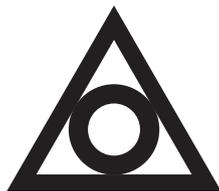


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**SINO BIOPHARMACEUTICAL LIMITED**

**中國生物製藥有限公司**

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

*Website: [www.sinobiopharm.com](http://www.sinobiopharm.com)*

**(Stock code: 1177)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH, 2015**

**FINANCIAL HIGHLIGHTS**

For the three months ended 31 March, 2015, the Group recorded the following operational results:

- Turnover was approximately HK\$3,734.36 million, an increase of approximately 28.1% over the same period last year;
- Before and after accounted for unrealized fair value losses/(gains) of equity investments at fair value through profit or loss, profit attributable to the Group was approximately HK\$401.93 million and approximately HK\$400.02 million, respectively, approximately 20.8% and approximately 19.8% higher than the same period last year, respectively;
- Based on the profit attributable to the Group before and after accounted for unrealized fair value losses/(gains) of equity investments at fair value through profit or loss, the basic earnings per share were approximately HK8.13 cents and approximately HK8.10 cents, respectively, approximately 20.8% and approximately 19.8% higher than the same period last year, respectively;
- Sales of new products accounted for approximately 28.1% of the Group's total revenue; and
- Cash and bank balances as at 31 March, 2015 was approximately HK\$4,793.13 million.

The Board of Directors (the "Directors") of the Company declared a quarterly dividend payment of HK1.5 cents per share for the three months ended 31 March, 2015.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## **CORPORATE PROFILE**

Sino Biopharmaceutical Limited (the “Company”), together with its subsidiaries (the “Group”), is an integrated pharmaceutical enterprise. Applying advanced modernized Chinese medicinal technology, the Group researches, develops, manufactures and markets a vast array of health enhancing modernized Chinese medicines and chemical medicines. The Group has also strategically entered into the related healthcare and hospital business through the acquisition of Chia Tai Shaoyang Orthopedic Hospital located in Hunan Province of the People’s Republic of China (the “PRC”) and the manufacture and sales of health food business through Tianjin Chia Tai Zhenwutang Food Co., Ltd..

The Group’s products can be grouped under the two major therapeutic categories of hepatitis and cardio-cerebral diseases. It also actively develops medicines for treating tumors, analgesia, diabetes, respiratory system diseases and other diseases to meet the increasing demands of the market, medical practitioners and patients.

### **Principal products:**

Hepatitis medicines:	Tianqingganmei (Magnesium Isoglycyrrhizinate) injections, Runzhong (Entecavir) dispersible tablets, Mingzheng (Adefovir Dipivoxil) capsules, Tianqingganping (Diammonium Glycyrrhizinate) enteric capsules, Ganlixin (Diammonium Glycyrrhizinate) injections and capsules
Cardio-cerebral medicines:	Yilunping (Irbesartan/Hydrochlorothiazide) tablets, Tuotuo (Rosuvastatin Calcium) tablets, Tianqingning (Hydroxyethylstarch 130) injections
Oncology medicines:	Zhiruo (Palonosetron Hydrochloride) injections, Saiweijian (Raltitrexed) injections, Tianqingyitai (Zolebronate Acid) injections
Anti-infectious medicines:	Tiance (Biapenem) injections
Orthopedic medicines:	New Ossified Triol capsules, Jiuli (Glucosamine Hydrochloride) tablets
Parenteral nutritious medicines:	Xinhaineng (Carbohydrate and Electrolyte) injections, Fenghaineng fructose injections
Respiratory system medicines:	Tianqingsule (Tiotropium Bromide) inhalation powder, Chia Tai Suke (Cefaclor and Bromhexine Hydrochloride) tablets
Anorectal medicines:	Getai (Diosmin) tablets

### **Products with great potential:**

Cardio-cerebral medicines:	Tianqinggan (Glycerin and Fructose) injections
Oncology medicines:	Renyi (Pamidronate Disodium) injections, Qingweike (Decitabine for injections), Geliike (Dasatinib) capsules, Shoufu (Capecitabine) tablets
Respiratory system medicines:	Zhongchang (Fudosteine) tablets
Diabetic medicines:	Taibai (Metformin Hydrochloride) sustained release tablets

The medicines which have received Good Manufacturing Practice (“GMP”) certifications issued by the State Food and Drug Administration of the PRC are in the following dosage forms: large volume injections, small volume injections, PVC-free soft bags for intravenous injections, capsules, tablets, powdered medicines and granulated medicines. The Group also received the GMP certification for health food in capsules from the Department of Health of Jiangsu Province.

Beijing Tide Pharmaceutical Co. Ltd., an associate of the Group, has obtained the renewed GMP certification for foreign pharmaceutical company from the Public Welfare and Health Ministry of Japan in December 2012. Thus, the Japanese pharmaceutical enterprises can assign the manufacturing of aseptic pharmaceutical products (products that are under research and products already launched to the domestic market within Japan) to Beijing Tide for export to Japan.

The Group’s several principal subsidiaries: Chia Tai – Tianqing Pharmaceutical Holdings Co. Ltd. (“CT Tianqing”), Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. (“NJCTT”), Beijing Chia Tai Green Continent Pharmaceutical Co. Ltd. (“CTGP”), Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. (“Jiangsu Fenghai”), Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. (“Jiangsu Qingjiang”), Qingdao Chia Tai Haier Pharmaceutical Co., Ltd. (“Qingdao Haier”), Shanghai Tongyong Pharmaceutical Co., Ltd. (“Shanghai Tongyong”) and Lianyungang Runzhong Pharmaceutical Co., Ltd. (“LYG Runzhong”) have been designated “High and New Technology Enterprises”. CT Tianqing was designated “2011 Most Valuable Investment Enterprise of the PRC Pharmaceutical Enterprises” from the PRC Pharmaceutical Industry Information Centre. In addition, NJCTT, Jiangsu Qingjiang and Jiangsu Fenghai have been designated “Engineering Technological Research Centre for treating tumors and cardio-cerebral phytochemistry injections of Jiangsu Province”, “Orthopedic Medicines Preparation Research Centre” and “Engineering Technology Research Centre for Anorectal Nutritious Medicines” by The Science and Technology Committee of Jiangsu Province, respectively.

Named by the Ministry of Personnel of the PRC as a “Postdoctoral Research and Development Institute”, the research center of CT Tianqing is also the only “New Hepatitis Medicine Research Center” in the country.

In September 2011, CT Tianqing has received the first certificate of new edition GMP (Certificate No. CN20110001) issued by the State Food and Drug Administration of the PRC for its small volume parenteral solution (injection) dosage.

The Company has been selected as a constituent of Hang Seng Composite Industry Index – Consumer Goods and Hang Seng Composite SmallCap Index with effect from 8 March, 2010.

The Company became a constituent of the MSCI Global Standard Indices’ MSCI China Index with effect from the close of trading on 31 May, 2013.

The Group’s website: <http://www.sinobiopharm.com>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the period under review, growth of the PRC's Gross Domestic Product in the first quarter of 2015 has reduced to 7% year-on-year, being the lowest level since the first quarter of 2009. With the thorough structural adjustment of the PRC economy, the recently implemented medical insurance premium requirements, no margin sale of medicines enforced by basic hospitals and the launch of tendering policies in various provinces with aim of achieving price reductions on pharmaceuticals have presented greater challenges on the operations of the pharmaceutical industry. Facing the slowdown trend of the pharmaceutical industry growth, the Group has undergone comprehensive research and has actively explored new sales mode and adopted differentiated academic marketing strategies, enabling it to maintain stable growth in its results. Meanwhile, the Group has strengthened its research and development ("R&D") efforts on innovative products, enhanced its product quality management and identified R&D projects to create new medicines and forged strategic partnerships around the world in order to consolidate the dominant position of the products within our therapeutic areas. Moreover, the Group has also closely monitored governmental policies related to the provision of medical services through the internet medical treatment, diagnostic equipment and the establishment of pharmaceutical enterprises, aimed to seek potential investment opportunities in the industry and formulate future growth strategies.

The Group recorded turnover of approximately HK\$3,734.36 million during the period under review, an increase of approximately 28.1% against the same period last year. Before and after accounted for unrealized fair value losses/(gains) of equity investments at fair value through profit or loss, profit attributable to the Group was approximately HK\$401.93 million and approximately HK\$400.02 million, respectively, approximately 20.8% and approximately 19.8% higher than in the same period last year, respectively. Based on the profit attributable to the Group before and after accounted for unrealized fair value losses/(gains) of equity investments at fair value through profit or loss, the basic earnings per share were approximately HK8.13 cents and approximately HK8.10 cents, respectively, approximately 20.8% and approximately 19.8% higher than in the same period last year, respectively. Cash and bank balances totaled approximately HK\$4,793.13 million.

The Group continued to focus on developing specialized medicines where its strengths lie so as to build up its brand as a specialty medicine enterprise. Leveraging on its existing medicine series for treating hepatitis and cardio-cerebral diseases, the Group also actively developed oncology medicines, analgesic medicines, anti-infectious medicines, orthopedic medicines, parenteral nutritious medicines, respiratory system medicines, anorectal medicines and diabetic medicines, etc.

## *Hepatitis medicines*

For the three months ended 31 March, 2015, the sales of hepatitis medicines amounted to approximately HK\$1,825.97 million, representing approximately 48.9% of the Group's turnover.

CT Tianqing mainly produces two categories of hepatitis medicines that can protect the liver while lowering enzyme levels and combating hepatitis virus. Ganlixin injections and capsules made with ingredients extracted from Licorice are the number 1 hepatitis medicine brand in the PRC. For the three months ended 31 March, 2015, its sales amounted to approximately HK\$48.16 million, an increase of approximately 9.6% against the same period last year. After the protection period of the product expired, many replicas have emerged into the market, resulting in intensified competition. The Group thus developed Tianqingganping enteric capsules with better therapeutic effect than Ganlixin capsules and its intellectual property right being protected. Sales of the medicine continued to increase to approximately HK\$124.92 million in the period, representing a growth of approximately 24.2% when compared with the same period last year. In 2005, CT Tianqing launched the patented medicine Tianqingganmei injections, which was made with Isoglycyrrhizinate separated from Licorice. During the period under review, the product has bright prospects and recorded the sales of approximately HK\$541.46 million, an increase of approximately 17.9% against the same period last year. The Group believes that medicine series made with ingredients extracted from Licorice will help to maintain CT Tianqing's leadership in the market for medicines protecting the liver and lowering enzyme levels.

The Group launched a patented hepatitis medicine called Mingzheng capsules in 2006. As a first-tier synthetic drug for combating hepatitis virus in the international market, the product has been well received by the market since launched with sales increasing rapidly. Mingzheng capsules have become another blockbuster product for combating hepatitis virus. For the three months ended 31 March, 2015, its sales amounted to approximately HK\$224.45 million, a slight increase of approximately 4.2% against the same period last year.

CT Tianqing's self-developed new medicine for hepatitis B, Runzhong (Entecavir) dispersible tablet, has obtained the new product approval certificate and production approval in February 2010, making CT Tianqing the first pharmaceutical manufacturer to gain the approval for this product in the PRC. The product was launched to the market since March 2010. For the three months ended 31 March, 2015, the sales amounted to approximately HK\$830.10 million, an increase of approximately 45.2% against the same period last year. Runzhong dispersible tablet is the latest generation of guanine nucleoside analogue oral medicine used mainly for the treatment of hepatitis B. It inhibits viral replication and has lower risk of triggering the emergence of medicine-resistant virus. After Entecavir was launched in 2005, the medicine recorded strong sales growth around the world as one of the most efficacious hepatitis B medicines.

### ***Cardio-cerebral medicines***

For the three months ended 31 March, 2015, after accounted for certain pharmaceutical products not being consolidated but under the management of the Group, the sales of cardio-cerebral medicines amounted to approximately HK\$819.56 million, representing approximately 18.2% of the non-General Acceptable Accounting Practice (“GAAP”) adjusted enlarged turnover of the Group. The consolidated sales of cardio-cerebral medicines of the Group amounted to approximately HK\$378.18 million, representing approximately 10.1% of the Group’s turnover.

NJCTT’s Tianqingning injections is a plasma-volume expander for patients with blood volume deficiencies. As this product can be used as plasma for all blood types, it has huge market potential. For the three months ended 31 March, 2015, the product recorded the sales of approximately HK\$49.26 million. The sales of another pharmaceutical product, Yilunping tablets, amounted to approximately HK\$160.44 million for the three months ended 31 March, 2015, an increase of approximately 22.5% when compared with the same period last year. For the three months ended 31 March, 2015, the sales of Tuotuo calcium tablets amounted to approximately HK\$125 million, an increase of approximately 60.4% when compared with the same period last year.

Kaishi injections works on the Drug Delivery System (DDS) theory to improve cardio-cerebral micro-circulation blockage. It is the first micro-sphere target sustained release medicine in the PRC. The proprietary pharmaceutical technology used by the Group enhances the product to have more apparent effect than similar products in the market, which was awarded GMP medicine certification by the Public Welfare and Health Ministry of Japan in February 2008. For the three months ended 31 March, 2015, the sales of Kaishi injections amounted to approximately HK\$375.68 million.

### ***Oncology medicines***

For the three months ended 31 March, 2015, the sales of oncology medicines amounted to approximately HK\$363.45 million, representing approximately 9.7% of the Group’s turnover.

Oncology medicines are mainly manufactured by CT Tianqing and NJCTT. For the three months ended 31 March, 2015, sales of Zhiruo injections amounted to approximately HK\$83.27 million, an increase of approximately 32.4% as compared with the same period last year. The sales of Saiweijian injections amounted to approximately HK\$70.49 million during the reviewing period, an increase of approximately 35.4% as compared with the same period last year. For the three months ended 31 March, 2015, the sales of a new product, Qingweike injections, amounted to approximately HK\$29.94 million, an increase of 57.4% as compared with the same period last year. Shoufu tablets was launched in February 2014. For the three months ended 31 March, 2015, its sales amounted to approximately HK\$24.32 million, a significant increase of approximately 198.9% as compared with the same period last year.

### ***Analgesic medicines***

For the three months ended 31 March, 2015, after accounted for certain pharmaceutical products not being consolidated but under the management of the Group, the sales of analgesic medicines amounted to approximately HK\$322.18 million, representing approximately 7.2% of the non-GAAP adjusted enlarged turnover of the Group.

Launched in 2005, the analgesic medicine Kaifen injections is a Flurbiprofen Axetil microsphere target sustained release analgesic injection produced based on the DDS theory and enabled by advanced target technology. The product is famous for strong pain relieving effect with minimal side effects and has been well received by medical practitioners and patients since launched. The sales of the product for the three months ended 31 March, 2015 amounted to approximately HK\$274.94 million, approximately 24.4% higher than that as compared with the same period last year.

### ***Anti-infectious medicines***

For the three months ended 31 March, 2015, the sales of anti-infectious medicines amounted to approximately HK\$240.24 million, representing approximately 6.4% of the Group's turnover.

The main product of anti-infectious medicines is Tiance injections. For the three months ended 31 March, 2015, the sales amounted to approximately HK\$204.28 million, approximately 34.8% higher than that as compared with the same period last year.

### ***Orthopedic medicines***

For the three months ended 31 March, 2015, the sales of orthopedic medicines amounted to approximately HK\$240.15 million, representing approximately 6.4% of the Group's turnover.

The main product of orthopedic medicines is namely the new ossified triol capsules. For the three months ended 31 March, 2015, the sales amounted to approximately HK\$178.14 million, rose by approximately 7.4% as compared with same period last year. For the three months ended 31 March, 2015, the sales of another product, Jiuli tablets, amounted to approximately HK\$43.86 million, a remarkable increase of approximately 124.3% as compared with the same period last year.

### ***Parenteral nutritious medicines***

For the three months ended 31 March, 2015, the sales of parenteral medicines amounted to approximately HK\$198.24 million, representing approximately 5.3% of the Group's turnover.

The main product of parenteral nutritious medicines is Xinhaineng injections. For the three months ended 31 March, 2015, the sales amounted to approximately HK\$140.29 million, an increase by approximately 13% as compared with the same period last year. For the three months ended 31 March, 2015, the sales of Fenghaineng fructose injections amounted to approximately HK\$55.67 million, a slight increase of approximately 2.2% as compared with the same period last year.

### ***Respiratory system medicines***

For the three months ended 31 March, 2015, the sales of respiratory medicines amounted to approximately HK\$133.04 million, representing approximately 3.6% of the Group's turnover.

The main product of respiratory system medicines is Tianqingsule inhalation powder. For the three months ended 31 March, 2015, the sales amounted to approximately HK\$81.94 million, an increase by approximately 62.9% as compared with the same period last year. For the three months ended 31 March, 2015, the sales of another pharmaceutical product, Chia Tai Suke tablets, was very outstanding and amounted to approximately HK\$33.95 million, an increase of approximately 44.7% as compared with the same period last year.

### ***Anorectal medicines***

For the three months ended 31 March, 2015, the sales of anorectal medicines amounted to approximately HK\$63.67 million, representing approximately 1.7% of the Group's turnover.

The main product of anorectal medicines is Getai tablets. For the three months ended 31 March, 2015, the sales amounted to approximately HK\$44.84 million.

### ***Diabetic medicines***

For the three months ended 31 March, 2015, the sales of diabetic medicines amounted to approximately HK\$23.48 million, representing approximately 0.6% of the Group's turnover.

The main diabetic medicine of the Group, Taibai sustained release tablets, which is used for lowering blood sugar level, was developed and manufactured by CT Tianqing. There are more than 90 million diabetics in the PRC and the Metformin Hydrochloride has been identified as a first-tier medicine for lowering blood sugar level. As Taibai sustained release tablets has sustained release capability, it can stabilize a patient's blood sugar level. For the three months ended 31 March, 2015, the sales of the product have amounted to approximately HK\$19.21 million, an increase by approximately 24.2% as compared with the same period last year.

### **R&D**

The Group has continued to focus its R&D efforts on new cardio-cerebral, hepatitis, oncology, analgesia and respiratory system medicines. During the period under review, the Group obtained 3 clinical approvals, 2 production applications after clinical completion, 16 new clinical applications and 9 filed productions. Moreover, a total of 268 pharmaceutical products had completed clinical research, or were under clinical trial or applying for production approval. Out of these, 36 were for cardio-cerebral medicines, 15 hepatitis medicines, 102 for oncology medicines, 16 for respiratory system medicines, 18 for diabetic medicines and 81 for other medicines.

Over the years, the Group has been placing high importance on the development of proprietary innovative medicines and generic drugs by itself, as well as through collaboration and imitation, to both raise R&D standards and efficiency. In light of the fact that R&D continues to be the lifeblood of its development, the Group continues to devote into more resources. For the three months ended 31 March, 2015, it invested approximately HK\$451.29 million in R&D, which accounted for approximately 12.1% of turnover.

The Group also places major emphasis on the protection of intellectual property rights. It encourages its enterprises to apply for patent applications as a means to enhance the Group's core competitiveness. During the period under review, the Group has received 17 new patent applications (all of which were invention patents), received 10 patent license notices (in which 6 were invention patents, 2 was utility model approval and 2 were apparel design patents). Altogether, the Group has obtained 400 invention patent approvals, 6 utility model patent approvals and 52 apparel design patent approvals.

## **INVESTOR RELATIONS**

The Group is dedicated to maintaining high standards of corporate governance to ensure its sustainable long-term development. During the period under review, the Group has maintained effective communications with investors via various channels. These communications have facilitated local and overseas investors' understanding of the Group's business and its latest business developments. The Group also understands the importance of good investor relations to corporate management, hence, efforts have also been undertaken to solicit opinions and to obtain pertinent information through regular investor meetings in order to further upgrade its corporate governance standards.

During the period under review, the Group has proactively lobbied with a number of initiatives to deliver the latest business information to investors in a timely manner. It has participated in "33rd Annual J.P. Morgan Healthcare Conference" in US. Moreover, the Group has arranged factory site visits, teleconferences and one-on-one meetings with international and local institutional investors. Altogether, these investor relations events have facilitated more than 50 potential investors to increase their knowledge about the Group's latest development and operations, thereby solidifying the confidence of shareholders, investors and customers in the Group's business.

In addition, the Group posts its annual and interim reports, and issues quarterly, interim and annual results announcements, disclosures and circulars on its corporate website as well as on the website of Hong Kong Exchanges and Clearing Limited. The Group also issues corporate announcements in a timely manner to inform shareholders and investors about its latest developments, further facilitating a high degree of transparency.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the Directors, the Company had complied with all the Code Provisions set out in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the three months ended 31 March, 2015.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 of the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors, it was confirmed that all Directors have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group’s liquidity remains strong. During the period under review, the Group’s primary source of funds was cash derived from operating activities and fully drawdown of a syndicated loan pursuant to the facility agreement entered in December, 2013. As at 31 March, 2015, the Group’s cash and bank balances was approximately HK\$4,793.13 million (31 December, 2014: approximately HK\$4,468.33 million).

## **CAPITAL STRUCTURE**

As at 31 March, 2015, the Group had short term loans of approximately HK\$220.07 million (31 December, 2014: approximately HK\$435.19 million) and had long term loans of approximately HK\$1,624.72 million (31 December, 2014: approximately HK\$1,288.60 million).

## **CHARGE ON ASSETS**

As at 31 March, 2015, the Group had the charge on assets of approximately HK\$545 million (31 December, 2014: approximately HK\$52.08 million).

## **CONTINGENT LIABILITIES**

As at 31 March, 2015, the Group and the Company had no material contingent liabilities (31 December, 2014: Nil).

## **ASSETS AND GEARING RATIO**

As at 31 March, 2015, the total assets of the Group amounted to approximately HK\$15,452.46 million (31 December, 2014: approximately HK\$14,163.94 million) whereas the total liabilities amounted to approximately HK\$6,223.20 million (31 December, 2014: approximately HK\$5,345.65 million). The gearing ratio (total liabilities over total assets) was approximately 40.3% (31 December, 2013: approximately 37.7%).

## **EMPLOYEE AND REMUNERATION POLICIES**

The Group remunerates its employees based on their performance, experience and the prevailing market rates. Other employee benefits include mandatory provident fund, insurance and medical coverage, subsidized training programmes as well as a share option scheme. Total staff cost (including Directors' remuneration) for the period was approximately HK\$301,480,000 (2014: approximately HK\$231,271,000).

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

Most of the assets and liabilities of the Group were denominated in Renminbi, US dollars and HK dollars. In the PRC, foreign investment enterprises are authorized to convert Renminbi to foreign currency in respect of current account items (including payment of dividend and profit to the foreign joint venture partner). The exchange rate of HK dollars and US dollars is pegged under the fixed linked system over a long period of time. The Directors consider that the Group is not significantly exposed to foreign currency risk and no hedging or other alternatives have been implemented.

## **PROSPECTS**

The year 2015 is a planning year for the 13th Five-Year Plan as well as a critical year for medical reform in the PRC. The structure of the drivers of PRC economic growth is expected to render dramatic changes during the year. As the macro economy enters into a fresh normal phase with continuous slowdown in overall growth, a new growth model, represented by modern services and high-end manufacturing industries, is emerging. With gradual implementation of new policies on the establishment of pharmaceutical enterprises and relaxation of restrictions on multi-site practice by physicians, leading enterprises with a solid foundation in medical services may achieve greater scope for development beyond the manufacturing sector. Meanwhile, the ageing population and environmental pollution problems have led to increasing rigid demand for the pharmaceutical and healthcare industries. Supportive state policies on the pharmaceutical industry will also present valuable development opportunities for enterprises with reliable R&D and innovation strength, and also for those which have obtained the GMP certification and are able to deliver the products with quality assurance. Moreover, against the backdrop of the inclusion of "Internet Plus" in the national development strategy, the Internet would propel the development of the pharmaceutical industry featured by the steady growth to a high increasing period.

## **APPRECIATION**

On behalf of the Board, I would like to express my gratitude to our shareholders for their trust, support and understanding, as well as to all staff for their dedication and diligence.

## RESULTS

The Board announces the unaudited consolidated results of the Group for the three months ended 31 March, 2015 together with the comparative consolidated results for 2014 as follows:

### Consolidated Statement of Profit or Loss

		For the three months ended 31 March,	
	Notes	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>REVENUE</b>	3	<b>3,734,355</b>	2,915,816
Cost of sales		<b>(810,555)</b>	(627,309)
Gross profit		<b>2,923,800</b>	2,288,507
Other income and gains	3	<b>49,085</b>	77,741
Selling and distribution costs		<b>(1,522,077)</b>	(1,263,238)
Administrative expenses		<b>(385,644)</b>	(243,876)
Other expenses		<b>(519,315)</b>	(408,106)
Finance cost	4	<b>(14,276)</b>	(3,850)
Share of profits and losses of associates		<b>85,576</b>	74,140
<b>PROFIT BEFORE TAX</b>	5	<b>617,149</b>	521,318
Income tax expense	6	<b>(123,970)</b>	(104,501)
<b>PROFIT FOR THE PERIOD</b>		<b>493,179</b>	416,817
Profit attributable to:			
Owners of the parent		<b>400,015</b>	333,918
Non-controlling interests		<b>93,164</b>	82,899
		<b>493,179</b>	416,817
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
— Basic and diluted		<b>HK8.10 cents</b>	HK6.76 cents

Details of the dividends payable and declared for the period are disclosed in note 7 to the financial statements.

## Consolidated Statement of Comprehensive Income

	<b>For the three months ended 31 March,</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>PROFIT FOR THE PERIOD</b>	<b>493,179</b>	<b>416,817</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>12,320</u>	<u>(155,354)</u>
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	<b>12,320</b>	<b>(155,354)</b>
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Reversal of available-for-sale investment revaluation	<u>(1,206)</u>	<u>—</u>
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	<u>(1,206)</u>	<u>—</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>11,114</b>	<b>(155,354)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>504,293</b>	<b>261,463</b>
Attributable to:		
Owners of the parent	<u>408,757</u>	<u>209,293</u>
Non-controlling interests	<u>95,536</u>	<u>52,170</u>
	<b>504,293</b>	<b>261,463</b>

## Consolidated Statement of Financial Position

	<i>Notes</i>	<b>31 March, 2015 HK\$'000 (Unaudited)</b>	31 December, 2014 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,385,076	2,340,180
Investment properties		516,002	—
Prepaid land lease payments		348,901	339,351
Goodwill		110,853	110,850
Other intangible assets		169,876	162,233
Investments in associates		1,442,376	1,361,421
Available-for-sale investments		1,035,283	425,563
Deferred tax assets		107,907	107,927
Long term prepayments		554,246	1,135,890
Total non-current assets		<u>6,670,520</u>	<u>5,983,415</u>
<b>CURRENT ASSETS</b>			
Inventories		864,382	901,625
Trade and bill receivables		2,003,021	1,889,661
Prepayments, deposits and other receivables		562,105	373,186
Due from related companies		18,522	18,050
Equity investments at fair value through profit or loss		540,779	529,671
Cash and bank balances	9	4,793,134	4,468,333
Total current assets		<u>8,781,943</u>	<u>8,180,526</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		821,185	775,241
Tax payable		108,191	172,820
Other payables and accruals		3,177,532	2,444,065
Interest-bearing bank borrowings		220,070	435,187
Due to related companies		54,638	33,959
Total current liabilities		<u>4,381,616</u>	<u>3,861,272</u>
<b>NET CURRENT ASSETS</b>		<u>4,400,327</u>	<u>4,319,254</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,070,847</u>	<u>10,302,669</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred government grants		123,887	119,050
Interest-bearing bank borrowings		1,624,719	1,288,597
Deferred tax liabilities		92,976	76,726
Total non-current liabilities		<u>1,841,582</u>	<u>1,484,373</u>
Net assets		<u>9,229,265</u>	<u>8,818,296</u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Issued capital	10	123,536	123,536
Reserves		6,821,741	6,412,984
Proposed final dividend		—	74,122
		<u>6,945,277</u>	<u>6,610,642</u>
Non-controlling interests		2,283,988	2,207,654
Total equity		<u>9,229,265</u>	<u>8,818,296</u>

*Notes:*

**1. BASIS OF PREPARATION**

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for certain buildings classified as property, plant and equipment and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited consolidated financial information should be read in conjunction with the 2014 annual financial statements.

The accounting policies and methods of computation used in the preparation of this unaudited consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December, 2014.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March, 2015. 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.

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.

## 2. OPERATING SEGMENT INFORMATION

The management considers the business from products/services perspective. The three reportable segments are as follows:

- (a) the modernized Chinese medicines and chemical medicines segment comprises the manufacture, sale and distribution of the modernized Chinese medicine products and chemical medicine products;
- (b) the investment segment is engaged in long term and short term investments; and
- (c) the other segment comprises, principally, (i) the Group's R&D sector which provides services to third-party; and (ii) related healthcare and hospital business.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

Segment assets exclude deferred tax assets and investments in associates as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

The segment results for the three months ended 31 March, 2015

	<b>Modernized Chinese medicines and chemical medicines HK\$'000</b>	<b>Investment HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue:</b>				
Sales to external customers	<u>3,618,630</u>	—	<u>115,725</u>	<u>3,734,355</u>
<b>Segment results</b>	<u>597,604</u>	<u>(10,462)</u>	<u>8,454</u>	<u>595,596</u>
<i>Reconciliation:</i>				
Interest and unallocated gains				34,125
Share of profits and losses of associates				85,576
Unallocated expenses				<u>(98,148)</u>
Profit before tax				617,149
Income tax expense				<u>(123,970)</u>
Profit for the period				<u>493,179</u>
<b>Assets and liabilities</b>				
Segment assets	10,325,718	2,550,687	1,025,775	13,902,180
<i>Reconciliation:</i>				
Investments in associates				1,442,376
Other unallocated assets				<u>107,907</u>
<b>Total assets</b>				<u>15,452,463</u>
Segment liabilities	4,016,091	1,802,757	203,183	6,022,031
<i>Reconciliation:</i>				
Other unallocated liabilities				<u>201,167</u>
<b>Total liabilities</b>				<u>6,223,198</u>
<b>Other segment information:</b>				
Depreciation and amortisation	<u>64,665</u>	<u>6,129</u>	<u>4,792</u>	<u>75,586</u>
Capital expenditure	<u>130,660</u>	—	<u>2,888</u>	<u>133,548</u>
Other non-cash expenses	<u>18</u>	—	—	<u>18</u>

The segment results for the three months ended 31 March, 2014

	Modernized Chinese medicines and chemical medicines <i>HK\$'000</i>	Investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	2,847,590	—	68,226	2,915,816
<b>Segment results</b>	479,458	(6,192)	17,460	490,726
<i>Reconciliation:</i>				
Interest and unallocated gains				18,957
Share of profits and losses of associates				74,140
Unallocated expenses				(62,505)
Profit before tax				521,318
Income tax expense				(104,501)
Profit for the period				416,817
<b>Assets and liabilities</b>				
Segment assets	7,702,509	1,664,586	338,564	9,705,659
<i>Reconciliation:</i>				
Investments in associates				1,209,972
Other unallocated assets				117,694
<b>Total assets</b>				11,033,325
Segment liabilities	2,966,400	370,637	89,010	3,426,047
<i>Reconciliation:</i>				
Other unallocated liabilities				195,779
<b>Total liabilities</b>				3,621,826
<b>Other segment information:</b>				
Depreciation and amortisation	51,495	354	4,404	56,253
Capital expenditure	72,882	40	1,582	74,504
Other non-cash expenses	138	—	5	143

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's non-current assets other than available-for-sale investments and deferred tax assets are based in Mainland China.

No information about a major customer is presented as no single customer contributes to over 10% of the Group's revenue for the three months ended 31 March, 2015 and 2014.

### 3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is 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:

	<b>For the three months ended 31 March,</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>		
Sale of goods	<u>3,734,355</u>	<u>2,915,816</u>
<b>Other income and gains</b>		
Bank interest income	34,125	18,957
Government grants	4,570	32,942
Sale of scrap materials	887	1,567
Others	<u>9,503</u>	<u>24,275</u>
	<u>49,085</u>	<u>77,741</u>

### 4. FINANCE COST

	<b>For the three months ended 31 March,</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on bank borrowings wholly repayable within five years	<u>14,276</u>	<u>3,850</u>

## 5. PROFIT BEFORE TAX

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

	For the three months ended 31 March,	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Cost of sales	810,555	627,309
Depreciation	73,354	54,659
Recognition of prepaid land lease payments	326	326
Amortization of other intangible assets	1,906	1,268
Research and development costs	451,289	335,811
Bank interest income	(34,125)	(18,957)
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss – held for trading	1,918	(1,268)
Minimum lease payments under operating leases:		
Land and buildings	4,524	3,836
Auditors' remuneration	1,199	1,037
Staff cost (including directors' remuneration)		
Wages and salaries	249,666	190,263
Pension contributions	51,814	41,008
	<u>301,480</u>	<u>231,271</u>
Accrual of impairment loss of trade receivables	66,090	57,619
Foreign exchange differences, net	17,845	(1,432)

## 6. INCOME TAX

	For the three months ended 31 March,	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Group:		
Current – Hong Kong	—	—
Current – Mainland China income tax	107,733	89,084
Deferred tax	16,237	15,417
	<u>123,970</u>	<u>104,501</u>
Total tax charge for the period	<u><u>123,970</u></u>	<u><u>104,501</u></u>

Hong Kong profits tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

During the three months ended 31 March, 2015, CT Tianqing, NJCTT, Jiangsu Fenghai, Jiangsu Qingjiang, Qingdao Haier, Shanghai Tongyong, LYG Runzhong and CTGP were subject to a corporate income tax rate of 15% because they are qualified as a “High and New Technology Enterprise”.

Other than the above mentioned entities, the other entities located in the PRC are subject to a corporate income tax rate of 25% in 2015.

## 7. DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared a quarterly dividend of HK1.5 cents per ordinary share for the three months ended 31 March, 2015 (2014: HK1.5 cents). The dividend will be paid to shareholders on Friday, 3 July, 2015 whose names appear on the Register of Members of the Company on Wednesday, 24 June, 2015. For the purpose of determining shareholders who are qualified for the first quarterly dividend, the register of members of the Company will be closed from Tuesday, 23 June, 2015 to Wednesday, 24 June, 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the first quarterly dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:00 p.m. on Monday, 22 June, 2015.

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

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent for the period of approximately HK\$400,015,000 (2014: approximately HK\$333,918,000), and the weighted average number of ordinary shares of 4,941,461,473 (2014: 4,941,461,473) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during these two periods.

## 9. CASH AND BANK BALANCES

	<b>31 March, 2015 HK\$’000 (Unaudited)</b>	31 December, 2014 HK\$’000 (Audited)
Cash and bank balances, unrestricted	<b>1,300,203</b>	1,362,227
Time deposits with original maturity of less than three months	<b>2,006,268</b>	1,805,003
Time deposits with original maturity of more than three months	<b>1,486,663</b>	1,301,103
	<b><u>4,793,134</u></b>	<u>4,468,333</u>

## 10. SHARE CAPITAL

	<b>31 March, 2015 HK\$'000 (Unaudited)</b>	31 December, 2014 HK\$'000 (Audited)
<b>Authorised:</b>		
8,000,000,000 ordinary shares of HK\$0.025 each (2014: 8,000,000,000 ordinary shares of HK\$0.025 each)	<b><u>200,000</u></b>	<b><u>200,000</u></b>
<b>Issued and fully paid:</b>		
4,941,461,473 ordinary shares of HK\$0.025 each (2014: 4,941,461,473 ordinary shares of HK\$0.025 each)	<b><u>123,536</u></b>	<b><u>123,536</u></b>

## INDEPENDENT NON-EXECUTIVE DIRECTORS, AUDIT COMMITTEE AND REVIEW OF RESULTS

The Group has complied with Rules 3.10 and 3.10(A) of the Listing Rules relating to the appointment of a sufficient number of the INEDs and at least an INED with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed four INEDs including two with financial management expertise, details of their biographies had been set out in the 2014 Annual Report of the Company.

The Audit Committee is comprised of three INEDs. It has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited consolidated financial statements of the Company for the three months ended 31 March, 2015.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the period from 1 January, 2015 to 31 March, 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board  
**Sino Biopharmaceutical Limited**  
**Tse Ping**  
*Chairman*

PRC, 12 May, 2015

*As at the date of this announcement, the Board of the Company comprises seven Executive Directors, namely Mr. Tse Ping, Mr. Xu Xiaoyang, Ms. Cheng Cheung Ling, Mr. Tse Hsin, Mr. Wang Shanchun, Mr. Tian Zhoushan and Ms. Li Mingqin and four Independent Non-Executive Directors, namely Mr. Lu Zhengfei, Mr. Li Dakui, Ms. Lu Hong and Mr. Zhang Lu Fu.*