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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.



SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that Sino (Beijing), a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement and the Capital Increase Agreement with certain Independent Third Parties on 17 October, 2003 under which, among other things, Sino (Beijing) has conditionally agreed to acquire the Acquired Interest and to make the Capital Contribution.

On 17 October, 2003, Sino (Beijing), CLSA (China I), China-Japan Hospital and LTT Biopharmaceutical also entered into the JV Contract Amendment Agreement, the New JV Contract, the Articles Amendment Agreement and the New Articles in consequence of the Equity Transfer and the Capital Increase.

The entering into the Beijing Tide Agreements by Sino (Beijing) constitutes a discloseable transaction of the Company under the GEM Listing Rules as (i) the aggregate amount of the consideration for the transfer of the Acquired Interest and the Capital Contribution represents more than 15% (but less than 50%) of the adjusted net tangible assets of the Group; and (ii) the net profit of Beijing Tide for the year ended 31st December, 2002 attributable to the 35% equity interest in Beijing Tide which will be held by Sino (Beijing) immediately following Completion represents more than 15% (but less than 50%) of the audited net profit of the Group for the same year.

A circular containing further information relating to the Acquisition will be sent to shareholders of the Company as soon as possible.

A. THE EQUITY TRANSFER AGREEMENT

Date: 17 October, 2003

Parties:

- (i) Sino (Beijing);
- (ii) CLSA (China I);
- (iii) China-Japan Hospital; and
- (iv) LTT Biopharmaceutical.

Each of CLSA (China I), China-Japan Hospital and LTT Biopharmaceutical is an Independent Third Party. (Save that one of the directors of CLSA (China I) is a non-executive director of the Company) So far as the Directors are aware, none of CLSA (China I), China-Japan Hospital and LTT Biopharmaceutical nor any of their respective associates presently holds any shares of the Company.

Transfer of equity interests

Pursuant to the Equity Transfer Agreement, each of Sino (Beijing) and CLSA (China I) has conditionally agreed to acquire from the existing equity-owners in Beijing Tide certain portions of equity interest in Beijing Tide as follows:

Transferor	Transferee	Equity interests in the existing capital to be transferred	Consideration
(a) China-Japan Hospital	Sino (Beijing)	20.42%	RMB37,335,100
(b) LTT Biopharmaceutical	Sino (Beijing)	8.75%	RMB15,998,100
(c) China-Japan Hospital	CLSA (China I)	14.58%	RMB26,657,500
(d) LTT Biopharmaceutical	CLSA (China I)	6.25%	RMB11,427,300

The total consideration for the transfer of the Acquired Interest to be paid by Sino (Beijing) is RMB53,333,200. Such consideration will be paid in US\$. The Company proposes to apply the net proceeds from its initial public offer in 2000 and/or the net proceeds from the issue of the Convertible Bonds (which are according to their intended use stated in the announcement of the Company dated 14 August, 2002) to satisfy the payment of such consideration. The consideration for the Equity Transfer was determined by commercial negotiations between the relevant parties on an arm's length basis having regard to the assessed assets value (including tangible and intangible assets value) of Beijing Tide as at 31 October, 2002 (based on the assets valuation report prepared by Beijing JingDu Assets Valuation Co., Ltd (北京京都資產評估有限責任公司) dated 18 August, 2003) of RMB182,835,900.

Upon completion of the Equity Transfer, the registered capital of Beijing Tide will be owned as to 35%, 15%, 29.17% and 20.83% by China-Japan Hospital, LTT Biopharmaceutical, Sino (Beijing) and CLSA (China I), respectively.

Condition

The Equity Transfer shall take effect upon all necessary approvals from the relevant PRC authorities of the transactions contemplated in the Equity Transfer Agreement, the Capital Increase Agreement, the JV Contract Amendment Agreement and the Articles Amendment Agreement having been obtained. There is no long stop date provided in the Equity Transfer Agreement.

B. CAPITAL INCREASE AGREEMENT

Date: 17 October, 2003

Parties:

- (i) Sino (Beijing);
- (ii) CLSA (China I);
- (iii) China-Japan Hospital;
- (iv) LTT Biopharmaceutical; and
- (v) Beijing Tide.

Capital Contribution to Beijing Tide

Pursuant to the Capital Increase Agreement, Sino (Beijing) and CLSA (China I) will contribute the US\$ equivalent of RMB26,663,500 and the US\$ equivalent of RMB19,045,500, respectively, to the registered capital of Beijing Tide, after relevant approvals have been obtained from the relevant PRC approval authorities in relation to the transactions. The Company proposes to apply the net proceeds from its initial public offer in 2000 and/or the net proceeds from the issue of the Convertible Bonds (which are according to their intended use stated in the announcement of the Company dated 14 August, 2002) to satisfy its requisite capital contribution to Beijing Tide. The amount of the Capital Contribution was determined by commercial negotiations between the relevant parties on an arm's length basis having regard to the assessed assets value (including tangible and intangible assets value) of Beijing Tide as at 31 October, 2002 (based on the assets valuation report prepared by Beijing JingDu Assets Valuation Co., Ltd. (北京京都資產評估有限責任公司) dated 18 August, 2003 of RMB182,835,900.

Upon completion of the Capital Increase, the registered capital of Beijing Tide will be increased from US\$2.33 million (equivalent to RMB19.8 million) to RMB65.509 million which will be owned as to 28%, 12%, 35% and 25% by China-Japan Hospital, LTT Biopharmaceutical, Sino (Beijing) and CLSA (China I), respectively. Based on (i) the commercial negotiations between the parties and (ii) China-Japan Hospital and LTT Biopharmaceutical are not the transferees of the Equity Transfer, China-Japan Hospital and LTT Biopharmaceutical would not make any contribution under the Capital Increase.

Condition

The Capital Contribution shall take effect upon all necessary approvals from the relevant PRC authorities of the transactions contemplated in the Equity Transfer Agreement, the Capital Increase Agreement, the JV Contract Amendment Agreement and the Articles Amendment Agreement having been obtained. There is no long stop date provided in the Capital Increase Agreement.

Board composition of Beijing Tide

The board of directors of Beijing Tide currently comprises seven directors, four of whom were appointed by China-Japan Hospital and three by LTT Biopharmaceutical. Upon Completion, the board of directors of Beijing Tide will comprise thirteen directors, four of whom will be appointed by China-Japan Hospital, two by LTT Biopharmaceutical, four by Sino (Beijing) and three by CLSA (China I). As confirmed by the Directors, the rights of appointment of directors to the board of Beijing Tide by each of Sino (Beijing), CLSA (China I), LTT Biopharmaceutical and China-Japan Hospital was determined by commercial negotiations between the relevant parties.

C. AMENDMENT TO THE JOINT VENTURE CONTRACT AND THE ARTICLES OF BEIJING TIDE

At the same time when the Equity Transfer Agreement and the Capital Increase Agreement were entered into, China-Japan Hospital, LTT Biopharmaceutical, Sino (Beijing) and CLSA (China I) entered into the JV Contract Amendment Agreement, the New JV Contract, the Articles Amendment Agreement and the New Articles in consequence of the Equity Transfer and the Capital Increase. Approvals from the relevant approval authorities in the PRC are required in relation to the JV Contract Amendment Agreement and the Articles Amendment Agreement.

D. INFORMATION ON BEIJING TIDE

Beijing Tide was established in the PRC on 29 May, 1995 as a sino-foreign equity joint venture. The registered capital and total investment of Beijing Tide is US\$2.33 million (equivalent to RMB19.8 million). Beijing Tide is presently owned as to 69.96% by China-Japan Hospital and 30.04% by LTT Pharmaceutical. Beijing Tide is principally engaged in the research, development, production and sale of pharmaceutical products including chemical medicine.

The table below sets out the selected financial information of Beijing Tide based on its audited accounts (based on accounts prepared in accordance with the PRC accounting standards) for the two years ended 31 December, 2002:

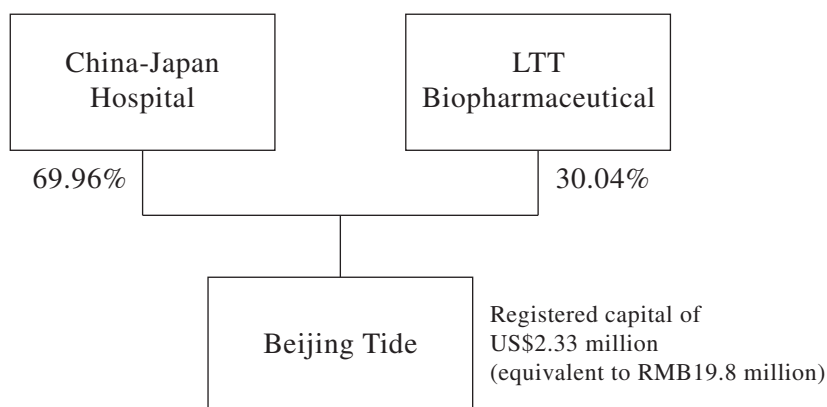
	Year ended 31 December, 2002	Year ended 31 December, 2001
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	139,748	101,200
Profit before taxation	76,263	44,922
Taxation	9,154	(9,577)
Profit after taxation	67,109	54,499

The net tangible assets value of Beijing Tide as at 31 December, 2002 was RMB92,979,000 (based on accounts prepared in accordance with the PRC accounting standards).

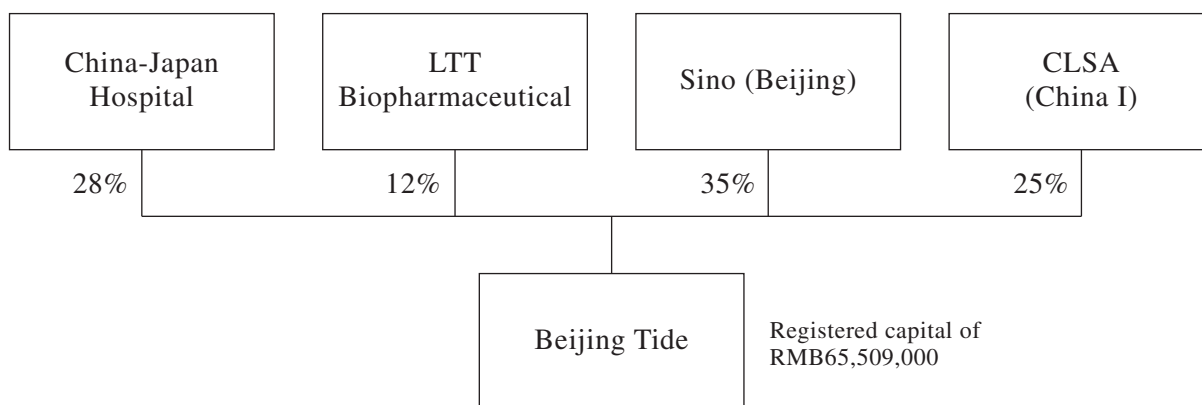
E. EQUITY HOLDING STRUCTURE OF BEIJING TIDE

The existing equity holding structure of Beijing Tide and its proposed equity holding structure upon Completion are set out below:

1. The existing equity holding structure of Beijing Tide



2. The proposed equity holding structure of Beijing Tide upon Completion



F. REASONS FOR THE TRANSACTION

The principal business of the Group is the research and development, production and sale of biopharmaceutical products, modernised Chinese medicines, chemical medicines and modern healthcare products; and the investment in a sino-foreign joint venture enterprise, whose principal business is the manufacture, distribution and sale of pharmaceutical products..

As stated in the section headed “Information on Beijing Tide” in this announcement, the business carried on by Beijing Tide is similar and complementary to that carried on by the Group. The Board believes that the Acquisition is consistent with the Group’s business objective relating to the establishment of business alliances with pharmaceutical enterprises as stated in the prospectus of the Company dated 22 September, 2000. Based on the audited net profit of Beijing Tide for the two years ended 31 December, 2002 as stated in the section headed “Information on Beijing Tide” above, the Board also considers that the Acquisition represents an invaluable opportunity for the Group to invest in a profitable company which is also principally engaged in producing pharmaceutical products. Upon Completion, Beijing Tide will be treated as a jointly controlled entity of the Company.

The Directors consider the terms of the Acquisition are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

G. DISCLOSEABLE TRANSACTION

The entering into the Beijing Tide Agreements by Sino (Beijing) constitutes a discloseable transaction of the Company under the GEM Listing Rules as (i) the aggregate amount of the consideration for the transfer of the Acquired Interest and the Capital Contribution represents more than 15% (but less than 50%) of the adjusted net tangible assets of the Group; and (ii) the net profit of Beijing Tide for the year ended 31 December, 2002 attributable to the 35% equity interest in Beijing Tide which will be held by Sino (Beijing) immediately following Completion represents more than 15% (but less than 50%) of the audited net profit of the Group for the same year.

A circular containing further information relating to the Acquisition will be sent to shareholders of the Company as soon as possible.

H. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquired Interest”	the aggregate 29.17% equity interest in the existing registered capital of Beijing Tide to be acquired by Sino (Beijing) pursuant to the Equity Transfer Agreement;
“Acquisition”	the acquisition by Sino (Beijing) of an aggregate 35% equity interest in Beijing Tide pursuant to the Equity Transfer and the Capital Increase;
“Articles Amendment Agreement”	the agreement dated 17 October, 2003 entered into between Sino (Beijing), CLSA (China I), LTT Biopharmaceutical and China-Japan Hospital to amend the existing articles of association of Beijing Tide in consequence of the Equity Transfer and the Capital Increase;
“associate”	has the meaning ascribed to it under the GEM Listing Rules;
“Beijing Tide”	Beijing Tide Pharmaceutical Co., Ltd.(北京泰德製藥有限公司), a sino-foreign equity joint venture established in the PRC which is owned as to 69.96% by China-Japan Hospital and 30.04% by LTT Biopharmaceutical;
“Beijing Tide Agreements”	the Equity Transfer Agreement, the Capital Increase Agreement, the JV Contract Amendment Agreement, the New JV Contract, the New Articles and the Articles Amendment Agreement;
“Board”	the board of Directors;
“Capital Contribution”	an aggregate amount of US\$ equivalent to RMB26,663,500 to be made by Sino (Beijing) for the purposes of contributing to the capital increase of Beijing Tide pursuant to the Capital Increase Agreement;

“Capital Increase”	the increase in the registered capital of Beijing Tide under the Capital Increase Agreement;
“Capital Increase Agreement”	the conditional capital increase agreement dated 17 October, 2003 entered into between Sino (Beijing), CLSA (China I), LTT Biopharmaceutical, China-Japan Hospital and Beijing Tide relating to, among others, the increase in the registered capital of Beijing Tide;
“China-Japan Hospital”	China-Japan Friendship Hospital (中日友好醫院), a hospital established in the PRC which is an existing shareholder of Beijing Tide;
“CLSA (China I)”	CLSA Private Equity (China I) Limited, a company incorporated in the British Virgin Islands with limited liability which is indirectly and wholly-owned by a private equity fund managed by CLSA Private Equity Management Limited;
“Company”	Sino Biopharmaceutical Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM;
“Completion”	completion of the Equity Transfer and the Capital Increase;
“Convertible Bonds”	the 1% convertible bonds due 2006 in the aggregate principal amount of US\$10 million issued by the Company, details of which were set out in the announcement of the Company dated 14 August, 2002;
“Directors”	directors of the Company;
“Equity Transfer”	the transfer of equity interests in the registered capital of Beijing Tide under the Equity Transfer Agreement;
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 17 October, 2003 entered into between Sino (Beijing), CLSA (China I), LTT Biopharmaceutical and China-Japan Hospital relating to, among others, the transfer of equity interests in Beijing Tide;
“GEM”	the Growth Enterprise Market operated by the Stock Exchange;
“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(ies)”	independent third party(ies) who are not connected with the Company or the directors, chief executives, substantial shareholders (as defined in the GEM Listing Rules) or management shareholders of the Company or any of their respective associates;

“JV Contract Amendment Agreement”	the agreement dated 17 October, 2003 entered into between Sino (Beijing), CLSA (China I), LTT Biopharmaceutical and China-Japan Hospital to amend the existing joint venture contract of Beijing Tide in consequence of the Equity Transfer and the Capital Increase;
“LTT Biopharmaceutical”	LTT Bio-Pharma Co., Ltd. (日本株式會社LTT生物醫藥), a company incorporated in Japan which is an existing shareholder of Beijing Tide;
“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 Articles”	the new articles of association of Beijing Tide dated 17 October, 2003 entered into between Sino (Beijing), CLSA (China I), LTT Biopharmaceutical and China-Japan Hospital;
“New JV Contract”	the new joint venture contract of Beijing Tide dated 17 October, 2003 entered into between Sino (Beijing), CLSA (China I), LTT Biopharmaceutical and China-Japan Hospital;
“PRC”	People’s Republic of China, which, for the purpose of this announcement and for geographical reference only, does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China or Taiwan;
“Sino (Beijing)”	Sino Biopharmaceutical (Beijing) Limited, a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	the lawful currency of Hong Kong;
“US\$”	the lawful currency of United States; and
“%”	per cent..

By order of the Board
Sino Biopharmaceutical Limited
Tse Ping
Chairman

Hong Kong, 17 October, 2003

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