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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

(Stock code: 1177)

VOLUNTARY ANNOUNCEMENT

CAPITAL CONTRIBUTION TO SINOVAC LIFE SCIENCES CO., LTD *

On 4 December 2020, Talent Forward Limited, a wholly-owned subsidiary of Sino Biopharmaceutical Limited (the “**Company**” or “**Sino Biopharmaceutical**”, together with its subsidiaries, the “**Group**”), entered into an agreement in relation to the capital contribution (the “**Capital Contribution**”) to Sinovac Life Sciences Co., Ltd* (北京科興中維生物技術有限公司) (“**Sinovac LS**”) in an amount of US\$515 million.

Upon completion of the Capital Contribution, the Company will become interested in 15.03% of the registered capital of Sinovac LS. Sinovac LS will be accounted for as an associate in the financial statements of the Company.

Sinovac LS, which is principally engaged in the business of research and development of vaccines for human use, has made significant progress in the development of the COVID-19 vaccine CoronaVac, making it one of the few enterprises in China that has self-developed and produced COVID-19 vaccines. On 13 April 2020, clinical research of CoronaVac has been officially approved by China National Medical Products Administration. Its phase III clinical trials have also been approved in Brazil, Indonesia, Turkey and Chile. Currently, Sinovac LS has received orders from various countries.

The Capital Contribution will be funded by internal resources of the Group. The proceeds from the Capital Contribution is expected to fund the further development, capacity expansion and production of CoronaVac as well as other development and operational activities of Sinovac LS.

The board of directors (the “**Board**”) of the Company considers that the Capital Contribution is in the interests of the Company and its shareholders for the following strategic significance.

- (1) **Demonstrating social responsibility:** Sino Biopharm fulfills its corporate social responsibility by helping control the COVID-19 pandemic faster, contributing to public health prevention in the PRC and around the world, and extending from sole focus on disease treatment to preventive health management.
- (2) **Accelerating industrialization of vaccines and enhancing domestic production capacity of vaccines:** As the global pandemic of COVID-19 is becoming more serious, herd immunity can be achieved through extensive vaccination. According to various estimates, the global demand for COVID-19 vaccines may be on the order of tens of billions of doses, while the vaccine production capacity of enterprises in the PRC is expected to be at least 2 billion doses by the end of 2021. Capitalizing on the Group’s strong industrialization capabilities, Sinovac LS will be able to rapidly expand the production capacity of the COVID-19 vaccine to quickly meet the procurement demand from the PRC, and even globally.
- (3) **Strengthening business portfolio and expediting transformation to a biopharmaceutical company with “a ‘Fully-Integrated Pharmaceutical Value Chain’”:** Combining vaccines with the Group’s existing drugs can improve the Group’s product portfolio and broaden its sales channels. The combination of vaccines aimed at prevention and drug products aimed at treatment forms a favourable complement. The deployment of vaccines, while promoting future business growth, can expand the Group’s business from the field of disease treatment to the field of disease prevention. Given that preventive therapy products have a lower risk of being impacted by the national centralized drug procurement policies, the investment will enhance the Group’s overall operational and earnings stability. Meanwhile, entering the field of vaccine research and development and production can also accelerate the Group’s pace of transformation and upgrading to a biopharmaceutical company with a “Fully-Integrated Pharmaceutical Value Chain”.
- (4) **Accelerating internationalization:** Sino Biopharm will expand its business network with foreign governments, regulatory authorities and business partners through the cooperation, commercialization and investment of COVID-19 vaccine in overseas markets, while accelerating and expanding the international layout by rapidly improving market access and scale.
- (5) **Introduction of cooperation and innovation:** In addition to internal research and development, Sino Biopharm also continues to introduce innovative products through business development. The cooperation with Sinovac LS in COVID-19 vaccine can quickly provide the market with a much-needed innovative product, which is consistent with the strategic direction of Sino Biopharm.

The Board believes that the Capital Contribution will introduce a key strategic partner to the Group and expects that both parties will join efforts to expand the partnership in further improving vaccine sales capability, expansion to overseas markets as well as development for new technologies.

INFORMATION ABOUT SINOVAC LS

Sinovac Life Sciences Co., Ltd.*, previously known as Sinovac Research & Development Co., Ltd., is a research-based company incorporated in 2009 that conducts human vaccine research, development, manufacturing, and sales. It develops several human vaccines, including vaccines against pneumonia, DTaP (Diphtheria and Tetanus toxoid with acellular Pertussis), Hib (Haemophilus influenzae type b), and hepatitis B. Sinovac LS also engages to develop several combo vaccines. Sinovac LS was granted 12 patents in vaccine technologies in China. The inactivated COVID-19 vaccine candidate, or CoronaVac, developed by Sinovac LS is being tested in phase III trials in several countries outside of China. Sinovac LS will be the marketing authorization holder of CoronaVac in China with a vaccine production license issued by China National Medical Products Administration if the vaccine is successfully developed.

By Order of the Board
Sino Biopharmaceutical Limited
Tse, Theresa Y Y
Chairwoman

Hong Kong, 7 December 2020

As at the date of this announcement, the Board comprises nine Executive Directors, namely Ms. Tse, Theresa Y Y, Mr. Tse Ping, Ms. Cheng Cheung Ling, Mr. Tse, Eric S Y, Mr. Tse Hsin, Mr. Li Yi, 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.

* *for identification purposes only.*