investment in Guojian as at 31 December 2015.

Advance payments for acquisitions

For the year ended 31 December 2015, the advance payments for acquisitions represented the advance payments for the acquisition of Guojian's equity interests.

Liquidity, Financial and Capital Resources

The Group's liquidity remained strong. For the year ended 31 December 2015, the Group's operating activities generated a net cash inflow of approximately RMB455.3 million. As at 31 December 2015, the Group's cash and cash equivalents and time deposits (including pledged time deposits) were approximately RMB1,850.4 million.

Net Current Assets/(Liabilities)

As at 31 December 2015, the Group had net current assets of approximately RMB1,990.4 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 3.6 as at 31 December 2015. The increase in net current assets was mainly due to the proceeds from the Listing received in June 2015.

Borrowing and Pledge of Assets

As at 31 December 2015, the Group had an aggregate interest-bearing bank and other borrowings of approximately RMB405.0 million, as compared to approximately RMB617.4 million as at 31 December 2014. The decrease in bank borrowings primarily reflected the repayment of loans of USD103.3 million and RMB403.0 million, which was partially offset by the new loans of RMB405.0 million borrowed by the Group primarily for acquiring Guojian's equity interests in 2015.

Within the short-term deposits, RMB30.3 million were pledged to secure bank loans as at 31 December 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 7.2% as at 31 December 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 31 December 2015, the Group had no significant contingent liabilities.

Contractual Obligations

As at 31 December 2015, the Group's operating lease commitment amounted to approximately RMB6.8 million, as compared to approximately RMB0.5 million as at 31 December 2014. The Group's capital commitment amounted to approximately RMB27.4 million as at 31 December 2015, as compared to approximately RMB39.3 million as at 31 December 2014.

Foreign Exchange and Exchange Rate Risk

The Group mainly operates in the PRC, with all material aspects of its regular business conducted in Renminbi other than in regard to: (1) the operations of Sirton; and (2) the Group's exports, which amounted to approximately RMB32.3 million, or 1.9% of the Group's revenue, for the year ended 31 December 2015. Except for the operations of Sirton, the Group's exports and the foreign currency denominated bank deposits, the Group believes that it does not have any other material direct exposure to foreign exchange fluctuations. As at 31 December 2015, the Group's foreign currency denominated bank deposits primarily comprised: (1) approximately USD135.9 million (equivalent to approximately RMB882.3 million) denominated in US dollars; and (2) approximately HKD288.3 million (equivalent to approximately RMB241.5 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 for the foreseeable period.

Future Plans for Material Investments or Capital Assets

The Group estimates that the capital expenditures will be in the range of RMB150 million to RMB200 million per year for the Group (other than Guojian), and in the range of RMB100 million to RMB150 million per year for Guojian, for the next 3 years. These expected capital expenditures will primarily be incurred for the maintenance of the existing facilities and the expansion of production capabilities. The Group expects to finance such capital expenditures through a combination of internally generated funds and bank borrowings.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2015, the Group employed a total of 2,177 employees, as compared to a total of 1,352 employees as at 31 December 2014. The staff costs, including the directors's emoluments but excluding any contributions to pension scheme, were approximately RMB317.4 million for the year ended 31 December 2015 as compared to approximately RMB276.8 million for the corresponding period in 2014. The Group's employees' remuneration package includes salary, bonus and allowance elements. The compensation programs are designed to remunerate the employees based on their performance and are measured against specified objective criteria. The Group also provides the employees with welfare benefits in accordance with applicable regulations and the Group's internal policies. The Company has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing (after deducting underwriting fees and all Listing-related expenses) amounted to approximately HKD5,036.0 million. All the net proceeds have been utilized: (1) with HKD622.0 million* in payment for the acquisition of Zhejiang Wansheng in July 2015; (2) with HKD1,631.1 million* in payment for the acquisition of further equity interest in Guojian in November 2015; and (3) with HKD2,782.9 million in payment for the acquisition of further equity interests in Guojian in January and March 2016.

For details regarding reallocation of the net proceeds of the Listing, please refer to the Company's announcement dated 26 January 2016.

FINAL DIVIDEND

The Board does not recommend any dividend for the year ended 31 December 2015.

A non-cash dividend of approximately USD19,000 (equivalent to approximately RMB119,000) by issuing shares of the Company was declared and paid on 6 February 2015 to the Company's then sole shareholder for the year ended 31 December 2015, and a dividend of approximately USD107.2 million (equivalent to approximately RMB659.0 million) was declared and paid for the year ended 31 December 2014.

CLOSURE OF REGISTER OF SHAREHOLDERS

The annual general meeting of the Company is scheduled to be held on 28 June 2016. For determining the entitlement to attend and vote at the annual general meeting, the register of shareholders of the Company will be closed from 24 June 2016 to 28 June 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 23 June 2016.

* The amount denominated in HKD was translated from RMB at the rate of HKD1=RMB0.83602 (being the central parity rate set by the People's Bank of China as at 30 March 2016) for illustration only.

CORPORATE GOVERNANCE PRACTICES

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

Except as expressly described below, the Company complied with all applicable code provisions set out in the CG Code throughout the period from the Listing Date to 31 December 2015.

Separation of the Roles of Board Chairman and Chief Executive Officer

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 separate chairman and chief executive officer. Mr. LOU Jing currently performs these two roles. The Board 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.

Number of Board and Board Committee Meetings

Pursuant to code provision A.1.1 of the CG Code, the Board is expected to meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. Only one Board meeting was held during the period from the Listing Date to 31 December 2015 which is less than one year.

Further, pursuant to the code provision A.5.2(a) of the CG Code and its terms of reference, the nomination committee should review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy. The nomination committee did not hold any meeting and therefore did not review the structure, size and composition of the Board during the period from the Listing Date to 31 December 2015 as it was of the view that the Company was only listed in June 2015 and there was no imminent reason to change the structure, size and composition of the Board.

Separately, pursuant to code provision C.3.3(e)(i) of the CG Code and its terms of reference, the audit committee must meet, at least twice a year, with the Company's auditors. The audit committee only held one meeting with the Company's auditors during the period from the Listing Date to 31 December 2015 for the purpose of discussing the Company's interim results for the six months ended 30 June 2015.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance requirements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the period from the Listing Date to 31 December 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 during the period from the Listing Date to 31 December 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 has, together with the Board, reviewed and approved the accounting standards and practices adopted by the Group and the annual results for the year ended 31 December 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.

SCOPE OF WORK OF ERNST & YOUNG

The financial information in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

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

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

The Company's 2015 annual report containing all the information required under the Listing Rules will be dispatched to the shareholders 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, 31 March 2016

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.