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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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, the information contained in this announcement is accurate and complete in all material respects and not misleading; there are no other matters the omission of which would make any statement in this announcement misleading; and 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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SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(incorporated in the Cayman Islands with limited liability)

PROPOSED PLACING OF NEW SHARES

Placing Agent



DBS ASIA CAPITAL LIMITED

The Company entered into a conditional placing agreement with the Placing Agent on 13 September, 2002 pursuant to which the Company conditionally agreed to place 20,000,000 new Shares at a price of HK\$1.83 each to not less than six independent placees and the Placing Agent agreed to place such Shares on a **best endeavours basis**.

The Placing Shares represent approximately 6.67% of the existing issued share capital of the Company and approximately 6.25% of the Company's issued share capital as enlarged by the Placing.

Completion of the Placing is conditional upon the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares on or before 12 October, 2002. A separate announcement will be made upon completion of the Placing

Assuming the Placing is completed, the net proceeds of the Placing are estimated to be an aggregate amount of approximately HK\$36.1 million. The Group intends to apply such net proceeds for funding any suitable investment opportunities that may have a synergetic effect on the Group and may become available to the Group and/or use as its general working capital.

Investors should exercise extreme cautions in dealing in the Shares.

PLACING AGREEMENT DATED 13 SEPTEMBER, 2002

- Issuer:** Sino Biopharmaceutical Limited.
- Placing Agent:** The Placing is arranged by DBS Asia on a **best endeavours basis**.
- Placees:** The Placing Shares will be placed to not less than six institutional, professional and/or other investors who will be Independent Third Parties. No placees will hold 10% or more of the issued share capital of the Company upon completion of Placing.
- Number of Placing Shares:** 20,000,000 Shares, representing approximately 6.67% of the existing issued share capital of the Company of 300,000,000 Shares and approximately 6.25% of the issued share capital of the Company as enlarged by the Placing to 320,000,000 Shares.
- Placing Price:** HK\$1.83 per Placing Share. The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent and represents (i) a discount of approximately 5.18% to the closing price of HK\$1.93 per Share as quoted on the Stock Exchange on 13 September, 2002, being the date of the Placing Agreement; and (ii) a discount of approximately 5.67% to the average closing price of the Shares of HK\$1.94 per Share for the 10 trading-day period ended on 13 September, 2002. The Directors, having taken into account the market conditions prevailing immediately prior to the Placing, consider that the terms of the Placing are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- General Mandate to issue Placing Shares:** The Placing Shares will be issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 26 April, 2002 authorising the Directors to allot, issue and deal with new Shares up to a maximum of 20% of the issued share capital of the Company.
- Ranking of the Placing Shares:** The Placing Shares, when fully paid and issued, will rank equally in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Placing, including the right to all dividends and other distributions declared, made or paid at anytime after the completion of the Placing.
- Conditions:** The Placing is conditional upon the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.
- Application for listing** Application will be made to the GEM Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Completion: Completion of the Placing is expected to take place on the second Business Day following the fulfillment of the condition to Placing, which is expected to be on or before 12 October, 2002. A separate announcement will be made upon completion of the Placing.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company immediately before and after completion of the Placing:—

Name of shareholder	Shareholding before Placing		Shareholding after Placing	
	Number of Shares	Percentage	Number of Shares	Percentage
Conspicuous Group Limited	108,000,000	36.00%	108,000,000	33.75%
Validated Profits Limited	65,802,240	21.93%	65,802,240	20.56%
Remarkable Industries Limited	57,317,760	19.11%	57,317,760	17.91%
Discover Profits Limited	8,880,000	2.96%	8,880,000	2.78%
Public	<u>60,000,000</u>	<u>20.00%</u>	<u>80,000,000</u>	<u>25.00%</u>
Total	<u>300,000,000</u>	<u>100.00%</u>	<u>320,000,000</u>	<u>100.00%</u>

USE OF PROCEEDS

The Group is principally engaged in research and development, production and sale of biopharmaceutical products for the medical treatment of ophthalmia, as well as modernized Chinese medicine and chemical medicine for the treatment of hepatitis.

The Placing will broaden the shareholder base and capital base of the Company. The net proceeds of approximately HK\$36.1 million to be raised by the Company upon completion of the Placing are intended to be used for funding any suitable investment opportunities that may have a synergetic effect on the Group and may become available to the Group and/or use as its general working capital. The Directors have been in preliminary discussion with certain domestic medicine production companies in the PRC for business cooperation and/or investment. Such business plan is in line with the business objectives of the Company as stated in the prospectus of the Company dated 22 September, 2000 in connection with its listing on GEM. As at the date hereof, no agreement has been entered into on such cooperation or investment.

GENERAL

Investors should exercise extreme cautions in dealing in the Shares.

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Business Day”	a day (other than Saturday or Sunday) on which banks are open for business in Hong Kong;
“Company”	Sino Biopharmaceutical Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM of the Stock Exchange;
“Directors”	directors of the Company;
“GEM”	the Growth Enterprise Market operated by the Stock Exchange;
“GEM Listing Committee”	the listing sub-committee of the board of the Stock Exchange with responsibility for GEM;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party” or “Independent Third Parties”	a person(s) or company(ies) which is independent of and not connected with any director, chief executive, substantial shareholder or management shareholder of any member of the Group or any of their respective associates;
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement;
“Placing Agent” or “DBS Asia”	DBS Asia Capital Limited, an investment adviser and a dealer registered under the Securities Ordinance (Chapter 333 of the laws of Hong Kong);
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent on 13 September, 2002 in connection with the placing of 20,000,000 Shares of the Company;
“Placing Price”	HK\$1.83 per Placing Share;
“Placing Shares”	20,000,000 new Shares to be subscribed under the Placing;

“PRC”	People’s Republic of China;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	the lawful currency of Hong Kong;
“%”	per cent..

By order of the board of Directors
Tse Ping
Chairman

Hong Kong, 13 September, 2002

This announcement will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com for at least 7 days from the day of its posting and on the Company’s website at www.sinobiopharm.com.