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SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in Cayman Islands with limited liability)

CLARIFICATION RELATING TO THE THIRD QUARTER REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2000

The Company's third quarter report for the nine months ended 30th September, 2000 contains an error in relation to the disclosure of contributed surplus for the period.

The Company very much regrets the administrative error and will take steps to ensure that any similar incidents do not re-occur.

This clarification has also been highlighted in the annual results announcements for the year ended 31st December, 2000 which is issued on 19th March, 2001 and the annual report of the Company which will be despatched on or before 30th March, 2001.

The Stock Exchange of Hong Kong Limited reserves the right to take appropriate action.

The amount of contributed surplus disclosed in the Company's third quarter results announcement published on 9 November 2000 ("3Q Report") was HK\$183,894,000. The Company hereby clarifies that the Group's contributed surplus should have been HK\$52,605,000. The contributed surplus of HK\$183,894,000 stated in the 3Q Report represented the aggregate amount of the respective contributed surplus account of the Company and the subsidiaries acquired pursuant to the Group Reorganisation as disclosed in the prospectus of the Company dated 22 September, 2000. The difference of HK\$131,289,000 represents the fair value of the acquired subsidiaries as at the date of acquisition. This amount should have been accounted for in consolidating the financial statements of the Company and its subsidiaries to arrive at the Group's contributed surplus of HK\$52,605,000.

This accounting entry to eliminate the fair value of the acquired subsidiaries has no impact on the Group's result for the nine months ended 30 September 2000.

The Company very much regrets the error which appeared in the Q3 Report. The error was caused by an administrative oversight. The Company will take steps to ensure that any similar incidents do not re-occur.

This clarification has also been highlighted in the annual results announcement of the Company for the year ended 31st December, 2000 which is issued on 19th March, 2001 and the annual report of the Company which will be despatched on or before 30th March, 2001.

The Stock Exchange of Hong Kong Limited reserves the right to take appropriate action.

By order of the Board
Sino Biopharmaceutical Limited
Tse Ping
Chairman

Hong Kong, 19th March, 2001.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, : (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that the fair and reasonable.

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