
IMPORTANT

If you are in any doubt as to any aspect of this document 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 Kinetana International Biotech Pharma Limited, you should at once hand this document, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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Kinetana International Biotech Pharma Limited **健諾國際生化科技藥業有限公司**

(Incorporated in the Cayman Islands with limited liability)

PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES AND PROPOSED PAYMENT TO AN EX-EXECUTIVE DIRECTOR AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Kinetana International Biotech Pharma Limited to be held at Ching Room, 4/F, Sheraton Hotel, 20 Nathan Road, Kowloon, Hong Kong on Friday, 11 July 2003 at 11:00 a.m. is set out on pages 10 to 12 of this document. Whether or not you are able to attend the Annual General Meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tengis Limited at G/F BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting (as the case may be) should you so wish.

This document, for which the directors of Kinetana International Biotech Pharma Limited 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 Kinetana International Biotech Pharma Limited. The directors of Kinetana International Biotech Pharma Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this document is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this document misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This document will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of Kinetana International Biotech Pharma Limited at www.kinetana.com.

CHARACTERISTICS OF GEM

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.

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions shall have the following meanings:

“Annual General Meeting”	means the annual general meeting of the Company for the financial year ended 28 February 2003 to be held at Ching Room, 4/F, Sheraton Hotel, 20 Nathan Road, Kowloon, Hong Kong on Friday, 11 July 2003 at 11:00 a.m., the notice of which is set out on pages 10 to 12 of this document.
“Articles of Association”	means the existing articles of association of the Company
“Associates”	has the meanings ascribed to it under the GEM Listing Rules
“Code”	means the Hong Kong Code on Takeovers and Mergers
“Company”	means Kinetana International Biotech Pharma Limited, a company incorporated in the Cayman Islands and whose shares are listed on GEM
“Directors”	means the board of directors of the Company
“Dr. Tam”	means Dr. Yun Kau Tam, the President and Chief Executive Officer of the Group and an executive Director, who is the brother-in-law of Mr. Young
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the GEM
“Grand Interest”	means Grand Interest Development Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong Dollars
“Latest Practicable Date”	means 26 May 2003, being the latest practicable date prior to the printing of this document
“Listing”	means the listing of the Shares on the GEM
“Memorandum”	means the existing memorandum of association of the Company
“Mr. S.L. Yeung”	means Mr. Sui Leung Yeung, a non-executive Director, who is the brother of Mr. Young
“Mr. Young”	means the late Mr. Shui Chung Young, who passed away on 16 August 2002 and was an executive Director and the Managing Director and Vice President of the Asian operations of the Group, the brother of Mr. S.L. Yeung and the brother-in-law of Dr. Tam, and a director and shareholder of Grand Interest

DEFINITIONS

“Notice”	means the notice convening the Annual General Meeting which is set out on pages 10 to 12 of this document
“Proposed Payment”	means the proposed one-time special payment of HK\$500,000 to the estate of Mr. Young in recognition and appreciation of his service and contribution to the Group as referred to in the ordinary resolution no. 7 as set out in the Notice
“Repurchase Mandate”	means a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing Resolution No. 5
“Resolution No. 4”	means the ordinary resolution no. 4 as set out in the Notice
“Resolution No. 5”	means the ordinary resolution no. 5 as set out in the Notice
“Resolution No. 6”	means the ordinary resolution no. 6 as set out in the Notice
“Resolution No. 7”	means the ordinary resolution no. 7 as set out in the Notice
“Share(s)”	means the share(s) of par value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

LETTER FROM THE DIRECTORS



Kinetana International Biotech Pharma Limited

健諾國際生化科技藥業有限公司

(Incorporated in the Cayman Islands with limited liability)

Directors:

Dr. Yun Kau Tam
(President and Chief Executive Officer)
Mr. Patrick Chiu Kit Young
Dr. Antoine A. Noujaim*
Mr. Chiu Kang Lee*
Mr. David Shong Tak Tam*
Mr. Sui Leung Yeung*
Mr. Paul Mo Po Chan#
Dr. Albert Wai Kit Chan#

* *Non-executive Directors*

Independent non-executive Directors

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Head office and Principal place of business

108 Advanced Technology Centre
9650-20th Avenue N.W.
Edmonton, Alberta
Canada T6N 1G1

Principal place of business in Hong Kong:

Rooms 101-103
Hong Kong Institute of Biotechnology
2 Biotechnology Avenue
Shatin, New Territories
Hong Kong

29 May 2003

To the Shareholders

Dear Sir or Madam,

PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES AND PROPOSED PAYMENT TO AN EX-EXECUTIVE DIRECTOR

INTRODUCTION

On 16 May 2003, the Directors made an announcement in connection with the audited consolidated results of the Company for the financial year ended 28 February 2003. The purpose of this document is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting to be held at Ching Room, 4/F, Sheraton Hotel, 20 Nathan Road, Kowloon, Hong Kong on Friday, 11 July 2003 at 11:00 a.m.. These include, among others, (i) ordinary resolutions to grant to the Directors general mandates to issue new Shares and to repurchase Shares; and (ii) ordinary resolution to approve the Proposed Payment to the estate of Mr. Young.

LETTER FROM THE DIRECTORS

GENERAL MANDATES

On 7 May 2002, ordinary resolutions were passed by the then sole Shareholder giving general unconditional mandates to the Directors to:

- (1) allot, issue and deal with additional Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company immediately following completion of the Listing (i.e. 104,000,000 additional Shares);
- (2) repurchase such number of Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company immediately following completion of the Listing (i.e. 52,000,000 Shares); and
- (3) extend the general mandate granted to the Directors to allot, issue and deal with additional Shares as mentioned in paragraph (1) above by the amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the general mandate granted to the Directors as mentioned in paragraph (2) above.

The above general mandates will lapse at the conclusion of the Annual General Meeting. It is therefore proposed to seek your approval of the ordinary resolutions to be proposed at the Annual General Meeting to give fresh general mandates to the Directors.

At the Annual General Meeting, separate ordinary resolutions will be proposed to give to the Directors a fresh general mandate (i) to allot, issue and otherwise deal with additional Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of the Resolution No. 4 (i.e. 104,104,817 additional Shares, on the basis that no further Shares are issued or repurchased by the Company prior to the Annual General Meeting) as set out in the Notice during the period from the date of the passing of the Resolution No. 4 up to: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying such mandate, whichever occurs first; (ii) to repurchase Shares with an aggregate nominal amount up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the Resolution No. 5 (i.e. 52,052,408 additional Shares, on the basis that no further Shares are issued or repurchased by the Company prior to the Annual General Meeting) as set out in the Notice during the period from the date of the passing of the Resolution No. 5 up to: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the Repurchase Mandate, whichever occurs first; and (iii) to add to such general mandate so granted to the Directors to allot, issue and otherwise deal with additional Shares by an amount representing the aggregate nominal amount of the share capital of the Company (up to a maximum of 10% of the aggregate nominal amount of the then issued share capital of the Company) repurchased under the Repurchase Mandate. The relevant resolution is set out as the Resolution No. 6 in the Notice.

EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the Repurchase Mandate is set out in the Appendix to this document. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate at the Annual General Meeting.

LETTER FROM THE DIRECTORS

PROPOSED PAYMENT

The Directors proposed to make a one-time special payment to the estate of Mr. Young, who passed away on 16 August 2002 in recognition and appreciation of his outstanding service and contribution to the Group during the period from June 1999 to August 2002. Mr Young was the managing director and vice president of the Asian operations of the Group and an executive Director.

The Directors resolved to propose a sum of HK\$500,000 (the “Proposed Payment”) to be paid to the estate of Mr. Young for the above-mentioned purpose. The Proposed Payment will be financed from working capital and was decided on unanimously by the Directors with particular reference to Mr. Young’s commitment and contributions to the Group.

Prior to joining the Group in June 1999, Mr. Young had served in several international trading firms and established his own business. Mr. Young brought his wealth of business experience to the Group and has been pivotal in the establishment, growth and development of the Group’s operations in Hong Kong and in the listing process of the Company on GEM. In addition, during the term of his office, Mr. Young was responsible for the overall management and operational activities of the Group in Hong Kong and his dedication and tireless pursuit of building bridges and creating networks with government agencies, biotechnology and traditional Chinese medicine community has established the Group’s reputation among such organizations in Hong Kong.

As Mr. Young was an executive Director of the Company and a director and shareholder of Grand Interest Development Limited, which is a substantial shareholder of the Company, the brother of Mr. S.L. Yeung, who is a non-executive Director of the Company and the brother-in-law of Dr. Tam, who is an executive Director of the Company, and is, therefore, a connected person of the Company for the purposes of the GEM Listing Rules. Accordingly, the Proposed Payment constitutes a connected transaction for the Company under Rule 20.12 of the GEM Listing Rules. As the amount involved is less than the higher of HK\$1,000,000 or 0.03% of the net tangible assets of the Company and the payment is on normal terms, the Proposed Payment is an exempted connected transaction under Rule 20.23 of the GEM Listing Rules. Nevertheless, the Proposed Payment is subject to the approval of the Shareholders, according to article 99 of the articles of association of the Company, which provides :

“The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).”

Subject to the approval of the Shareholders, the making of the Proposed Payment will be in compliance with the articles of association of the Company and all applicable laws of the Cayman Islands.

ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Ching Room, 4/F, Sheraton Hotel, 20 Nathan Road, Kowloon, Hong Kong on Friday, 11 July 2003 at 11:00 a.m is set out on pages 10 to 12 of this document.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you are able to attend the Annual General Meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s Hong Kong branch share registrar and transfer office, Tengis Limited at G/F BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting (as the case may be) should you so wish.

LETTER FROM THE DIRECTORS

RECOMMENDATION

The Directors are of the opinion that the proposals referred to in this document are in the best interests of the Company and its Shareholders and therefore recommend you to vote in favour of the Resolutions Nos. 4 to 7 to be proposed at the Annual General Meeting.

Yours faithfully,
By Order of the Board
KINETANA INTERNATIONAL BIOTECH PHARMA LIMITED
Dr. Yun Kau Tam
President and Chief Executive Officer

This is an explanatory statement given to all Shareholders relating to the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rules which is set out as follows:

1. Exercise of the Repurchase Mandate

As at the Latest Practicable Date prior to the printing of this document, the issued share capital of the Company comprised of 520,524,085 Shares.

Subject to the passing of the Resolution No. 5 and on the basis that no further Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 52,052,408 Shares (representing Shares with an aggregate nominal amount of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the Resolution No. 5) during the period from the date of the passing of the Resolution No. 5 as set out in the Notice up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. Reasons for repurchases

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. Source of Funds

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the applicable laws and regulations of the Cayman Islands. The Company may not purchase securities on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. General

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in its most recent published audited accounts for the financial year ended 28 February 2003 in the event that the proposed purchase were to be carried out in full at any time during the proposed purchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. Share prices

The highest and lowest prices at which the Shares were traded on the GEM since Listing on 3 June 2002 during each of the previous eleven months before the Latest Practicable Date were as follows:

	Shares Prices	
	Lowest HK\$	Highest HK\$
June 2002	0.238	0.690
July 2002	0.070	0.295
August 2002	0.099	0.198
September 2002	0.125	0.179
October 2002	0.100	0.142
November 2002	0.088	0.115
December 2002	0.075	0.088
January 2003	0.090	0.105
February 2003	0.082	0.100
March 2003	0.072	0.083
April 2003	0.058	0.090

Note : Trading in the Shares on the GEM commenced on 3 June 2003.

6. Undertaking

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make purchases pursuant to the proposed Resolution No. 5 in accordance with the GEM Listing Rules, the Memorandum and Articles of Association and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their Associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

No connected person (as defined in the GEM Listing Rules) has notified the Company that it has any present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Company is authorized to make purchases of its Shares.

7. Effect of the Code

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Code), depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, the substantial Shareholders of the Company and the number of Shares held by them are :

Name of Shareholder	No. of Shares	Approx. percentage	If Repurchase Mandate exercised in full
Dr. Tam <i>(note)</i>	141,249,015	27.14%	30.15%
943788 Alberta Ltd. <i>(note)</i>	118,737,854	22.81%	25.35%
Dr. Nuzhat Tam-Zaman <i>(note)</i>	141,249,015	27.14%	30.15%
Grand Interest	30,815,591	5.92%	6.58%

Note : The 141,249,015 Shares referred to above are duplicated and include 22,011,161 Shares held by Dr. Tam, 118,737,854 Shares held by 943788 Alberta Ltd., an investment holding company wholly owned by Dr. Tam and 500,000 Shares held by Dr. Nuzhat Tam-Zaman, the wife of Dr. Tam.

In the event that the Directors shall exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate to be proposed at the Annual General Meeting, the total interests/deemed interests of the above substantial Shareholders would be increased to approximately the respective percentages shown in the last column above. In fact, the Directors do not have the intention to exercise the power to repurchase Shares to an extent which would make any of the substantial Shareholders to be obliged to make a mandatory offer under Rule 26 of the Code.

8. Share repurchases made by the Company

No purchases of the Shares have been made by the Company in the previous six months, whether on the Stock Exchange or otherwise.

NOTICE OF ANNUAL GENERAL MEETING



Kinetana International Biotech Pharma Limited

健諾國際生化科技藥業有限公司

(Incorporated in the Cayman Islands with limited liability)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “Annual General Meeting”) of the shareholders of Kinetana International Biotech Pharma Limited (“Company”) will be held at Ching Room, 4/F, Sheraton Hotel, 20 Nathan Road, Kowloon, Hong Kong on Friday, 11 July 2003 at 11:00 a.m for the following purposes:

1. to receive and consider the audited financial statements of the Company for the year ended 28th February 2003 together with the reports of the directors of the Company (“Directors”) and auditors thereon;
2. to re-elect retiring Directors and authorize the Directors to fix all their remuneration;
3. to re-appoint auditors and authorize the Directors to fix their remuneration;
4. to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares in the share capital of the Company or securities convertible into such shares in the share capital of the Company or securities convertible into such share options, warrants or similar rights to subscribe for any shares or convertible securities and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the grant or exercise of any option under the share option schemes of the Company or any other option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the

NOTICE OF ANNUAL GENERAL MEETING

terms of any existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purpose of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

5. to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its shares on the GEM or any other stock exchange on which the shares of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong (“Securities and Futures Commission”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company authorised to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
6. to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** conditional upon resolutions nos. 4 and 5 above being passed, the unconditional general mandate granted to the Directors to allot, issue and deal with unissued shares or securities convertible into such shares in the share capital of the Company or securities convertible into such share options, warrants or similar rights to subscribe for any shares or convertible securities and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to resolution no. 4 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 5 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the said resolution.”

7. to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** a special payment of HK\$500,000 to the estate of the late Mr. Shui Chung Young (“Proposed Payment”), who passed away on 16 August 2002 and was an executive Director and the managing director and vice president of the Asian operations of the Company and its subsidiaries (“Group”), the brother of Mr. Sui Leung Yeung, who is a non-executive Director and the brother-in-law of Dr. Yun Kau Tam, who is the President and Chief Executive Officer of the Group and a director and shareholder of Grand Interest Development Limited, which is a substantial shareholder of the Company, in recognition and appreciation of his service and contribution to the Group be and is hereby approved; and the Directors be and are hereby authorized to take all steps necessary or expedient to implement or give effect to the Proposed Payment and matters in connection with the Proposed Payment.”

By Order of the Board
KINETANA INTERNATIONAL BIOTECH PHARMA LIMITED
Nicholas Tai Keung May
Company Secretary

Hong Kong, 29 May 2003

Principal place of business in Hong Kong:

Rooms 101-103,
Hong Kong Institute of Biotechnology,
2 Biotechnology Avenue,
Shatin, New Territories,
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of such member. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s Hong Kong branch share registrar and transfer office, Tengis Limited at G/F BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting (or any adjournment thereof).