

The profit after taxation and minority interests but before extraordinary items of the Company for the year ending 31 December, 2000 is set forth under “Profit forecast” in the section headed “Financial information” in this prospectus:—

(A) BASES AND ASSUMPTIONS

The Directors have prepared the forecast of profit after taxation and minority interests but before extraordinary items of the Group for the year ending 31 December, 2000, based on the audited combined results of the Group for the five months ended 31 May, 2000, unaudited combined result for the month ended 30 June, 2000 and a forecast of the results of the Group for the remaining six months ending 31 December, 2000. The Directors are not aware of any extraordinary items which had arisen or are likely to arise during the year ending 31 December, 2000. The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those normally adopted by the Group as summarised in the Accountants’ Report, the text of which is set forth in Appendix I to this prospectus, and is based on the following assumptions:—

- (i) there will be no material changes in the existing political, legal, fiscal, economic or market conditions in the PRC, Hong Kong and the places in which the Group carries on business or from which it obtains its supply or materials;
- (ii) there will be no material changes in exchange rates and interest rates from those currently prevailing;
- (iii) there will be no material changes in legislation and regulations which will materially affect the business in Hong Kong and the PRC; and
- (iv) there will be no material changes in the bases or rates of taxation in the PRC, Hong Kong and in the countries in which any member of the Group carries on business.

(B) LETTERS

Set out below are the texts of letters received by the Directors from Ernst & Young, the auditors and reporting accountants of the Company, and from DBS Asia in connection with the forecast of profit after taxation and minority interests but before extraordinary items of the Group for the year ending 31 December, 2000 and prepared for the purpose of inclusion in this prospectus.—

(I) Letter from Ernst & Young

 **ERNST & YOUNG**
安永會計師事務所

15th Floor
Hutchison House
10 Harcourt Road
Central
Hong Kong

22 September, 2000

The Directors
Sino Biopharmaceutical Limited
DBS Asia Capital Limited

Dear Sirs,

We have reviewed the accounting policies and calculations adopted in arriving at the forecast of the combined profits after taxation and minority interests but before extraordinary items of Sino Biopharmaceutical Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ending 31 December, 2000, for which you as directors of the Company are solely responsible, as set out in the section headed “Profit forecast” in the prospectus of the Company dated 22 September, 2000 (the “Prospectus”). The forecast has been prepared by the directors of the Company based on the audited combined results of the Group for the five months ended 31 May, 2000, the unaudited combined result of the Group for the month ended 30 June, 2000 and a forecast of the combined results of the Group for the remaining six months of the year ending 31 December, 2000.

In our opinion, the profit forecast, so far as the accounting policies and calculation are concerned, has been properly compiled in accordance with the principal assumptions made by the directors of the Company as set out in Appendix II to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our Accountants’ Report dated 22 September, 2000.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

(II) Letter from DBS Asia



16th Floor
Man Yee Building
68 Des Voeux Road Central
Central
Hong Kong

22 September, 2000

The Directors
Sino Biopharmaceutical Limited
Unit 9, 41st Floor, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

We refer to the forecast of the combined profit after taxation and minority interests but before extraordinary items of Sino Biopharmaceutical Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ending 31 December, 2000 of not less than HK\$39 million as set out in the prospectus of the Company dated 22 September, 2000.

We have discussed with you the bases and assumptions upon which the profit forecast has been made. We have also considered the letter dated 22 September, 2000 addressed to you and ourselves from Ernst & Young relating to the accounting policies and calculations upon which the forecast has been made.

On the basis of the assumptions adopted by you and on the basis of the accounting policies and calculations reviewed by Ernst & Young, we are of the opinion that the forecast profit after taxation and minority interests but before extraordinary items of the Group, for which you as directors of the Company are solely responsible, has been made after due and careful consideration.

Yours faithfully,
For and on behalf of
DBS Asia Capital Limited
David Tsang
Managing Director