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
(Stock code: 1177)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH, 2018

FINANCIAL HIGHLIGHTS

For the three months ended 31 March, 2018, the Group recorded the following unaudited operational results:

– Revenue was approximately RMB4,652.61 million, an increase of approximately 20.4% over the same period last year;

– Profit attributable to the owners of the parent was approximately RMB771.10 million, approximately 33.2% higher than that of the same period last year;

– The basic earnings per share attributable to the owners of the parent were approximately RMB9.94 cents, approximately 27.3% higher than that of the same period last year;

– Before accounted for unrealized fair value gains and losses of equity investments and financial assets, profit attributable to the owners of the parent was approximately RMB798.01 million, approximately 39.9% higher than that of same period last year;

– Before accounted for unrealized fair value gains and losses of equity investments and financial assets, the basic earnings per share attributable to the owners of the parent were approximately RMB10.28 cents, approximately 33.5% higher than that of the same period last year;

– Sales of new products accounted for approximately 14.7% of the Group's total revenue; and

– Cash and bank balances as at 31 March, 2018 was approximately RMB5,044.58 million.

The board of directors (the "Board") of the Company has declared the payment of a first quarterly dividend of HK2 cents per share for the three months ended 31 March, 2018.

CORPORATE PROFILE

Sino Biopharmaceutical Limited (the "Company"), together with its subsidiaries (the "Group"), is a leading and innovation driven pharmaceutical corporation in the People's Republic of China ("China" or "PRC"). Our business encompasses a fully integrated chain which spans from research and developments ("R&D") to manufacture and sales of pharmaceutical products. The Group's products have gained a competitive foothold in various therapeutic categories with promising potentials, covering a vast array of biopharmaceutical, chemical and modernized Chinese medicines for treating liver disease, tumours, cardio-cerebral diseases, analgesia, respiratory system diseases and orthopedic diseases. In order to enhance our sustainable competitiveness, the Group attaches great importance to R&D breakthroughs and is positioned as an industry leader in terms of R&D expenditures and product innovation. The Group also actively establishes and extends co-operations with leading domestic and overseas pharmaceutical institutes and enterprises, with a view to bringing about commercialization of world-frontier R&D efforts for the benefit of mankind. To take advantage of the development in technology and policy changes and capitalize on opportunities arising from extension of our principal business, the Group adopts a comprehensive strategic layout of development in the greater healthcare segment. Meanwhile, the Group actively explores ways to utilize new technologies in Big Data, Artificial Intelligence and Financial Technology to continuously enhance the efficiency of our management, R&D, manufacturing and sales activities.

Principal products:

Hepatitis medicines:	Runzhong (Entecavir) dispersible tablets, Tianqingganmei (Magnesium Isoglycyrrhizinate) injections, Tianqingganping (Diammonium Glycyrrhizinate) enteric capsules, Tianding (Entecavir Maleate) tablets, Mingzheng (Adefovir Dipivoxil) capsules, Ganlixin (Diammonium Glycyrrhizinate) injections and capsules
Cardio-cerebral medicines:	Kaishi (Alprostadil) injections, Yilunping (Irbesartan/Hydrochlorothiazide) tablets, Tuotuo (Rosuvastatin Calcium) tablets, Tianqingning (Hydroxyethylstarch 130) injections, Beraprost Sodium tablets
Oncology medicines:	Saiweijian (Raltitrexed) injections, Zhiruo (Palonosetron Hydrochloride) injections, Tianqingyitai (Zoledronic Acid) injections, Gelike (Imatinib Mesylate) capsules, Qingweike (Decitabine for injections), Shoufu (Capecitabine) tablets, Yinishu (Dasatinib) tablets
Analgesic medicines:	Kaifen (Flurbiprofen Axetil) injections, Flurbiprofen Cataplasms
Orthopedic medicines:	New Ossified Triol capsules, Jiuli (Glucosamine Hydrochloride) tablets
Anti-infectious medicines:	Tiance (Biapenem) injections, Tianjie (Tigecycline for injections)
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:	Aisuping (Esomeprazole Sodium) injections, Getai (Diosmin) tablets

Products with great potential:

Hepatitis medicines:	Ganze (Entecavir) capsules, Tenofovir Disoproxil Fumarate tablets
Cardio-cerebral medicines:	Tianqingganan (Glycerin and Fructose) injections, Yifanli Xylitol injections
Oncology medicines:	Renyi (Pamidronate Disodium) injections
Orthopedic medicines:	Yigu (Zoledronic Acid) injections
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.

The Group's several principal subsidiaries: Chia Tai – Tianqing Pharmaceutical Holdings Co. Ltd. ("CT Tianqing"), Beijing Tide Pharmaceutical Co. Ltd. ("Beijing Tide"), Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. ("NJCTT"), Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. ("Jiangsu CT Fenghai"), Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. ("Jiangsu CT Qingjiang"), Qingdao Chia Tai Haier Pharmaceutical Co., Ltd. ("Qingdao CT") 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 CT Qingjiang and Jiangsu CT Fenghai have been designated "Engineering Technological Research Centre for treating tumors and cardio-cerebral phytochemistry injections of Jiangsu Province", "Orthopedic Medicines Engineering Technological Research Centre" and "Engineering Technological Research Centre for Parenteral 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.

Beijing Tide has obtained the renewed GMP certification for foreign pharmaceutical company from the Public Welfare and Health Ministry of Japan in December 2012. 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.

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 (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 has become a constituent of the MSCI Global Standard Indices' MSCI China Index with effect from the close of trading on 31 May, 2013.

The Company has been included on Forbes Asia's "Fabulous 50" list for 2016 among Asia Pacific's biggest publicly-traded companies on 25 August, 2016.

The Company has been ranked as "2017 Asia's Fab 50 Companies" by Forbes Asia on 23 August, 2017.

In December 2017, Tenofovir Disoproxil Fumarate tablet is the first generic drug in the PRC that has completed the bioequivalence study according to the "Consistency of Quality and Efficacy Evaluation for Generic Drugs" ("Consistency Evaluation") standard. The Group became the first enterprise which passed the Consistency Evaluation.

In January 2018, Tuotuo tablet has become the only drug that was approved in the Consistency Evaluation among a whole variety of drugs within Jiangsu Province and was the first of the same kind of drugs in the PRC.

In May 2018, a new chemical Category 1 drug of antitumor – Anlotinib Hydrochloride capsule has obtained the approval for drug registration granted by State Food and Drug Administration of the PRC.

The Group's website: http://www.sinobiopharm.com

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

During the period under review, the global economy maintained faster growth driven mainly by the strong growth of key economies. However, the escalation of protectionism and trade disputes brought higher risks and uncertainties. In the PRC, transformation and upgrade of the country's economic structure continued, and stable growth was registered with GDP up by 6.8% year-on-year. The "two-invoice" system implemented by the government targeting the pharmaceutical industry has speeded up consolidation of the medicine circulation sector, and with authorities in different regions embarking on new rounds of tender, control over medical insurance reimbursement and requiring hospitals to cap the percentage of revenue from drugs in their total revenues, the pressure on sub-standard manufacturers of generic drugs has increased. In addition, the Two Sessions (NPC and CPPCC) have affirmed that enhancing the accessibility and affordability of medical treatments and pharmaceutical services, and improvements on patient experience as well as the quality of services and product supply shall continue to be the main future objectives of the country's healthcare reform. The industry has shown signs of growth with policies promising to remain stable boosting player confidence.

Business Review

Major achievements and honors received in the quarter:

- Obtained 10 clinical approvals for Category 1.1 new drug;

- Effective academic marketing for new digestive medicine Aisuping contributed to consistent strong sales growth;

- On top of Tuotuo (Rosuvastatin Calcium) tablets being among the first batch of drugs in the nation and first product in Jiangsu Province and the first drug of the same kind to pass Consistency Evaluation, the Group's cardio-cerebral medicine Yilunping® (Irbesartan Hydrochlorothiazide) tablets was among the third batch of drugs to pass the Consistency Evaluation in the PRC;

- The Group's five product specifications – Tofacitinib Citrate and Colistimethate Sodium, Tofacitinib Citrate tablets and Colistimethate Sodium for injections and Lidocaine gel cream – made the list of "Registration Application For Drugs To Be Included In The Priority Review Process" published by the Center for Drug Evaluation of State Food and Drug Administration of the PRC;

- The Group's product Tuotuo (Rosuvastatin Calcium) tablets was named "3.15 Generic Drug with Exceptionally High Clinical Surrogate Value in 2018" by the Committee of China Consumer Economy High-level Forum and Xiao Fei Ri Bao; and

- The Group's member company NJCTT received the "2017 Nanjing Mayor Quality Award (Organization)" Nomination Award. The award is the highest honor in the quality control arena in Nanjing.

During the period under review, sales of a good number of products faced relatively heavy pressure as a result of the cap on proportion of revenue from drugs in the total revenue of hospitals and the new round of tenders with price suppressed. By boosting academic promotion coverage of low-end hospitals, the Group managed to record satisfactory growth in sales of leading traditional hepatitis medicines Runzhong and Tianding. The cardio-cerebral product Tuotuo, which is among the first batch of its kind to pass Consistency Evaluation, and the other product Yilunping that followed in its footstep boast obvious quality advantage and their sales volume increased sharply subsequent to being included in the country's list of drugs for chronic disease management. As adopting a more professional management model for chronic pain relief and respiratory diseases and better quality of related services can bring patients, hospitals and doctors greater added value, the Group's analgesic medicines Flurbiprofen Axetil injections and Flurbiprofen cataplasms, as well as the respiratory system medicine Tianqingsule, continued to record high growth. After the Group switched to academic promotion, Gaisanchun and Gainuozhen continued to enjoy strong growth momentum. As for the digestive product Aisuping, backed by profuse rigorous evidence-based medical studies, this product kept reporting notable growth. The oncology products Gelike, Yinishu and Qingweike recorded steady growth and stronger presence in the oncology field.

During the period under review, the Group's R&D endeavors bore fruit. The reproductive adjuvant medicine Ganirelix Acetate Injection obtained approval for production. Another 10 Category 1.1 new medicines secured clinical approvals. The Group obtained 28 new patents, including 18 invention patents, and filed 65 patent applications, all of which for invention, during the period.

The Group recorded revenue of approximately RMB4,652.61 million during the period under review, an increase of approximately 20.4% over the same period last year. Before and after accounted for unrealized fair value gains and losses of equity investments and financial assets, profit attributable to the owners of the parent was approximately RMB798.01 million and approximately RMB771.10 million, respectively, approximately 39.9% and approximately 33.2% higher than that of the same period last year, respectively. Based on the profit attributable to the owners of the parent before and after accounted for unrealized fair value gains and losses of equity investments and financial assets, the basic earnings per share attributable to the owners of the parent were approximately RMB10.28 cents and approximately RMB9.94 cents, respectively, approximately 33.5% and approximately 27.3% higher than that of the same period last year, respectively. Cash and bank balances totaled approximately RMB5,044.58 million.

On 5 January 2018, the Company entered into two agreements with France Investment (China 1) Group Limited ("Vendor") in relation to the acquisition of equity interests in Beijing Tide. The consideration for the acquisition was HK$12,895,516,937 in total which was satisfied by the Company by the issuance of 1,013,002,116 shares of the Company at the issue price of HK$12.73 per share to the Vendor at the completion. The transaction was completed on 1 March 2018, and the Company's interests in Beijing Tide have been increased from 33.6% to 57.6% and Beijing Tide has become an indirect non-wholly owned subsidiary of the Company. Since 1 March 2018, the financial figures of Beijing Tide have been consolidated with the consolidated financial statements of the Company.

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

Hepatitis medicines

For the three months ended 31 March, 2018, the sales of hepatitis medicines amounted to approximately RMB1,780.37 million, representing approximately 38.3% of the Group's revenue.

CT Tianqing mainly produces two categories of hepatitis medicines that can protect the liver while lowering enzyme levels and combat hepatitis virus. Ganlixin injections and capsules made with ingredients extracted from Licorice have the dual effects of liver protection and lowering enzyme level. For the three months ended 31 March, 2018, its sales amounted to approximately RMB27.06 million. After the expiration of the protection period of the product, many replicas have emerged in 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 amounted to approximately RMB104.43 million in the period under review. In addition, CT Tianqing launched the patented medicine Tianqingganmei injections, which are made with Isoglycyrrhizinate separated from Licorice. During the period under review, the product recorded the sales of approximately RMB441.04 million. 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.

Mingzheng capsule is a first-tier synthetic drug for combating hepatitis virus in the international market. For the three months ended 31 March, 2018, its sales amounted to approximately RMB78.14 million. A medicine for treating hepatitis B, Runzhong (Entecavir) dispersible tablet, is self-developed by CT Tianqing. CT Tianqing was the first pharmaceutical manufacturer to gain the approval for this product in the PRC. For the three months ended 31 March, 2018, the sales amounted to approximately RMB940.92 million, an increase of approximately 6.4% 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. Another product, Tianding tablets, was launched in April 2013, its sales amounted to approximately RMB119.83 million for the three months ended 31 March, 2018, an increase of approximately 28.0% against the same period last year. For the three months ended 31 March, 2018, the sales of Ganze (Entecavir) capsules amounted to approximately RMB33.92 million, an increase of approximately 16.6% against the same period last year.

Cardio-cerebral medicines

For the three months ended 31 March, 2018, the sales of cardio-cerebral medicines amounted to approximately RMB566.46 million, representing approximately 12.2% of the Group's revenue.

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, 2018, the product recorded the sales of approximately RMB41.61 million. The sales of another pharmaceutical product, Yilunping tablets, amounted to approximately RMB211.16 million for the three months ended 31 March, 2018, a year-on-year increase of approximately 23.2%. For the three months ended 31 March, 2018, the sales of Tuotuo calcium tablets amounted to approximately RMB174.23 million, a year-on-year increase of approximately 10.2%.

Kaishi injections works on the Drug Delivery System (DDS) theory to improve cardio-cerebral micro-circulation blockage. It is the first lipo-microsphere targeted 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 and occupy a large portion of market share. It received many awards from various countries since launched and has obtained the renewed GMP certification for foreign pharmaceutical company from the Public Welfare and Health Ministry of Japan in December 2012. For the three months ended 31 March, 2018, the sales of Kaishi injections amounted to approximately RMB180.40 million. Applying the technology of micro-solid dispersion with microgram precision, Beraprost Sodium tablets can explicitly improve the ulcer, intermittent claudication, pain and cold symptom from the chronic arterial occlusion. For the three months ended 31 March, 2018, the sales of Beraprost sodium tablets amounted to approximately RMB99.22 million, an increase of approximately 20.4% as compared with the same period last year.

Oncology medicines

For the three months ended 31 March, 2018, the sales of oncology medicines amounted to approximately RMB444.17 million, representing approximately 9.5% of the Group's revenue.

Oncology medicines are mainly manufactured by CT Tianqing and NJCTT. For the three months ended 31 March, 2018, sales of Zhiruo injections amounted to approximately RMB41.48 million. The sales of Saiweijian injections amounted to approximately RMB104.01 million during the period under review, an increase of approximately 23.9% as compared with the same period last year. The sales of Tianqingyitai injections amounted to approximately RMB57.57 million during the period under review. For the three months ended 31 March, 2018, the sales of a new product, Qingweike injections, amounted to approximately RMB51.85 million, an increase of 34.6% as compared with the same period last year. For the three months ended 31 March, 2018, the sales of Shoufu tablets amounted to approximately RMB45.04 million. Sales of Gelike capsules for the three months ended 31 March, 2018 amounted to approximately RMB57.37 million, an increase of approximately 35.2% as compared with the same period last year. Sales of Yinishu tablets for the three months ended 31 March, 2018 amounted to approximately RMB36.68 million, an increase of approximately 46.6% as compared with the same period last year.

Orthopedic medicines

For the three months ended 31 March, 2018, the sales of orthopedic medicines amounted to approximately RMB359.06 million, representing approximately 7.7% of the Group's revenue.

The main product of orthopedic medicines is the New Ossified Triol capsules. For the three months ended 31 March, 2018, its sales amounted to approximately RMB244.93 million, rose by approximately 14.3% as compared with the same period last year. For the three months ended 31 March, 2018, the sales of another product, Jiuli tablets, amounted to approximately RMB60.32 million, an increase of approximately 29.8% against the same period last year.

Anti-infectious medicines

For the three months ended 31 March, 2018, the sales of anti-infectious medicines amounted to approximately RMB302.87 million, representing approximately 6.5% of the Group's revenue.

The main product of anti-infectious medicines is Tiance injections. For the three months ended 31 March, 2018, its sales amounted to approximately RMB206.55 million, an increase of approximately 5.5% against the same period last year. For the three months ended 31 March, 2018, the sales of another product, Tianjie injections, amounted to approximately RMB70.11 million, an increase of approximately 75.7% against the same period last year.

Analgesic medicines

For the three months ended 31 March, 2018, the sales of analgesic medicines amounted to approximately RMB279.24 million, representing approximately 6.0% of the Group' revenue.

The analgesic medicine Kaifen injections is developed and manufactured by Beijing Tide. The product is a Flurbiprofen Axetil lipo-microsphere targeted sustained release injection produced based on the DDS theory and is famous for strong pain relieving effect with minimal side effects. The sales of the product for the three months ended 31 March, 2018 amounted to approximately RMB505.90 million, approximately 41.7% higher than that of the same period last year. Another product for relieving non-surgical joint soft tissue pain is Flurbiprofen Cataplasm, its sales for the three months ended 31 March, 2018 amounted to approximately RMB151.85 million, approximately 108.0% higher than that of the same period last year.

Anorectal medicines

For the three months ended 31 March, 2018, the sales of anorectal medicines amounted to approximately RMB261.67 million, representing approximately 5.6% of the Group's revenue.

The main product of anorectal medicines is Getai tablets. For the three months ended 31 March, 2018, its sales amounted to approximately RMB57.35 million, an increase by approximately 5.1% as compared with the same period last year. A new product, Aisuping injection was launched in May 2016. Its sales amounted to approximately RMB174.35 million for the three months ended 31 March, 2018, a significant increase by approximately 187.6% as compared with the same period last year.

Respiratory system medicines

For the three months ended 31 March, 2018, the sales of respiratory medicines amounted to approximately RMB249.70 million, representing approximately 5.4% of the Group's revenue.

The main product of respiratory system medicines is Tianqingsule inhalation powder. For the three months ended 31 March, 2018, its sales amounted to approximately RMB154.54 million, an increase by approximately 25.5% as compared with the same period last year. For the three months ended 31 March, 2018, the sales of another pharmaceutical product, Chia Tai Suke tablets, amounted to approximately RMB63.45 million, an increase by approximately 75.8% as compared with the same period last year.

Parenteral nutritious medicines

For the three months ended 31 March, 2018, the sales of parenteral medicines amounted to approximately RMB151.17 million, representing approximately 3.2% of the Group's revenue.

The main product of parenteral nutritious medicines is Xinhaineng injections. For the three months ended 31 March, 2018, its sales amounted to approximately RMB105.10 million. For the three months ended 31 March, 2018, the sales of Fenghaineng fructose injections amounted to approximately RMB43.58 million.

Diabetic medicines

For the three months ended 31 March, 2018, the sales of diabetic medicines amounted to approximately RMB33.07 million, representing approximately 0.7% of the Group's revenue.

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 100 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, 2018, the sales of the product amounted to approximately RMB28.09 million, an increase by approximately 21.4% as compared with the same period last year.

AVAILABLE-FOR-SALE INVESTMENTS

As at 31 March, 2018, the Group had the non-current available-of-sale ("AFS") investment of approximately RMB564.61 million (31 December, 2017: approximately RMB540.14 million) and current AFS investment of approximately RMB3,389.53 million (31 December, 2017: approximately RMB2,647.43 million). Non-current AFS investments are certain unlisted equity investments and current AFS investments are the wealth management products and trust funds. For wealth management products and trust funds, the Group has entered the investment contracts with several PRC banks, including Jiangsu Bank (approximately RMB665 million), Ping An Bank (approximately RMB430 million), Xiamen International Bank (approximately RMB380 million), China Merchants Bank (approximately RMB351.03 million), Xingye Bank (approximately RMB302.50 million), China CITIC Bank (approximately RMB200 million), Ningbo Bank (approximately RMB180 million), Beijing Bank (approximately RMB150 million), China Minsheng Bank (approximately RMB130 million), Bank of Communication (approximately RMB110 million) and other banks and trusts (approximately RMB491 million) during the period. These investments, representing approximately 9.8% of the total assets of the Group, mainly consisted of the principal-guaranteed with floating return products with relatively lower risk of default. All principal and interests will be paid together on the maturity date. The Board believes that the investment in wealth management products and trust funds can strengthen the financial position of the Group and bring the fruitful contribution to the profit of the Group.

FINANCIAL ASSETS/EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March, 2018, the Group had (i) non-current financial assets designated as at fair value through profit or loss of approximately RMB180.65 million (31 December, 2017: approximately RMB190.42 million) which are the convertible bonds of Karolinska Development AB with an aggregate nominal value of SEK272,858,294 and 8% interest per annum; and (ii) current equity investments at fair value through profit or loss of approximately RMB467.95 million (31 December, 2017: approximately RMB943.73 million) which were investments in various listed shares. The Group recorded the realized gain on the disposal of the equity investments of approximately RMB74.10 million and unrealized fair value loss of the financial assets and equity investments of approximately RMB26.91 million for the three months ended 31 March, 2018. The Board believes that the investment in financial assets and equity investments can diversify the investment portfolio of the Group and achieve a better return to the Group in future.

R&D

The Group has continued to focus its R&D efforts on new cardio-cerebral, hepatitis, oncology, analgesic and respiratory system medicines. During the first quarter, the Group was granted 10 clinical approvals (all were chemical medicines of Category 1.1), 1 production approval (Ganirelix Acetate injection) and 1 application approval of Consistency Evaluation (Imatinib Mesylate capsule). Cumulatively, a total of 478 pharmaceutical products had obtained clinical approval, or were under clinical trial or applying for production approval. Out of these, 54 were for cardio-cerebral medicines, 37 for hepatitis medicines, 202 for oncology medicines, 22 for respiratory system medicines, 26 for diabetic medicines and 137 for other medicines.

Over the years, the Group has been placing high importance on R&D and innovation, as well as through collaboration and imitation, to raise both R&D standards and efficiency. In light of the fact that R&D continues to be the lifeblood of the Group's development, the Group continues to devote into more resources. For the three months ended 31 March, 2018, the R&D expenditure of approximately RMB611.80 million, which accounted for approximately 13.1% of the Group's revenue, was charged to the statement of profit or loss.

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 first quarter, the Group has received 28 authorized patent notices (18 invention patents, 4 utility model patents and 6 apparel design patents) and filed 65 new patent applications (all were invention patents). Cumulatively, the Group has obtained 609 invention patent approvals, 17 utility model patents and 64 apparel design patents.

INVESTOR RELATIONS

The Group has committed itself in maintaining high standards of corporate governance to ensure sustainable growth over the long-term. During the period under review, the Group has fulfilled this commitment by maintaining effective communications with local and overseas investors via a variety of channels. These communications have enriched investors' understanding of the Group's operation and also effectively shared its latest business developments. The Group has always been aware of the importance of good investor relations to corporate management, as such, efforts have also been made to solicit opinions and to obtain pertinent information through regular investor meetings in order to further elevate 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 "Morgan Stanley China Healthcare Corporate Day", "dbAccess China Conference 2018" and "The 36th Annual J.P. Morgan Healthcare Conference". Moreover, the Group has arranged factory site visits, teleconferences and one-on-one meetings with local and overseas institutional investors. Altogether, these investor relations events have helped more than 390 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Listing Rules") for the three months ended 31 March, 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, it was confirmed that for the three months ended 31 March, 2018 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 sources of funds were cash derived from operating activities. As at 31 March 2018, the Group's cash and bank balances were approximately RMB5,044.58 million (31 December, 2017: approximately RMB4,188.14 million).

CAPITAL STRUCTURE

As at 31 March, 2018, the Group had short term loans of approximately RMB953.26 million (31 December, 2017: approximately RMB741.31 million) and had long term loans of approximately RMB2,120.66 million (31 December, 2017: approximately RMB2,209.90 million).

CHARGE ON ASSETS

As at 31 March, 2018, the Group had the charge on assets of approximately RMB373.92 million (31 December, 2017: approximately RMB316.00 million).

CONTINGENT LIABILITIES

As at 31 March, 2018, the Group and the Company had no material contingent liabilities (31 December, 2017: Nil).

ASSETS AND GEARING RATIO

As at 31 March, 2018, the total assets of the Group amounted to approximately RMB34,498.30 million (31 December, 2017: approximately RMB20,935.34 million) whereas the total liabilities amounted to approximately RMB9,912.76 million (31 December, 2017: approximately RMB8,324.29 million). The gearing ratio (total liabilities over total assets) was approximately 28.7% (31 December, 2017: approximately 39.8%).

EMPLOYEE AND REMUNERATION POLICIES

The Group had 18,726 employees as at 31 March, 2018 and 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 RMB380,458,000 (2017: approximately RMB296,071,000).

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

According to the government's annual key task plan, policies in relation to strengthening of medical protection, implementation of hierarchical diagnosis, supervision on innovative medicines and innovation promotion will be launched gradually. The new State Medical Insurance Administration established under the institutional reform of the State Council will re-examine and sort out the relationship between pricing, procurement and payment. As for the policies that encourage innovation and improving supply, their main purposes are to promote a more standardized industry and gradual consolidation of the industry, which will benefit the industry in the long run.

As always, the Group will closely monitor government policies and actively seize development opportunities bred by those policies. It will also keep strengthening R&D, looking for an innovative marketing model that can better match the hierarchical diagnosis setup and enhancing the Group's overall management efficiency through digitalization and use of artificial intelligence technology.

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, 2018 together with the comparative consolidated results for 2017 as follows:

Consolidated Statement of Profit or Loss

		For the three months ended 31 March,	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*3*	**4,652,614**	3,863,212
Cost of sales		**(942,217)**	(809,093)
Gross profit		**3,710,397**	3,054,119
Other income and gains	*3*	**177,361**	95,684
Selling and distribution costs		**(1,986,369)**	(1,638,425)
Administrative expenses		**(212,193)**	(131,288)
Other expenses		**(643,180)**	(669,495)
Including: Research and development costs		**(611,800)**	(616,658)
Finance costs	*4*	**(23,759)**	(17,064)
Share of profits and losses of associates		**63,644**	69,093
PROFIT BEFORE TAX	*5*	**1,085,901**	762,624
Income tax expense	*6*	**(158,584)**	(155,631)
PROFIT FOR THE PERIOD		**927,317**	606,993
Profit attributable to:			
Owners of the parent		**771,102**	579,010
Non-controlling interests		**156,215**	27,983
		927,317	606,993
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
– Basic and diluted		**RMB9.94 cents**	RMB7.81 cents

Details of the dividend declared for the first quarter of the year are disclosed in note 7 of this announcement.

Consolidated Statement of Comprehensive Income

	For the three months ended 31 March,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**927,317**	606,993
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(89,103)**	(27,468)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(89,103)**	(27,468)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**838,214**	579,525
Attributable to:		
Owners of the parent	**683,982**	551,610
Non-controlling interests	**154,232**	27,915
	838,214	579,525

Consolidated Statement of Financial Position

	Notes	**31 March, 2018** *RMB'000* **(Unaudited)**	31 December, 2017 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**4,711,731**	3,483,253
Investment properties		**350,305**	370,163
Prepaid land lease payments		**1,005,337**	789,362
Goodwill		**9,908,641**	88,926
Other intangible assets		**233,629**	219,249
Investments in associates		**350,866**	1,048,155
Available-for-sale investments		**564,605**	540,138
Financial assets designated at fair value through profit or loss		**180,653**	190,421
Deferred tax assets		**435,090**	382,574
Prepayments		**40,030**	42,979
Total non-current assets		**17,780,887**	7,155,220
CURRENT ASSETS			
Inventories		**1,028,573**	918,819
Trade and bills receivables		**2,883,825**	2,051,290
Prepayment, deposit and other receivables		**3,902,955**	3,030,718
Available-for-sale investments		**3,389,531**	2,647,426
Equity investments at fair value through profit or loss		**467,953**	943,726
Cash and bank balances	*9*	**5,044,578**	4,188,140
Total current assets		**16,717,415**	13,780,119
CURRENT LIABILITIES			
Trade and bills payables		**994,444**	928,607
Tax payable		**168,983**	292,595
Other payables and accruals		**4,882,155**	3,725,942
Interest-bearing bank borrowings		**953,256**	741,307
Total current liabilities		**6,998,838**	5,688,451
NET CURRENT ASSETS		**9,718,577**	8,091,668
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,499,464**	15,246,888

	Notes	**31 March, 2018 *RMB'000* (Unaudited)**	31 December, 2017 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Deferred government grants		**557,514**	241,912
Interest-bearing bank borrowings		**2,120,657**	2,209,897
Deferred tax liabilities		**235,752**	184,030
Total non-current liabilities		**2,913,923**	2,635,839
Net assets		**24,585,541**	12,611,049
EQUITY			
Equity attributable to owners of the parent			
Share capital	*10*	**190,290**	170,033
Reserves		**19,880,321**	9,038,761
		20,070,611	9,208,794
Non-controlling interests		**4,514,930**	3,402,255
Total equity		**24,585,541**	12,611,049

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. 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 RMB 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 2017 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, 2017.

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, 2018. 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 in the accounting policy for subsidiaries 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.

2. OPERATING SEGMENT INFORMATION

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

(a) the chemical medicines and modernized Chinese medicines segment comprises the manufacture, sale and distribution of the chemical medicine products and modernized Chinese 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, 2018

	Chemical medicines and Modernized Chinese medicines *RMB'000*	Investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	**4,541,004**	**–**	**111,610**	**4,652,614**
Segment results	**1,037,439**	**44,283**	**6,633**	**1,088,355**
Reconciliation:				
Interest and unallocated gains				**25,083**
Share of profits and losses of associates				**63,644**
Unallocated expenses				**(91,181)**
Profit before tax				**1,085,901**
Income tax expense				**(158,584)**
Profit for the period				**927,317**
Assets and liabilities				
Segment assets	**18,155,888**	**14,635,128**	**921,330**	**33,712,346**
Reconciliation:				
Investments in associates				**350,866**
Other unallocated assets				**435,090**
Total assets				**34,498,302**
Segment liabilities	**6,254,354**	**2,989,559**	**264,113**	**9,508,026**
Reconciliation:				
Other unallocated liabilities				**404,735**
Total liabilities				**9,912,761**
Other segment information:				
Depreciation and amortisation	**117,336**	**7,100**	**6,490**	**130,926**
Capital expenditure	**238,561**	**66**	**44,466**	**283,093**
Other non-cash expenses	**372**	**–**	**–**	**372**

The segment results for the three months ended 31 March, 2017

	Chemical medicines and Modernized Chinese medicines *RMB'000*	Investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	3,758,149	1,613	103,450	3,863,212
Segment results	694,837	33,921	7,528	736,286
Reconciliation:				
Interest and unallocated gains				13,403
Share of profits and losses of associates				69,093
Unallocated expenses				(56,158)
Profit before tax				762,624
Income tax expense				(155,631)
Profit for the period				606,993
Assets and liabilities				
Segment assets	13,803,941	4,234,777	603,296	18,642,014
Reconciliation:				
Investments in associates				987,998
Other unallocated assets				272,157
Total assets				19,902,169
Segment liabilities	5,614,726	2,562,735	279,725	8,457,186
Reconciliation:				
Other unallocated liabilities				267,223
Total liabilities				8,724,409
Other segment information:				
Depreciation and amortisation	61,248	7,618	4,483	73,349
Capital expenditure	97,124	–	–	97,124
Other non-cash expenses	279	1	–	280

Geographical information

(a) Revenue from external customers

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China.

(b) Non-current assets

	For the three months ended 31 March,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Hong Kong	**11,621,067**	1,499,792
Mainland China	**6,134,162**	4,134,787
Others	**25,658**	26,444
	17,780,887	5,661,023

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

Information about a major customer

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, 2018 and 2017.

3. REVENUE, OTHER INCOME AND GAINS

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

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

	For the three months ended 31 March,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**4,542,049**	3,759,762
Others	**110,565**	103,450
	4,652,614	3,863,212
Other income		
Bank interest income	**25,083**	13,403
Dividend income	**968**	36
Government grants	**9,535**	5,817
Sale of scrap materials	**1,118**	418
Investment income	**42,189**	17,415
Gross rental income	**1,233**	1,610
Others	**22,961**	11,491
	103,087	50,190
Gains		
Gain on disposal of items of property, plant and equipment	**177**	432
Gain on disposal of equity investments	**74,097**	36,538
Fair value gains, net		
Equity investments/Financial assets at fair value through profit or loss	**–**	8,524
	74,274	45,494
Total other income and gains	**177,361**	95,684

4. FINANCE COST

	For the three months ended 31 March,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**23,759**	17,064

5. PROFIT BEFORE TAX

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

	For the three months ended 31 March,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of sales	**942,217**	809,093
Depreciation of property, plant and equipment	**86,813**	64,625
Depreciation of investment properties	**5,285**	5,776
Recognition of prepaid land lease payments	**321**	241
Amortization of other intangible assets	**38,507**	2,707
Research and development costs	**611,800**	616,658
Gain on disposal of items of property, plant and equipment	**(177)**	(432)
Loss on disposal of items of property, plant and equipment	**372**	280
Bank interest income	**(25,083)**	(13,403)
Dividend income	**(968)**	(36)
Investment income	**(42,189)**	(17,415)
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss		
– held for trading	**26,909**	(8,524)
Auditors' remuneration	**1,461**	959
Staff cost (including directors' remuneration)		
Wages and salaries	**302,788**	240,752
Pension contributions	**77,670**	55,319
	380,458	296,071
Accrual of impairment loss of trade receivables	**4,099**	36,038
Foreign exchange differences, net	**(37,337)**	(19,494)

6. INCOME TAX EXPENSE

	For the three months ended 31 March,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Group:		
Current – Hong Kong	**-**	-
Current – Mainland China income tax	**132,780**	144,752
Deferred tax	**25,804**	10,879
Total tax charge for the period	**158,584**	155,631

Pursuant to Section 6 of Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the BVI are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

Hong Kong profits tax has been provided at a rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

During the three months ended 31 March, 2018, CT Tianqing, Beijing Tide, NJCTT, Jiangsu CT Fenghai, Jiangsu CT Qingjiang, Qingdao CT and LYG Runzhong 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 2018.

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 may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

7. DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared the payment of a first quarterly dividend ("2018 First Quarterly Dividend") of HK2 cents per ordinary share for the three months ended 31 March, 2018 (2017: HK1.5 cents). The 2018 First Quarterly Dividend will be paid to shareholders on Monday, 25 June, 2018 whose names appear on the register of members of the Company on Monday, 11 June, 2018. For the purpose of determining shareholders who are qualified for the 2018 First Quarterly Dividend, the register of members of the Company will be closed from Wednesday, 6 June, 2018 to Monday, 11 June, 2018, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the 2018 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 4:30 p.m. on Tuesday, 5 June, 2018.

Reference is made to the annual results announcement and the circular of the Company dated 22 March 2018 and 25 April 2018, respectively, in which the Board announced that it had resolved to recommend the payment of a final dividend of HK2 cents per share for the year ended 31 December 2017 ("2017 Final Dividend") and propose a bonus issue of shares. For the avoidance of doubt, the bonus shares to be allotted and issued shall not be entitled to the 2017 Final Dividend and the 2018 First Quarterly Dividend.

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 RMB771,102,000 (2017: approximately RMB579,010,000), and the weighted average number of ordinary shares of 7,761,115,160 (2017: 7,412,192,209) in issue during the period.

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

9. CASH AND BANK BALANCES

	For the three months ended 31 March,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cash and bank balances, unrestricted	**2,415,440**	1,135,025
Time deposits with original maturity of less than three months	**2,252,476**	2,557,019
Time deposits with original maturity of more than three months	**376,662**	496,096
	5,044,578	4,188,140

10. SHARE CAPITAL

	For the three months ended 31 March,	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Issued and fully paid:		
8,425,194,325 ordinary shares of HK$0.025 each (2017: 7,412,192,209 ordinary shares of HK$0.025 each)	**190,290**	170,033

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

The Company has complied with Rules 3.10 and 3.10(A) of the Listing Rules relating to the appointment of a sufficient number of the independent non-executive directors ("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 have been set out in the 2017 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, 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 31 March, 2018, 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, Theresa Y Y
Chairlady

Hong Kong, 18 May, 2018

As at the date of this announcement, the Board of the Company comprises seven Executive Directors, namely Miss Tse, Theresa Y Y, Mr. Tse Ping, 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.