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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)

2001 INTERIM RESULTS ANNOUNCEMENT

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Highlights

- For the six months ended 30 June 2001, the turnover of the Group amounted to approximately HK\$247.9 million, representing an increase by approximately 30.1% over the corresponding period of 2000.
- For the six months ended 30 June 2001, the profits attributable to shareholders amounted to approximately HK\$28.3 million, representing an increase by approximately 11.7% over the corresponding period of 2000.
- Earnings per share was HK9.4 cents.
- The Directors recommended an interim dividend for the six months ended 30 June 2001 of HK4.0 cents per share.

Business Overview and Prospects

For the six months ended 30 June 2001, the turnover of Sino Biopharmaceutical Limited (the “Company”) and its subsidiaries (together the “Group”) amounted to approximately HK\$247.9 million, representing an increase of about 30.1% over the corresponding period of 2000. Profits attributable to shareholders amounted to approximately HK\$28.3 million, representing an increase by approximately 11.7% over the corresponding period of 2000. Earnings per share was HK9.4 cents.

Since the Company successfully listed its shares on the Growth Enterprise Market (“GEM”) in September 2000, the Group has been capitalizing on opportunities available in the market and concentrating on the continued corporate business development. Moreover, the Group has put in more efforts in the research and development of new products and obtained national certificates and production approvals for six new medicines. The Group has made even better progress in the research and development of new products than as mentioned in the prospectus of the Company dated 22 September 2000 (the “Prospectus”). At the same time, the Group has made good efforts for the protection of intellectual property rights. During the six months ended 30 June 2001, the Group obtained one patent for new model design and two patents for exterior design and filed applications for two patents for inventions. The Group has continued to establish comprehensive system of internal rules and regulations and also further enhanced the quality control of our products and won the national quality and quantity efficiency award. In addition to ointment, all forms of our products, namely large-volume injection, small-volume injection, eyedrop, tablet, capsule as well as powder injection, have now obtained Good Manufacturing Practice (“GMP”) certificates awarded by the GMP licensing centers under the State Drug Administration (“SDA”). The Group has placed even more emphasis on the exploration of new markets for our products and the identification of further means to contribute towards profits of the Group from existing products and to extend their effective life. The number of sales representative offices of the Group increased from 60 to 67. By strengthening the promotion of the Group’s own-brand such as Moisten eyedrops (潤舒) and Mioclear eyedrops (潤潔) for ophthalmia, Diammonii Glycyrrhizinatis injection and capsules (甘利欣) for treating hepatitis, as well as Zegui Longshuang capsules (澤桂癆爽) for the urinary tract, thus boosting the sales of the other products and enhancing the popularity of the Group. A solid foundation has been laid for the Group’s future growth and cooperation with well-known overseas and local enterprises.

Shangdong Chia Tai Freda Pharmaceutical Co., Ltd (“CTF”)

CTF has capitalized on the opportunities offered by the GMP certification for its ophthalmic injection and the Group’s leading position in the fields of research and application of biopharmaceuticals – hyaluronan – domestically and overseas. In its research and development for ophthalmic products, CTF has adopted the integrated approach of imitation and innovation, in order to build a comprehensive product mix. At present, in addition to the products under research as disclosed in the Prospectus, there are four imitated medicine categories under research and the anti-fungus “Jing Da” eyedrops (靜達) has already been awarded the new medicine certification. This has further consolidated the Group’s leading position in the research and development for as well as actual market share for ophthalmic medicine.

CTF has strengthened its promotion efforts and marketing efforts for its out-patient over-the-counter (“OTC”) products (like Moisten eyedrops (潤舒) and Mioclear eyedrops (潤潔)) and has also enhanced the facilities for the OTC marketing team in order to consolidate the marketing of its products to end-users. In this way, not only the sales of all of its ophthalmic medicine but also those of SOFAST Sodium Hyaluronate injection (施沛特) for osteoarthritis and HEPUDIOD cream (海普林) for dermatitis have greatly improved.

CTF places strong emphasis on the corporate protection of intellectual property rights. During the period under review, the anti-forgery function of the products was strengthened with a view to protect the Group’s brand names. Besides, CTF filed applications for two patents for inventions and one patent for new model design and obtained two patents for exterior design.

At the same time, CTF has aimed at tightening internal control by reducing operation costs and striving for efficiency in management. For the six months ended 30 June 2001, the profits of CTF increased by 36.3% over the corresponding period of 2000.

Lianyungang Chiatai-Tianqing Pharmaceutical Co., Ltd (“CTT”)

During the period under review, CTT has obtained the new medicine certification and production approval for three products, namely Glycyrrhizinis Sodium Chloride (甘草酸二銨氯化鈉), Glycyrrhizinis Glucose injection (甘草酸二銨葡萄糖) and Clindamycin Phosphate powder injection (克林霉素). The approval of the new products for treating hepatitis (Glycyrrhizinis Sodium Chloride and Glycyrrhizinis Glucose injection) and the new medicines from the well-known brand Diammonii Glycyrrhizinis injection and capsules (甘利欣) strengthens the Group’s development in the market share of the medicines for treating hepatitis by making use of the brand (甘利欣). CTT has also obtained the clinical testing approval for the raw materials and tablets of Roloxifene Hydrochloride (雷洛西芬) from the SDA. Research for other medicines was also in satisfactory progress.

During the period under review, the sales network databank of CTT came into operation. With data mutually shared, it has greatly enhanced the quality and efficiency of its sales operation. Especially after the launch of advertisements for Zegui Longshuang capsules (澤桂癰爽) for the urinary tract in the mass media. CTT has become better known while its sales have achieved sustained growth. The sales of Zegui Longshuang capsules (澤桂癰爽) grew by 150.4% over the corresponding period of the previous year. For the six months ended 30 June 2001, the profits of CTT increased by 27.4% over the corresponding period of the previous year.

With GMP certification already obtained for all its products, CTT stepped up its quality control and received the “National Quality Efficiency Leading Enterprise” awarded by the China Quality Control Association.

Prospect

In accordance with the Group’s development objectives and strategies determined early this year, the Group will fully utilize market opportunities by embracing a positive and practical approach in business development. Meanwhile, we will maintain close alliance with renowned biopharmaceutical firms, modernized Chinese herbal pharmaceutical enterprises as well as famous medical research institutes in China, with a view to further enhance the Group’s strength.

The board (“Board”) of directors (“Directors”) of the Company has confidence in fulfilling the objectives planned early this year and the Board will endeavor to deliver a satisfactory return to the shareholders.

On behalf of the Board, I would like to extend my sincere gratitude towards all shareholders who provide support to us and towards our dedicated and hardworking staff.

COMPARISON OF OBJECTIVE AND ACTUAL BUSINESS PROGRESS

	Business objectives up to 30 June, 2001 as stated in the Prospectus	Actual business progress up to 30 June, 2001
1. Research & Development		
<i>i. Establish Research and Development Centre in Beijing</i>	1. Commence operation of the centre 2. Confirm research and development projects	Identified and initiated discussion with five research organisations
<i>ii. Plans for new product research and development of CTF</i>		
Jingfu Eye drops	Obtain approval from state level SDA to commence clinical trial	Supplementary information submitted to SDA and awaiting approval of clinical trial
Composite Tobramycin Gel	Obtain approval from state level SDA to commence clinical trial	Project abandoned as product application already filed with SDA by another company
Butenafine Hydrochloride Gel	Pre-clinical trial study reviewed by provincial level SDA	Obtained clinical approval and made clinical trial in February, 2001

	Business objectives up to 30 June, 2001 as stated in the Prospectus	Actual business progress up to 30 June, 2001
<i>iii. Plans for new product research and development of CTT</i>		
Oxymatine Capsules and Oxymatine Glucose injection	Prepare for commercial production	Deferred due to requests from SDA to re-establish quality standards; Expected to obtain approval in the second half of 2001
Diammonil Glycyrrhizinatis Sodium Chloride and Glucose Injection	Obtain production approval from SDA	Obtained production approval from SDA in June, 2001
Puerarin glucose injection	Commence commercial production	Commenced commercial production in January, 2001
Buyang Huanwutang injections	Pre-clinical trial study reviewed by provincial level SDA	Completed pre-clinical trial study
Roloxifene Hydrochloride and tablets	Obtain approval from state level SDA to commence clinical trial	Obtained clinical approval from SDA in June, 2001
Sotaloi Hydrochloride injection	Prepare for commercial production	Commenced commercial production in January, 2001
Clindamycin Phosphate powder injections	Prepare for commercial production	Prepare for commercial production
Sanzi Kechuan capsules	Pre-clinical trial study reviewed by provincial level SDA	Completed pre-clinical trial study reviewed by provincial level SDA
Netimycin Sulfate and Sodium Chloride injection	Obtain production approval from SDA	Obtained production approval from SDA in October, 2000 and commenced commercial production in January, 2001

**Business objectives
up to 30 June, 2001
as stated
in the Prospectus**

**Actual business progress
up to 30 June, 2001**

Puerarin capsules

Apply for production approval documents

Applied in April, 2001

2. Production of Pharmaceutical Products

i. Forming alliance with reputable producers of biopharmaceuticals, Chinese medicine or natural herbal products

Execute cooperative agreements under appropriate circumstances

Under negotiation with a few potential cooperative partners

ii. Expansion of production facilities of CTF

(a) Factory

Located in Jinan, Shandong Province, the PRC. As a result of business expansion, a new workshop of 1,500 sq.m. in the High and New Technology Development Zone is planned, increasing the total gross floor area to 10,200 sq.m.

Due to the delay in obtaining approval in setting up the new workshop in the High and New Technology Development Zone, the existing workshop was expanded by 420 sq.m. to cope with expansion needs

(b) GMP compliance

Ointment workshop complies fully with GMP procedures

Ointment workshop complies fully with GMP procedures

iii. Expansion of production facilities of CTT

(a) Factory

Located in Lianyungang, Jiangsu Province, the PRC with a gross floor area of 15,800sq.m.

As stated in the Prospectus

(b) GMP compliance

Plant extraction workshop, synthetic drugs raw material workshop commence to implement GMP procedures. Husbandry room fully complies with GMP

As stated in the Prospectus

**Business objectives
up to 30 June, 2001
as stated
in the Prospectus**

**Actual business progress
up to 30 June, 2001**

3. Marketing and Sales

<p><i>i. Establishment of the Group's website with the medium-term aim of commencing e-commerce of pharmaceuticals</i></p>	<p>Turn static release of information into interactive website by enhancing health consultation content as regards ophthalmia and hepatitis</p>	<p>As stated in the Prospectus</p>
<p><i>ii. Expansion and consolidation of the PRC distribution network</i></p>		
<p>(a) The expansion plan of the sales network of CTF</p>		
No. of representative offices	35	34
No. of sales staff	350	361
<p>(b) The expansion plan of the sales network of CTT</p>		
No. of representative offices	35	33
No. of sales staff	650	642

USE OF NET PROCEEDS FROM THE PLACING

	Amount to be used up to 30 June, 2001 as disclosed in the Prospectus <i>HK\$'M</i>	Actual amount used up to 30 June, 2001 <i>HK\$'M</i>
For the research and development activities including the establishment of a research and development center in Beijing	8.0	0.5
For the establishment of business alliances with pharmaceutical enterprises in the field of biopharmaceuticals, Chinese medicine and/or natural herbal products	10.0	Nil
For the expansion of the distribution networks of the Group	10.0	Nil
For the establishment of the Group's website and commencement of e-commerce	1.5	0.5
General working capital	<u>6.0</u>	<u>3.7</u>
TOTAL	<u>35.5</u>	<u>4.7</u>

RESULTS

The Board of Directors of Sino Biopharmaceutical Limited announces the unaudited consolidated results of the Group for the three months and the six months ended 30 June, 2001 together with the comparative unaudited consolidated results for the respective corresponding periods in 2000 as follows:–

	<i>Notes</i>	For the three months ended 30 June,		For the six months ended 30 June,	
		2001 Unaudited <i>HK\$'000</i>	2000 Unaudited <i>HK\$'000</i>	2001 Unaudited <i>HK\$'000</i>	2000 Unaudited <i>HK\$'000</i>
Turnover	(2)	135,974	108,842	247,906	190,540
Costs of sales		(25,098)	(20,921)	(47,287)	(39,339)
Gross profits		110,876	87,921	200,619	151,201
Selling expenses		(63,239)	(46,804)	(115,300)	(79,080)
Administrative expenses		(14,694)	(12,524)	(29,248)	(22,983)
Finance costs		(1,690)	(248)	(2,033)	(428)
Other operating income/(expenses) (net)		1,937	(518)	3,000	18
Profit before taxation		33,190	27,827	57,038	48,728
Taxation	(3)	(2,520)	(2,768)	(4,281)	(4,567)
Profit before minority interests		30,670	25,059	52,757	44,161
Minority interests		(14,549)	(10,860)	(24,499)	(18,866)
Profit attributable to the Group		16,121	14,199	28,258	25,295
Dividends	(4)	12,000	–	12,000	–
Earnings per share	(5)				
– basic		HK5.4 cents	HK5.9 cents	HK9.4 cents	HK10.5 cents
– diluted		HK5.1 cents	NA	HK9.0 cents	NA

Notes:

(1) Group reorganization and basis of preparation

The Company was incorporated in the Cayman Islands on 2 February, 2000 as an exempted company with limited liabilities under the Companies Law (2000 Revision) of the Cayman Islands. Pursuant to a reorganization scheme (the “Group Reorganization”) to rationalize the structure of the Group in preparation for the public listing of its shares in September 2000, the Company became the holding company of the companies now comprising the Group on 19 September, 2000. The trading of the Company’s shares on the Growth Enterprise Board of the Hong Kong Stock Exchange began on 29 September, 2000.

The Group’s financial statements have been prepared in accordance with the Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the revaluation of certain fixed assets.

The consolidated financial statements have been prepared using the merger basis accounting as a result of the Group Reorganisation completed on 19 September, 2000 referred to above. Under this basis, the Company has been treated as the holding company of its subsidiaries acquired through the Group Reorganisation for the financial periods presented rather than from the date of their acquisition through the Group Reorganisation. Accordingly, the consolidated results of the Group for the three months and the six months ended 30 June, 2000 include the results of the Company and its

subsidiaries with effect from 1 January, 2000 or since their respective dates of incorporation, where this is a shorter period.

(2) Turnover

Turnover represents the invoiced value of goods sold, net of discounts and returns and dividend income. All significant intra-Group transactions have been eliminated on consolidation.

The Group's turnover arose from the following activities:

	For the three months ended 30 June,		For the six months ended 30 June,	
	2001 Unaudited HK\$'000	2000 Unaudited HK\$'000	2001 Unaudited HK\$'000	2000 Unaudited HK\$'000
Sales of goods	135,974	108,842	247,906	190,540
Dividend income	—	—	—	—
Total	<u>135,974</u>	<u>108,842</u>	<u>247,906</u>	<u>190,540</u>

(3) Taxation

	For the three months ended 30 June,		For the six months ended 30 June,	
	2001 Unaudited HK\$'000	2000 Unaudited HK\$'000	2001 Unaudited HK\$'000	2000 Unaudited HK\$'000
Hong Kong	—	—	—	—
PRC income tax	<u>2,520</u>	<u>2,768</u>	<u>4,281</u>	<u>4,567</u>
Total	<u>2,520</u>	<u>2,768</u>	<u>4,281</u>	<u>4,567</u>

No Hong Kong profits tax has been provided for the three months and six months ended 30 June, 2001 as there was no assessable profit arising in or derived from Hong Kong during these periods. (2000: Nil)

PRC income tax is provided at the rates applicable to enterprises in the PRC on the income for statutory reporting purposes, adjusted for income and expenses items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretation thereof.

Pursuant to the Income Tax Law of the PRC concerning Foreign Investment Enterprises and Foreign Enterprises and various local income tax laws (the "Income Tax Laws"), joint venture companies are subject to the statutory income tax rate of 33% (30% state income taxes plus 3% local income taxes) unless the enterprise is qualified as a "High and New Technology Enterprise" or is located in specially designated regions or cities for which more favorable effective tax rates apply. The Group's principal operating subsidiaries are qualified as "High and New Technology Enterprises" for which a preferential tax rate of 15% applies and are entitled to an income tax exemption for two years commencing

from the first profitable year (after deducting losses carried forward), and a 50% reduction for the succeeding three years.

As of 30 June, 2001, the Group's principal subsidiaries are subject to an income tax rate of 7.5%. (2000: CTF: 7.5%, CTT: 12% for the first six months of 2000; in November 2000, formal approval from the State Tax Bureau was granted and the effective tax rate for 2000 became 7.5%.)

There are no material potential deferred tax liabilities for which provision has not been made (2000: Nil).

(4) Dividends and books closure

The Board of Directors have recommended an interim dividend of HK4.0 cents per ordinary share for the six months ended 30 June, 2001. The dividend will be paid to shareholders whose names appear on the Register of Members of the Company on 27 August, 2001, Monday.

The Register of members of the Company will be closed from 23 August, 2001 (Thursday) to 27 August, 2001 (Monday), both days inclusive during which period no transfer of share of the Company will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong by 4:00 p.m. on 22 August, 2001, Wednesday.

(5) Earnings per share

The calculation of the basic earnings per share is based on profit from the ordinary activities attributable to shareholders for the three months and the six months ended 30 June, 2001 of HK\$16,121,000 and HK\$28,258,000 respectively and the 300,000,000 ordinary shares in issue during the respectively periods. The basic earnings per share for the three months and the six months ended 30 June, 2000 is based on profit of HK\$14,199,000 and HK\$25,295,000 respectively and on the assumption that 240,000,000 shares had been in issue throughout the respectively periods.

Diluted earnings per share for the three months and six months ended 30 June, 2001 is based on 300,000,000 ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 16,706,587 and 13,480,663 ordinary shares deemed to be issued at average fair value if all outstanding options had been exercised during the respective periods. The comparative diluted earnings per share has not been calculated because no diluting events existed during the period.

(6) Reserves

There has been no movement of reserves, other than retained earnings, during the period. (2000: Nil)

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30 June, 2001, the interests of the Directors and their associates in the share capital of the Company or its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

(1) Shares

Name of director	Notes	Number of issued ordinary shares of HK\$0.10 each in the Company held and nature of interest				Total
		Personal	Family	Corporate	Other	
Mr. Tse Ping	(1)	–	–	231,120,000	–	231,120,000
Mr. Wang Jinyu	(2)	–	–	8,880,000	–	8,880,000

Notes:–

- (1) The shareholding interest attributable to Mr. Tse Ping in the Company is held through Conspicuous Group Limited, Remarkable Industries Limited and Validated Profits Limited. Each of Conspicuous Group Limited, Remarkable Industries Limited and Validated Profits Limited is an investment holding company wholly owned by Mr. Tse Ping who is the chairman and an executive director of the Company.
- (2) The shareholding interest attributable to Mr. Wang Jinyu in the Company is held through Discover Profits Limited. Discover Profits Limited is an investment holding company wholly owned by Mr. Wang Jinyu who is an executive director of the Company.

(2) Directors' rights to acquire shares

Pursuant to the share option scheme (the "Scheme") adopted by the Company on 19 September, 2000, Mr. Tse Ping, Mr. Wang Jinyu, Mr. Ling Peixue and Mr. Tao Huiqi were granted options on 2 January, 2001 to subscribe for 7,500,000 shares, 1,000,000 shares, 1,000,000 shares and 1,000,000 shares of the Company, respectively, at a subscription price of HK\$0.74 per share exercisable during the period from 2 January, 2003 to 1 January, 2007 (both days inclusive).

Save as disclosed above, during the three months and six months ended 30 June, 2001, none of the Directors or their associates were granted options to subscribe for shares of the Company.

Outstanding share options

As at 30 June, 2001, options to subscribe for an aggregate of 30,000,000 shares of the Company (which include the options granted to Mr. Tse Ping, Mr. Wang Jinyu, Mr. Ling Pei Xue and Mr. Tao Huiqi as disclosed above) granted pursuant to the Scheme were outstanding. Details are as follows:–

Number of share options	Number of employees	Subscription price per share HK\$	Option period
30,000,000	13	0.74	2 January, 2003 to 1 January, 2007

Generally, the options may be exercised in different tranches within the option period.

Save as disclosed above, as at 30 June, 2001, none of the Directors or their associates had any personal, family, corporate or other interest in the equity or debt securities of the Company or any of its associated corporations, as defined in the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 30 June, 2001 the following interests of 10% or more in the issued share capital of the Company were recorded in the register of interests pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares	Percentage of shareholding
Mr. Tse Ping	231,120,000	77.04
Conspicuous Group Limited	108,000,000	36.00
Remarkable Industries Limited	57,317,760	19.11
Validated Profits Limited	65,802,240	21.93

Save as disclosed above, no persons, other than the Directors whose interests are set out above, had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

COMPETING INTERESTS

As at 30 June, 2001 and as disclosed in the prospectus issued by the Company on 22 September, 2000, Mr. Tse Ping owned controlling interests or investment interests in Xian C.P. Pharmaceutical Co., Ltd. (“CT Xian”), Ankang Chia Tai Pharmaceutical Co., Ltd. (“CT Ankang”), Hainan Tigerlily Pharmaceutical Co., Ltd. (“HTPC”) and ABH Nature’s Products Inc. (“ABH”).

CT Xian is a medicine producing enterprise principally engaged in the production and distribution of anti-cancer medicines, gastrointestinal medicines, gynaecological medicines and dermatitis medicine for psoriasis. CT Ankang is principally engaged in the production and distribution of medicine reducing blood-fat level, gynaecomastia medicines and other chemical medicines. HTPC is a trading company

engaged in the import and export of medicines, including vitamins, anti-biotics and gastro medicines from Europe, the United States, Korea and other countries. ABH is principally engaged in the re-processing of natural medicines and vitamins in the United States.

There is no law or regulation or agreement which prohibits or restricts the entry of the above enterprises into business which may compete directly or indirectly with the Group. Currently, the above enterprises do not have any business which constitutes competition, whether directly or indirectly, with the Group's business.

Mr. Tse Ping has signed a deed of non-competition undertaking to the Company dated 19 September, 2000 and has undertaken that, for so long as Mr. Tse Ping, together with his associates, shall remain beneficially interested, directly or indirectly, in shares with at least 35% of the voting rights of the Company, neither Mr. Tse Ping nor any of the companies or other entities of which more than 50% of the issued shares or equity of other nature carrying voting rights are directly or indirectly owned by Mr. Tse Ping or regarding which companies or entities Mr. Tse Ping is entitled to control the board of directors or management body of similar nature ("Mr. Tse Ping's Companies") (excluding for this purpose the Group) will:-

- (a) within the areas of Hong Kong, Shandong Province and Jiangsu Province of the PRC, carry on, become engaged or otherwise become interested (save through Mr. Tse Ping's interest in the Company), directly or indirectly, in any business activities involving the business of the Company; and
- (b) in the PRC, other than within the areas of Hong Kong, Shandong Province and Jiangsu Province of the PRC, (save through Mr. Tse Ping's interest in the Company) become engaged or otherwise become interested, directly or indirectly, in or otherwise commence any business activities involving the business of the Company if to do so will result in competition, or is likely to compete, with any part of the business of the Company already carried on by the Group in such territory at the time Mr. Tse Ping and/or Mr. Tse Ping's Companies (excluding for this purpose the Group) propose to invest in such business activities.

Save as disclosed above, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes with the business of the Group.

SPONSORS' INTERESTS

As at 30 June, 2001, DBS Asia Capital Limited, its directors, employees or associates, did not have any interest in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

AUDIT COMMITTEE

The Company set up an Audit Committee (the “Committee”) on 19 September, 2000 with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises two independent non-executive directors. The Committee held one meeting on 16 March, 2001 and performed the functions specified in the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

From 1 January, 2001 to 30 June, 2001, 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 Ping
Chairman

Hong Kong, 1 August, 2001

This announcement, for which the Directors 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 are fair and reasonable.

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