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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)

ANNOUNCEMENT
SIGNING OF NORTH AMERICAN SALES AND MARKETING
AGREEMENT WITH GLOBAL HEALTH INC.

The Board is pleased to announce that, Kinetana US signed an agreement with Global Health on 10 January 2004 whereby Global Health will provide business development, sales and marketing services to Kinetana US in USA with an initial term of period from 10 January 2004 to 31 August 2004.

The board (the “Board”) of directors (the “Directors”) of Kinetana International Biotech Pharma Limited (the “Company”) is pleased to announce that Kinetana U.S.A. Corp. (“Kinetana US”), a wholly owned subsidiary of the Company, signed an agreement (the “Agreement”) with Global Health, Inc. (“Global Health”) on 10 January 2004 whereby Global Health will provide business development, sales and marketing services to Kinetana US in the United States of America (“USA”) with an initial term of period from 10 January 2004 to 31 August 2004. Global Health is beneficially wholly owned by Mr. Eric Leaver who is independent of and not connected with the Directors, the chief executive and the substantial shareholders of the Company and of its subsidiaries (collectively, the “Group”) and their respective associates (as defined in the GEM Listing Rules).

Pursuant to the Agreement, Kinetana US will pay an initial fee of CA\$12,000 to Global Health for setting up an office in Seattle, Washington, USA. A monthly base compensation of CA\$27,000 and a monthly expenses fee of CA\$9,000 will be paid to Global Health in advance by no later than the tenth day of each calendar month commencing from January 2004.

Apart from the aforementioned fees payable by Kinetana US to Global Health, Kinetana US offers the following incentives to Global Health subject to the amount of the actual revenue (net of all discounts, rebates, returns or marketing cost) to be received by Kinetana US from the US market (the "Total Revenue"):

1. In the event that the Total Revenue generated from 10 January 2004 and 31 May 2004 exceeds US\$1 million and such amount is received by Kinetana US by no later than 31 July 2004, Global Health shall be granted stock options of the Company in accordance with Chapter 23 of the GEM Listing Rules (the "Options") to subscribe for 18 million shares of the Company (the "Shares") at a subscription price of no less than the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the granting date of the Options; (ii) the average closing price of the Shares for the five trading days period immediate preceding the granting date of the Options; or (iii) the nominal value of the Shares (collectively (i), (ii) and (iii), the "Exercise Price"). Such Options are exercisable at any time between 1 September 2004 and 20 February 2005 and shall expire on 21 February 2005.
2. In the event that the Total Revenue generated from 1 June 2004 and 31 August 2004 exceeds US\$1 million and such amount is received by Kinetana US by no later than 31 October 2004, Global Health shall be, at the sole discretion of Kinetana US, (i) granted the Options to subscribe for an additional 18 million Shares at the Exercise Price or (ii) granted the Options to subscribe for an additional 9 million Shares at the Exercise Price and compensated with cash bonus up to an amount equals to 12.5% of the Total Revenue generated between 1 June 2004 and 31 August 2004. Such Options are exercisable at any time between 1 November 2004 and 20 February 2005 and shall expire on 21 February 2005.
3. In the event that (i) the Total Revenue generated from 2 January 2004 and 31 May 2004 equals to or exceeds US\$500,000 but does not exceed US\$1 million; (ii) the Total Revenue from 1 June 2004 to 31 August 2004 equals to or exceeds US\$500,000 but does not exceed US\$1 million; or (iii) the Total Revenue in any consecutive ninety days period after 1 March 2004 equals to or exceeds US\$500,000, the Agreement shall be renewed until 30 November 2004.
4. Upon renewal of the Agreement for any reason as stipulated in (3) above, in the event that the Total Revenue between 1 September 2004 and 30 November 2004 exceeds US\$1 million and such revenue is received by Kinetana US by no later than 31 January 2005, Global Health shall be granted the Options to subscribe for 16 million Shares at the Exercise Price. Such Options are exercisable at any time between 1 February 2005 and 31 May 2005 and shall expire on 1 June 2005.
5. Subject to the fulfillment of the sales targets as stipulated in (1) and (2) above and both Global Health and Kinetana US agree to extend the Agreement to 30 November 2004, in the event that the Total Revenue generated from 1 September 2004 and 30 November 2004 exceeds US\$1 million and such revenue is received by Kinetana US by no later than 31 January 2005, Global Health shall be, at the sole discretion of Kinetana US, (i) granted the Options to subscribe an additional 16 million Shares at the Exercise Price; or (ii) compensated with cash bonus up to an amount equals to 25% of the Total Revenue generated between 1 September

2004 and 30 November 2004. Such Options are exercisable at any time between 1 February 2005 and 31 May 2005 and shall expire on 1 June 2005.

Upon full exercise of the Options, 51 million new Shares, which account for approximately 9.98% of the existing issued share capital of the Company, will be issued to Global Health. Taking into account an aggregate 22,600,000 options which have previously been granted to the Directors and the employees of the Group (the “Staff Options”), the Shares to be issued upon the full exercise of the Staff Options and the Options shall exceed the 10% threshold of the scheme mandate as stipulated in the share option scheme of the Company (the “Scheme Mandate Limit”). The Company will comply with Chapter 23 of the GEM Listing Rules to convene a general meeting to seek for its shareholders’ approval prior to the granting of options which shall exceed the Scheme Mandate Limit. The Directors consider that the terms of the Agreement, amongst others, the incentive and compensation given to Global Health, are reached after arm’s length negotiation and are fair and reasonable to the Company and its shareholders as a whole.

The Directors consider that the collaboration with Global Health will greatly facilitate the sales and marketing network of the Group in USA which will strengthen the overall performance of the Group in 2004.

Save as disclosed above, the Directors confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 17, 19 and 20 of the GEM Listing Rules, nor is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

By order of the Board
Kinetana International Biotech Pharma Limited
Tam Yun Kau
President and Chief Executive Officer

Hong Kong, 27 January 2004

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least seven days from the day of its posting and on the website of the Company at www.kinetana.com.