

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Sino Biopharmaceutical Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank manager, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



## **SINO BIOPHARMACEUTICAL LIMITED**

**中國生物製藥有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

### **ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME**

A letter from the Chairman of Sino Biopharmaceutical Limited is set out on pages 4 to 7 of this circular. A notice convening an extraordinary general meeting of Sino Biopharmaceutical Limited to be held at 8th Floor, Crown Room, The Dynasty Club Ltd., South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Friday, 26 April, 2002 at 11:15 a.m. (or so soon thereafter as the annual general meeting of Sino Biopharmaceutical Limited convened for the same day and at the same place shall have concluded or been adjourned), is set out on pages 17 to 18 of this circular.

Whether or not you intend to attend the extraordinary general meeting of the Company, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

*This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for 7 days from the day of its posting and on the website of Sino Biopharmaceutical Limited at [www.sinobiopharm.com](http://www.sinobiopharm.com).*

10 April, 2002

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

# CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Chairman</b>	
Introduction .....	4
Existing Scheme .....	4
New Scheme .....	5
Conditions .....	6
Present Status of the New Scheme .....	6
Extraordinary General Meeting .....	6
Responsibility Statement .....	6
Recommendation .....	7
Additional Information .....	7
<b>Appendix – Summary of the Principal Terms of the Rules     of the New Scheme</b> .....	8
<b>Notice of Extraordinary General Meeting</b> .....	17

## DEFINITIONS

*In this circular, the following expressions have the following meanings unless the context otherwise requires:*

“associates”	in relation to an Eligible Person, shall have the meaning ascribed to it under rule 1.01 of the GEM Listing Rules in relation to any director, chief executive, substantial shareholder or management shareholder of the Company or its subsidiaries;
“Board”	the board of Directors or a duly authorized committee of the board of Directors;
“business day”	a day upon which the Stock Exchange is open for securities trading;
“Company”	Sino Biopharmaceutical Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM;
“connected person”	shall have the meaning ascribed to it under rule 1.01 of the GEM Listing Rules;
“control”	<p>the power of a person to secure:</p> <ul style="list-style-type: none"><li>(i) by means of the holding of shares or other securities or the possession of voting power in or in relation to the relevant body corporate or any other body corporate; or</li><li>(ii) by means of controlling the composition of a majority of the board of directors of the relevant body corporate or any other body corporate; or</li><li>(iii) by virtue of any powers conferred by the bye-laws, articles of association or other constitutional document regulating the relevant body corporate or any other body corporate</li></ul> <p>that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of such person;</p>
“Directors”	the directors of the Company;

## DEFINITIONS

“Eligible Person”

means:

- (i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or
- (b) any individual for the time being seconded to work for,

any member of the Group or any Management Shareholder or any company controlled by a Management Shareholder (a “**Category A Eligible Person**”); or

- (ii) any holder of any securities issued by any member of the Group or any Management Shareholder or any company controlled by a Management Shareholder (a “**Category B Eligible Person**”); or

- (iii) (a) any business or joint venture partner, contractor, agent or representative of,
- (b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,
- (c) any supplier, producer or licensor of goods or services to,
- (d) any customer, licensee (including any sub-licensee) or distributor of goods or services of, or
- (e) any landlord or tenant (including any sub-tenant) of,

any member of the Group or any Management Shareholder or a company controlled by a Management Shareholder (a “**Category C Eligible Person**”);

and, for the purposes of the New Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants;

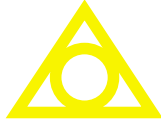
“Existing Scheme”

the existing share option scheme of the Company adopted on 19 September, 2000;

## DEFINITIONS

“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on Friday, 26 April, 2002 at 11:15 a.m. (or so soon thereafter as the annual general meeting of the Company convened for the same day and at the same place shall have concluded or been adjourned), notice of which is set out on pages 17 to 18 of this circular;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended;
“Group”	the Company and any entity in which the Company, directly or indirectly, holds any equity interest;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	8 April, 2002, being the latest practicable date for ascertaining certain information for inclusion in this circular;
“Management Shareholder”	any management shareholder of the Company; and “management shareholder” shall have the meaning ascribed to it under rule 1.01 of the GEM Listing Rules;
“New Scheme”	the share option scheme of the Company to be proposed for adoption by the Company at the Extraordinary General Meeting, a summary of the principal terms of the rules of which is set out in the Appendix on pages 5 to 6 of this circular;
“Scheme Period”	the period commencing on the date on which the New Scheme is adopted by Shareholders at the Extraordinary General Meeting and expiring at the close of business on the tenth anniversary thereof;
“Shareholders”	holders of Shares;
“Share(s)”	ordinary shares of HK\$0.10 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under rule 1.01 of the GEM Listing Rules; and
“HK\$” and “\$”	Hong Kong dollars, the lawful currency of Hong Kong.

LETTER FROM THE CHAIRMAN



**SINO BIOPHARMACEUTICAL LIMITED**

中國生物製藥有限公司

*(Incorporated in the Cayman Islands with limited liability)*

*Executive Directors:*

Mr. Tse Ping (*Chairman*)  
Mr. Wang Jinyu  
Mr. Ling Peixue  
Mr. Tao Huiqi

*Independent Non-executive Directors:*

Dr. Patrick Ho Chi Ping JP  
Mr. Hu Xi Ming

*Registered office:*

Codan Trust Company (Cayman)  
Limited  
Century Yard  
Crocket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
British West Indies

*Principal place of business in*

*Hong Kong:*  
Unit 09, 41st Floor, Office Tower  
Convention Plaza  
1 Harbour Road  
Wanchai  
Hong Kong

10 April, 2002

*To the Shareholders and, for information only,  
holders of options under the Existing Scheme*

Dear Sir or Madam,

**ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
TERMINATION OF EXISTING SHARE OPTION SCHEME**

**INTRODUCTION**

The purpose of this circular, which includes a summary of the principal terms of the New Scheme, is to provide Shareholders with information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to be proposed at the Extraordinary General Meeting for the approval of the proposed adoption of the New Scheme and the termination of the Existing Scheme.

**EXISTING SCHEME**

The Existing Scheme was adopted on 19 September, 2000. As at the Latest Practicable Date, an aggregate of 30,000,000 Shares remain issuable upon the exercise in full of all the outstanding options granted on 2 January, 2001 under the Existing Scheme which are exercisable between 2 January, 2003 and 1 January, 2007.

## LETTER FROM THE CHAIRMAN

In compliance with the amended Chapter 23 of the GEM Listing Rules, the Board proposes that the New Scheme be adopted and the Existing Scheme be terminated, subject to the approval of the Shareholders. Notwithstanding the proposed termination of the Existing Scheme, the aforesaid outstanding options previously granted under the Existing Scheme shall remain valid and exercisable in accordance with the provisions of the Existing Scheme.

### NEW SCHEME

A summary of the principal terms of the proposed New Scheme is set out in the Appendix to this circular.

The purpose of the New Scheme is to enable the Board to grant options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group. The Board considers that it is in line with modern commercial practice that appropriate Eligible Persons determined by the Board from time to time on the basis of their contribution or potential contribution to the development and growth of the Group, should be given incentives in the form of options to subscribe for Shares.

The terms of the New Scheme provide that in granting options under the New Scheme, the Board can determine whether there is any minimum holding period, and whether there is any performance target which must be achieved, before an option granted under the New Scheme can be exercised. The Board will also determine the option price per Share payable on the exercise of an option according to the terms of the New Scheme. Subject to the New Scheme becoming effective, the Board intends to exercise its powers under the New Scheme during the Scheme Period with the objective of serving the purposes of the New Scheme as stated above.

The Board considers that it is not appropriate to state the value of all options that can be granted under the New Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include the exercise price, exercise period, lock up period (if any), performance targets set (if any) and other relevant variables. The Board believes that any calculation of the value of any option which might have been granted on the Latest Practicable Date would be based on a number of speculative assumptions and would therefore not be meaningful but would be misleading to the Shareholders.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Scheme, the total number of Shares which may be issued upon exercise of all options which may be granted under the New Scheme and any other share option schemes of the Company (excluding, for this purpose, (i) those Shares issuable upon exercise of all options which may during the Scheme Period have been granted but which have lapsed in accordance with the terms of the New Scheme and any other share option schemes of the Company and (ii) the 30,000,000 Shares which remain issuable upon the exercise in full of all outstanding options granted pursuant to the Existing Scheme) must not in aggregate exceed 10% of the Shares in issue at the date of approval of the New Scheme.

Assuming no Shares will be issued or repurchased prior to the date of the Extraordinary General Meeting on which the New Scheme is expected to be adopted by the Shareholders, the total number of the Shares in issue as at the date of the Extraordinary General Meeting will be 300,000,000. Subject to the New Scheme becoming effective, assuming that no options will be proposed to be granted under the New Scheme prior to the date of the Extraordinary General Meeting, the Company may grant options under the New Scheme and any other share option schemes of the Company in respect of which up to 30,000,000 Shares may be issued.



## **LETTER FROM THE CHAIRMAN**

A copy of the proposed New Scheme (subject to minor amendments) will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 09, 41st Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong during normal business hours on any week day (except public holidays) from 11 April, 2002 up to and including 25 April, 2002 and will also be available for inspection at the Extraordinary General Meeting.

### **CONDITIONS**

The New Scheme will become effective for the 10-year period ending at the close of business on the tenth anniversary of the date of the Extraordinary General Meeting subject to:

- (a) the passing by the Shareholders of an ordinary resolution at the Extraordinary General Meeting to approve the adoption of the New Scheme; and
- (b) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of options granted under the New Scheme.

### **PRESENT STATUS OF THE NEW SCHEME**

Application has been made to the GEM Listing Committee of the Stock Exchange for the grant of listing of and permission to deal in the Shares which may be issued pursuant to the exercise of options granted under the New Scheme. As at the Latest Practicable Date, no option has been granted or agreed to be granted under the New Scheme.

### **EXTRAORDINARY GENERAL MEETING**

A notice convening the Extraordinary General Meeting is set out on pages 17 to 18 of this circular. At the Extraordinary General Meeting, an ordinary resolution will be proposed to approve the adoption of the New Scheme and the termination of the Existing Scheme.

A form of proxy is enclosed for the use by Shareholders at the Extraordinary General Meeting. Shareholders are requested to complete and return the form of proxy to the principal place of business of the Company in Hong Kong at Unit 09, 41st Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong as soon as possible, but in any event not later than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjournment thereof. The lodging of a form of proxy will not preclude a Shareholder from attending the Extraordinary General Meeting and voting in person should he so wish.

### **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purposes 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:

- (a) all information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and

## LETTER FROM THE CHAIRMAN

- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

### **RECOMMENDATION**

The Directors believe that the adoption of the New Scheme and the termination of the Existing Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
**Tse Ping**  
*Chairman*

## **APPENDIX SUMMARY OF THE PRINCIPAL TERMS OF THE RULES OF THE NEW SCHEME**

The following is a summary of the principal terms of the rules of the New Scheme proposed to be adopted at the Extraordinary General Meeting:

### **1. Purpose of the New Scheme**

The purpose of the New Scheme is to enable the Board to grant options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group.

### **2. Who may join and basis of eligibility**

The Board may, at its absolute discretion and on such terms as it may think fit, grant options to any Eligible Person to subscribe at a price calculated in accordance with paragraph 3 below for such number of Shares as it may determine in accordance with the terms of the New Scheme.

The basis of eligibility of any of the Eligible Persons to the grant of options shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

### **3. Option price for subscription of Shares**

The option price per Share payable on the exercise of an option is to be determined by the Board provided always that it shall be at least the higher of:

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of an option is accepted by the Eligible Person), which must be a business day; and
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant,

(as subsequently adjusted pursuant to the terms of the New Scheme, if relevant), provided that the option price per Share shall in no event be less than the nominal amount of one Share.

### **4. Acceptance of offers**

An offer for the grant of options must be accepted within thirty days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

### **5. Maximum number of Shares**

- (A) Subject to sub-paragraph (B) and (C) below, the maximum number of Shares issuable upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company as from the commencement of the Scheme Period (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the Shares in issue as at the date of the Extraordinary

## **APPENDIX SUMMARY OF THE PRINCIPAL TERMS OF THE RULES OF THE NEW SCHEME**

General Meeting (the “**Scheme Mandate**”). The Shares underlying any options granted under the New Scheme or any other share option schemes of the Company which have been cancelled (but not options which have lapsed) will be counted for the purpose of the Scheme Mandate.

- (B) The Scheme Mandate may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the new limit under the refreshed Scheme Mandate must not exceed 10% of the Shares in issue at the date of the Shareholders’ approval of such refreshed Scheme Mandate. Options previously granted under the New Scheme or any other share option schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the New Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the refreshed Scheme Mandate.
- (C) The Company may also, by obtaining separate approval of the Shareholders in general meeting, grant options beyond the Scheme Mandate provided the options in excess of the Scheme Mandate are granted only to Eligible Persons specifically identified by the Company before such approval is sought.
- (D) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

### **6. Maximum entitlement of each Eligible Person**

The maximum number of Shares issued and to be issued upon exercise of options granted under the New Scheme and any other share option schemes of the Company to any Eligible Person (including cancelled, exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders with such Eligible Person and his associates abstaining from voting.

### **7. Grant of options to certain connected persons**

- (A) Any grant of an option to a Director, chief executive, Management Shareholder or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (B) Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of options already granted and to be granted to such person under the New Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
  - (i) representing in aggregate over 0.1% of the Shares in issue; and

## **APPENDIX SUMMARY OF THE PRINCIPAL TERMS OF THE RULES OF THE NEW SCHEME**

- (ii) having an aggregate value, based on the closing price of the Shares at each date of grant, in excess of HK\$5 million,

such further grant of options is required to be approved by Shareholders in general meeting in accordance with the GEM Listing Rules. Any change in the terms of an option granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders.

### **8. Time of exercise of option**

An option may be exercised in accordance with the terms of the New Scheme at any time during a period commencing on such date on or after the date on which the option is granted as the Board may determine in granting the option and expiring at the close of business on such date as the Board may determine in granting the option but in any event shall not exceed ten years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted).

### **9. Performance targets**

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

### **10. Ranking of Shares**

If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an option, a dividend is to be or is proposed to be paid, or Shares are to be issued or proposed to be issued by way of the capitalization of profits or reserves or by way of rights under an offer made pro rata, to Shareholders on the register of members of the Company on a date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend or such Shares. Subject as aforesaid, Shares allotted upon the exercise of an outstanding option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of such exercise. Shares allotted upon the exercise of an option for the time being outstanding shall not carry voting rights until completion of the registration of the option holder (or any other person) as the holder thereof.

### **11. Rights are personal to grantee**

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

### **12. Rights of exercise for grantees who were Category A Eligible Persons**

If a grantee of an option who at the time of grant of an option to him qualified as an Eligible Person because he was a Category A Eligible Person ceases to be such a Category A Eligible Person:

- (i) by reason of ill-health or injury or disability or death, then he or (as the case may be) his personal representative(s) may exercise his outstanding option within six months

<b>APPENDIX SUMMARY OF THE PRINCIPAL TERMS OF THE RULES OF THE NEW SCHEME</b>
---

or up to the expiration of the relevant option period, whichever is earlier, failing which the option will lapse; or

- (ii) because the relevant member of the Group or the relevant Management Shareholder or the relevant company controlled by the relevant Management Shareholder by reason of his employment or engagement with, or secondment to, which he qualified as a Category A Eligible Person at the time the option was granted ceases to be a member of the Group or a Management Shareholder or a company controlled by the relevant Management Shareholder (as the case may be), then he may exercise his outstanding option within six months or up to the expiration of the relevant option period, whichever is earlier, failing which the option will lapse; or
- (iii) by reason of retirement in accordance with his contract of employment or service, then he may exercise his outstanding option within six months after he so ceases or, if the Board in its absolute discretion determine, within six months following the date of his sixtieth birthday where the retirement takes effect prior to such date, failing which the option will lapse; or
- (iv) by reason of voluntary resignation or dismissal, or upon expiration of his term of directorship (unless immediately renewed upon expiration), or by termination of his employment or service in accordance with the termination provisions of his contract of employment or service by the relevant company otherwise than by reason of redundancy, then his outstanding option shall lapse on the date he so ceases; or
- (v) on the grounds that he has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the grantee or the Group or the relevant Management Shareholder or the relevant company controlled by the relevant Management Shareholder into disrepute), then his outstanding options shall lapse automatically on the date of his ceasing to be an Eligible Person; or
- (vi) for any other reason, any options exercisable at the date he so ceases may be exercised within three months of the date he so ceases, failing which the option will lapse,

Provided always that in each case the Board in its absolute discretion may decide that such options or any part thereof shall not so lapse or determined subject to such conditions or limitations as it may decide.

### **13. Rights of exercise for grantees who were Category B Eligible Persons**

If a grantee of an option who at the time of grant of an option to him qualified as an Eligible Person because he was a Category B Eligible Person:

- (i) ceases to be a Category B Eligible Person by reason that such grantee ceases to be a holder of any securities issued by the relevant member of the Group or the relevant Management Shareholder or the relevant company controlled by a Management Shareholder, then his outstanding option shall lapse on the date he so ceases; or

<b>APPENDIX SUMMARY OF THE PRINCIPAL TERMS OF THE RULES OF THE NEW SCHEME</b>
---

- (ii) ceases to be a Category B Eligible Person because the relevant member of the Group by reason of his holding of securities in which he qualified as a Category B Eligible Person at the time the option was granted ceases to be a member of the Group, then he may exercise his outstanding option within six months after he so ceases or up to the expiration of the option period, whichever is earlier, failing which the option will lapse; or
- (iii) ceases to be a Category B Eligible Person because the relevant Management Shareholder or the relevant company controlled by the relevant Management Shareholder by reason of his holding of securities in which he qualified as a Category B Eligible Person at the time the option was granted ceases to be a Management Shareholder or a company controlled by the relevant Management Shareholder (as the case may be), then his outstanding option shall lapse on the date he so ceases; or
- (iv) (if the grantee is an individual) dies, then his personal representative(s) may exercise his outstanding option within six months after his death or up to the expiration of the option period, whichever is earlier, failing which the option will lapse; or
- (v) has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the grantee or the Group or the relevant Management Shareholder or the relevant company controlled by the relevant Management Shareholder into disrepute), then his outstanding option shall lapse automatically on the date of the relevant court order, resolution, misconduct or conviction or the effective date of the relevant arrangements or composition (as the case may be),

Provided always that in each case the Board in its absolute discretion may decide that such option or any part thereof shall not so lapse or determine subject to such conditions or limitations as it may decide.

#### **14. Rights of exercise for grantees who were Category C Eligible Persons**

If a grantee of an option who at the time of grant of an option to him qualified as an Eligible Person because he was a Category C Eligible Person:

- (i) has, in the absolute determination of the Board, committed any breach of contract entered into between such Eligible Person and the relevant member of the Group or the relevant Management Shareholder or the relevant company controlled by the relevant Management Shareholder; or
- (ii) has committed any act of bankruptcy or become insolvent or made any arrangements or composition with his creditors generally or committed any serious misconduct or been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the grantee or the Group or the relevant Management Shareholder or the relevant company controlled by the relevant Management Shareholder into disrepute);

## **APPENDIX SUMMARY OF THE PRINCIPAL TERMS OF THE RULES OF THE NEW SCHEME**

then his outstanding option shall lapse and determine automatically on the date of the Board's determination referred to in (i) above or, as the case may be, the date of the relevant court order, resolution, misconduct or conviction or the effective date of the relevant arrangements or composition (as the case may be) for the relevant event referred to in (ii) above; or

- (iii) if the grantee (if he is an individual) dies, then his personal representative(s) may exercise his outstanding option within six months after his death or up to the expiration of the option period, whichever is earlier, failing which the option will lapse,

Provided always that in each case the Board in its absolute discretion may decide that such option or any part thereof shall not so lapse or determined subject to such conditions or limitations as it may decide.

### **15. Rights on exercise for grantees which were companies controlled by any of the Eligible Persons**

In respect of any option granted to a company which qualified as an Eligible Person because it was a company controlled by a person (“**Such Person**”) who was a Category A Eligible Person or Category B Eligible Person or Category C Eligible Person:

- (i) the relevant provisions set out in paragraph 12, 13, or 14 (as the case may be) would apply to its outstanding option as if the option had been granted to Such Person; and
- (ii) its outstanding option shall lapse on the date it ceases to be a company controlled by Such Person,

Provided always that in each case the Board in its absolute discretion may decide that such option or any part thereof shall not so lapse or determine subject to such conditions or limitations as it may decide.

### **16. Failure to meet continuing eligibility criteria**

If the Board in the offer granting the relevant option has specified that the grantee has to meet certain continuing eligibility criteria and that the failure of the grantee to meet any such continuing eligibility criterion would entitle the Company to cancel the option then outstanding (or part thereof), then upon the failure of the grantee to meet any such continuing eligibility criterion, his outstanding option shall lapse and determine on the date the Board exercises the Company's right to cancel the option on the ground of such failure.

### **17. Rights on a general offer**

If a general offer by way of takeover is made to all the Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the grantee of an option shall, subject to paragraph 8 above, be entitled to exercise at any time within a period of fourteen days after such control has been obtained by the offeror any option in whole or in part to the extent not already exercised (and notwithstanding any restrictions which would otherwise have prevented such option from being exercisable at that time). For the avoidance of doubt, an option not so exercised shall remain valid in accordance with its terms and subject to such restrictions as applied to it before the general offer.



<b>APPENDIX SUMMARY OF THE PRINCIPAL TERMS OF THE RULES OF THE NEW SCHEME</b>
---

**18. Rights on winding-up**

If notice is given by the Company to Shareholders of an extraordinary general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, the Company shall forthwith give notice to all grantees of options and each grantee shall be entitled, at any time no later than two business days prior to the proposed general meeting of the Company to exercise any of his outstanding options in whole or in part to the extent not already exercised (and notwithstanding any restrictions which would otherwise have prevented such options from being exercisable at that time). If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon lapse and determine on the commencement of the winding-up.

**19. Rights on compromise or arrangement**

In the event of a compromise or arrangement between the Company and Shareholders or the Company's creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company pursuant to the Companies Law (2001 Revision) Cap.22 of the Cayman Islands, as amended, notice of the relevant meeting shall be given to the grantees of options on the same day notice is given to the Shareholders and the Company's creditors, and thereupon each grantee (or where permitted his personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Grand Court of the Cayman Islands be entitled to exercise his option, but such exercise of an option shall be conditional upon such compromise or arrangement being sanctioned by the Grand Court of the Cayman Islands and becoming effective. Failing such exercise, all options will lapse.

**20. Lapse of options**

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph 8 above;
- (ii) the date on which the grantee commits a breach of paragraph 11 above, if the Board shall exercise the Company's right to cancel the option;
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraph 12, 13, 14, 15 or 16 above; and
- (iv) the expiry of any of the relevant periods referred to in paragraph 18 or 19 above.

**21. Cancellation of options granted but not yet exercised**

Following the cancellation of any options granted under the New Scheme but not exercised, new options may only be granted to the same grantee under the New Scheme with available unissued options (excluding the cancelled options) within the limit of the Scheme Mandate then available to the Board.

## **APPENDIX SUMMARY OF THE PRINCIPAL TERMS OF THE RULES OF THE NEW SCHEME**

### **22. Effects of alterations to capital**

In the event of any reduction, sub-division or consolidation of the share capital of the Company or any capitalisation issue or rights issue, the number of Shares comprised in each option and/or the option price may be adjusted in such manner as the Board (having, except in the case of an issue of Shares by way of the capitalisation of profits or reserves, received a statement in writing from the auditors of the Company or an independent financial adviser appointed for such purpose that in their opinion the adjustments proposed are in accordance with the requirements of the relevant provisions of Chapter 23 of the GEM Listing Rules) may deem appropriate, provided always that the grantee shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments, and that no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of Shares as consideration in a transaction will not be regarded as a circumstance requiring adjustment.

### **23. Period of the New Scheme**

The New Scheme will remain in force for a period of ten years commencing on the date on which the New Scheme is adopted by Shareholders in general meeting and shall expire at the close of business on the tenth anniversary thereof unless terminated earlier by Shareholders in general meeting.

### **24. Alteration to the New Scheme**

- (A) No amendment shall be made to the terms and conditions of the New Scheme which extends the class of Eligible Persons, or alters to the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules except with the prior approval of the Shareholders in general meeting.
- (B) Any amendment to any terms of the New Scheme which are of a material nature or any change to the options granted must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the New Scheme.
- (C) Any change to the authority of the Board in relation to any alteration to the terms of the New Scheme must be approved by Shareholders in general meeting.
- (D) Any amendment to any terms of the New Scheme or the options granted shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

### **25. Termination to the New Scheme**

The Company may, with the approval in general meeting of the Shareholders, terminate the New Scheme at any time following which no further grant of options shall be offered but in all other respects the rules of the New Scheme shall continue in full force and effect. Any options granted prior to such termination, including options exercised or outstanding, under the New Scheme shall continue to be valid and exercisable in accordance with the rules of the New Scheme.

<p style="text-align: center;"><b>APPENDIX SUMMARY OF THE PRINCIPAL TERMS OF THE RULES OF THE NEW SCHEME</b></p>
--

**26. Conditions of the New Scheme**

The New Scheme is conditional on (1) the passing by the Shareholders of an ordinary resolution at the Extraordinary General Meeting to approve the adoption of the New Scheme; and (2) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the New Scheme.

# NOTICE OF EXTRAORDINARY GENERAL MEETING



## **SINO BIOPHARMACEUTICAL LIMITED**

**中國生物製藥有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of Sino Biopharmaceutical Limited (the “Company”) will be held at 8th Floor, Crown Room, The Dynasty Club Ltd., South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Friday, 26 April, 2002 at 11:15 a.m. (or so soon thereafter as the annual general meeting of Sino Biopharmaceutical Limited convened for the same day and at the same place shall have concluded or been adjourned) for the purpose of considering and, if thought fit, to pass with or without modification the following ordinary resolution:

### **ORDINARY RESOLUTION**

1. **“THAT**, subject to and conditional upon the Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of and permission to deal in the shares of the Company to be issued pursuant to the exercise of any options granted under the new share option scheme of the Company (the “Scheme”), the rules of which are contained in the document marked “A” produced to the meeting and for the purpose of identification signed by the Chairman thereof, the Scheme be and is hereby approved and adopted and the board of directors of the Company be and is hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme including, but without limitation:
  - (1) to administer the Scheme under which options may be granted to Eligible Persons (as defined in the Scheme) to subscribe for shares in the share capital of the Company;
  - (2) to modify and/or amend the Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Scheme relating to modification and/or amendment;
  - (3) to make application at the appropriate time or times to the Stock Exchange, and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of and permission to deal in any shares of the Company which may hereafter from time to time be issued and allotted pursuant to the exercise of any options granted under the Scheme; and
  - (4) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Scheme,

## NOTICE OF EXTRAORDINARY GENERAL MEETING

and accordingly **THAT** the existing share option scheme of the Company adopted on 19 September, 2000 is hereby terminated with effect from the close of this meeting (without prejudice to the rights and benefits of and attached to any such options as may have been granted thereunder which are outstanding).”

On behalf of the Board  
**Tse Ping**  
*Chairman*

Hong Kong, 10 April, 2002

*Principal place of business in Hong Kong:*

Unit 09, 41st Floor  
Office Tower  
Convention Plaza  
1 Harbour Road  
Wanchai  
Hong Kong

Notes:

1. A form of proxy for use at the meeting is being despatched to the shareholders of the Company together with a copy of this notice.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.
3. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the principal place of business of the Company in Hong Kong at Unit 09, 41st Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the above meeting or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.