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)

POSITIVE PROFIT ALERT

This announcement is made by Sino Biopharmaceutical Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the "**Board**") would like to inform the shareholders of the Company (the "**Shareholders**") and potential investors that the profit of the Group for the year ended 31 December 2018 is expected to increase significantly as compared with that for the year ended 31 December 2017. The profit attributable to the owners of the parent for year 2018 is expected to increase to a range of approximately RMB8,908.37 million to approximately RMB9,283.71 million (year 2017: approximately RMB2,170.95 million).

The significant increase in the profit attributable to the owners of the parent is mainly attributable to certain profit or loss items that are required to be recognized in the accounts of the Company in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") following the acquisition ("**Acquisition**") of 24% interest in Beijing Tide Pharmaceutical Co. Ltd. ("**Beijing Tide**") by the Company in 2018. Details of the Acquisition have been set out in the announcements of the Company dated 5 January 2018 and 1 March 2018, respectively, and the circular of the Company dated 26 January 2018. The major profit or loss items involved are summarized as follows:

(i) The Company previously held 33.6% interest in Beijing Tide ("**Previously Held Interest**"). Upon completion of the Acquisition, the Company's interest in Beijing Tide was increased to 57.6% and Beijing Tide became a subsidiary of the Company. In accordance with the requirements of HKFRSs, the acquisition achieved in stages is accounted for as if there were two transactions — a disposal of interest previously held in the target company and an acquisition of interest in the target company.

As the fair value of the Previously Held Interest as at the completion date of the Acquisition has increased substantially over its carrying value, a one-off gain on the deemed disposal of the Previously Held Interest, i.e. gain on step acquisition, is required to be recognized by the Company in profit or loss, the exact amount of which is yet to be determined but is estimated to be in the range of approximately RMB6,498.69 million to approximately RMB6,655.47 million.

(ii) In addition, the Company is required to account for the identifiable assets and liabilities of Beijing Tide at their fair values as at the completion date of the Acquisition, and thus has to assume the amortization expenses of Beijing Tide's certain new identifiable intangible assets. The exact amount of the amortization expenses for year 2018 (net of related deferred tax and non-controlling interests impact) is yet to be determined but is estimated to be in the range of approximately RMB248.78 million to approximately RMB358.78 million.

The above-mentioned gain on step acquisition, although its impact has been partly offset by the additional amortization expenses of intangible assets, leads to a significant increase in the profit attributable to the owners of the parent for year 2018. The Board would like to emphasize that such profit or loss items are non-cash accounting treatments in the financial statements of the Company and do not have any effect on the cash flows of the Group's operations. The Company will disclose the bases and assumptions for the identification, measurement and recognition of goodwill and other intangible assets arising from business combination in the annual report in detail pursuant to HKFRSs.

The Company is still in the process of finalizing its annual results for the year ended 31 December 2018. The information contained in this announcement is solely based on a preliminary assessment by the management of the Company on the unaudited consolidated management accounts of the Group and the current information available, which have not yet been reviewed nor audited by the auditors of the Company and are subject to finalization and other potential adjustments, if any. Details of the audited financial information will be disclosed in the annual results announcement to be published by the Company on 29 March 2019.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Sino Biopharmaceutical Limited
Tse, Theresa Y Y
Chairlady

Hong Kong, 20 March 2019

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.