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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)

(Stock code: 8031)

**CHANGE IN SUBSTANTIAL SHAREHOLDER OF THE COMPANY
AND RESUMPTION OF TRADING**

The Company has been informed by its substantial Shareholder, Dr. Tam, that he and 9AL have, as vendors, entered into a sale and purchase agreement with Neurolink, as purchaser, on 25 August 2004 in relation to the Sale and Purchase. Prior to the Sale and Purchase, Neurolink and its ultimate beneficial owner were independent third parties (i) not associated with or connected with the Group or any of the directors, chief executive, substantial shareholder or management shareholders of the Company or any of its subsidiaries or an Associate of any of them and (ii) not acting in concert with any director or shareholder of the Company or any of its subsidiaries or an Associate of any of them and the Company has been informed that neither of them held any Shares.

Completion and payment of the consideration of the Sale and Purchase is to take place in two tranches, as to 90,000,000 Shares upon signing of the agreement and the remaining 50,749,015 Shares on or before 15 October 2004. As at the date of this announcement (i.e. upon completion of tranche 1 of the Sale and Purchase), Neurolink and Dr. Tam (via his personal, corporate and family interests) respectively held approximately 17.27% and approximately 9.84% (being 51,249,015 Shares) of the entire issued share capital of the Company. Following completion of the second tranche of the Sale and Purchase, Neurolink and Dr. Tam (via his family interests) will respectively hold approximately 27.01% and approximately 0.10% of the entire issued share capital of the Company.

The Sale Shares represent approximately 27.01% of the entire issued share capital of the Company as at the date of this announcement. Following the completion of the Sale and Purchase, the shareholding of Neurolink and parties acting in concert with it in the Company will not exceed 30%. As such, no general offer is required to be made by Neurolink under the Takeovers Code.

Following the change in substantial Shareholder, there may be a change in the board of Directors. The Company intends to appoint a new executive Director within three weeks from the date of this announcement to represent Neurolink, but there is at present no specific timetable as to such change in management. The Company will make further announcement(s) when further information becomes available and as and when appropriate in order to keep Shareholders informed. Shareholders and/or potential investors are reminded to exercise caution when dealing in the securities of the Company.

Further to the Company's announcement dated 18 May 2004 and the 2004 first quarterly report, the independent committee comprising the two independent non-executive Directors Dr. Chan Wai-Kit, Albert and Mr. Chan Mo Po, Paul and two non-executive Directors Dr. Antoine A. Noujaim and Mr. Tam Shong-Tak, David have compiled a report in respect of the cell line on 15 July 2004 with comments on findings regarding due diligence and suggestions for future operations which the board of Directors is considering. Further announcements on the subject will be made as soon as the Directors receive that advice, but in any event in the Company's next quarterly report, being its half-yearly report to be published on or before 15 October 2004 in accordance with the Listing Rules. At present, the Directors do not expect that the contents of the report will entail price sensitive information about matters that have not already been disclosed in the Company's announcement dated 18 May 2004 and the 2004 first quarterly report.

Trading in Shares has been suspended at the request of the Company with effect from 9:30 a.m. on 26 August 2004 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in Shares with effect from 9:30 a.m. on 2 September 2004.

CHANGE IN SUBSTANTIAL SHAREHOLDER OF THE COMPANY

The Company has been informed by a former indirect substantial Shareholder, 9AL, that it and Dr. Tam have, as vendors, entered into a sale and purchase agreement with Neurolink, as purchaser, on 25 August 2004 in relation to the Sale and Purchase. Dr. Tam has also unconditionally and irrevocably waived all his rights, title, benefits and interests in all outstanding options granted to him in respect of shares of any member of the Group. Such options included (i) 25,190,523 options under the pre-IPO share option scheme of the Company adopted on 7 May 2002; (ii) 3,619,609 options under the pre-IPO share option plan of KGI exchangeable into Shares on the basis of one common share of KGI for approximately 24.45 Shares; and (iii) 520,000 options under the Company's share option scheme adopted on 7 May 2002.

Prior to the Sale and Purchase, Neurolink and its ultimate beneficial owner were independent third parties (i) not associated with or connected with the Group or any of the directors, chief executive, substantial shareholder or management shareholders of the Company or any of its subsidiaries or an Associate of any of them and (ii) not acting in concert with any director or shareholder of the Company or any of its subsidiaries or an Associate of any of them and the Company has been informed that neither of them held any Shares.

Completion and payment of the consideration of the Sale and Purchase is to take place in two tranches, as to 90,000,000 Shares upon signing of the agreement and the remaining 50,749,015 Shares on or before 15 October 2004. As at the date of this announcement (i.e. upon completion of tranche 1 of the Sale and Purchase), Neurolink therefore held 90,000,000 Shares, representing approximately 17.27% of the entire issued share capital of the Company. Dr. Tam (via his personal, corporate and family interests) still held 9.84% (being 51,249,015 Shares) of the entire issued share capital of the Company but ceased to be a substantial Shareholder (as defined in the Listing Rules). Following completion of the second tranche of the Sale and Purchase, Neurolink and Dr. Tam (via his family interests) will respectively hold approximately 27.01% and approximately 0.10% of the entire issued share capital of the Company.

The Sale Shares represent approximately 27.01% of the entire issued share capital of the Company as at the date of this announcement. Immediately following the completion of the Sale and Purchase, the shareholding of Neurolink and parties acting in concert with it in the Company will not exceed 30%. Based on the information made available to the Company, no general offer is required to be made by Neurolink under the Takeovers Code as a result of its acquisition of the Sale Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company immediately before and after tranche 1 and tranche 2 completion of the Sale and Purchase:

	Before the Sale and Purchase		Immediately after completion of tranche 1 of the Sale and Purchase		Immediately after completion of tranche 2 of the Sale and Purchase	
	Shares	approx. %	Shares	approx. %	Shares	approx. %
Dr. Tam (<i>note 1</i>)	141,249,015	27.11	51,249,015	9.84	500,000	0.10
Neurolink (<i>note 2</i>)	0	0	90,000,000	17.27	140,749,015	27.01
Grand Interest						
Development Limited (<i>note 3</i>)	30,815,591	5.91	30,815,591	5.91	30,815,591	5.91
Mr. Young Chiu Kit, Patrick	2,114,150	0.41	2,114,150	0.41	2,114,150	0.41
Mr. Chan Mo Po, Paul	2,800,000	0.54	2,800,000	0.54	2,800,000	0.54
Dr. Antoine A. Noujaim	855,989	0.16	855,989	0.16	855,989	0.16
Public	343,213,425	65.87	343,213,425	65.87	343,213,425	65.87
Total:	521,048,170	100	521,048,170	100	521,048,170	100

Note 1: These Shares include the 22,011,161 Shares held in his personal capacity, the 118,737,854 Shares held by 9AL, a company incorporated in Alberta, Canada and wholly-owned by him, and the 500,000 Shares held by his wife, Dr. Tam-Zaman Nuzhat.

Note 2: Neurolink is an investment holding company incorporated in the British Virgin Islands and wholly-owned by Mr. Lee Wai Nung Kingson. Further information on Neurolink and Mr. Lee is set out below.

Note 3: Mr. Yeung Sui Leung, a non-executive Director, holds approximately 16.67% equity interest in Grand Interest Development Limited. The remaining equity interest in Grand Interest Development Limited is held as to approximately 16.67% each by five brothers and sisters of Mr. Yeung, namely Young Shui Chung, Yeung Oi Fan, Yeung Shui Kwong, Yeung Sui Fai and Yeung Sui Ping Stephen.

FURTHER INFORMATION

The Company has been informed that:–

Neurolink is an investment holding company incorporated in the British Virgin Islands on 7 July 2004, the entire issued share capital of which is held by Mr. Lee Wai Nung Kingson. Mr. Lee has been a qualified chemist of the American Chemical Society for over 20 years and has been working for his family business in the herbal and pharmaceutical field to conduct research and development of new products. It is the intention of the new substantial Shareholder to preserve and continue with the listing of the Company on GEM and its principal line of business in pharmaceutical and natural products. There is no present plan to inject any specific assets or businesses of the new substantial Shareholder into the Group, but a detailed review of the Group's finances and operations will be conducted following the Sale and Purchase to then consider whether strengthening of the same is appropriate in the long run.

Given the rapid pace of developments in the Group's field of business, the Group had continuously reviewed and re-assessed its business development and objectives since the issue of the Company's prospectus dated 22 May 2002 and had updated the plans and objectives of the Group as stated in the prospectus in each quarterly report. As more recently set out in the first quarterly report of the Company for the year 2004 dated 9 July 2004, the Group's present focus is on the products Arthroxin®, a topical product for relieving joint and muscle pain, and Somamax®, a sleep aid, developed using the Group's proprietary technologies and launched in the first week of June 2004. The Directors expect that the Group will continue with the plans and objectives as set out in the 2004 first quarterly report.

Following the change in substantial Shareholder, there may be a change in the board of Directors. As at the date of this announcement, the Company had eight Directors, including Dr. Tam. The Company intends to appoint a new executive Director within three weeks from the date of this announcement to represent Neurolink, but there is at present no specific timetable as to such change in Directors. The Company will make further announcement(s) when further information becomes available and as and when appropriate in order to keep Shareholders informed. Shareholders and/or potential investors are reminded to exercise caution when dealing in the securities of the Company.

“Associate”	as defined in the Listing Rules
“Company”	Kinetana International Biotech Pharma Limited
“Director”	a director of the Company
“Dr. Tam”	Dr. Tam Yun Kau, an executive Director, president and chief executive officer of the Company, who directly and indirectly held approximately 27.11% of Shares prior to the Sale and Purchase
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“KGI”	Kinetana Group Inc., a company incorporated in Alberta, Canada and an indirect wholly-owned subsidiary of the Company
“Last Trading Date”	25 August 2004, being the last trading day prior to the suspension of trading in the Shares at 9:30 a.m. on 26 August 2004 pending the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Neurolink”	Neurolink Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Lee Wai Nung Kingson
“Sale and Purchase”	the sale and purchase of Sale Shares at the consideration of approximately HK\$0.055 per Sale Share, representing (i) a premium of approximately 17.02% to the closing price of HK\$0.047 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) a premium of approximately 23.32% to the average closing price of HK\$0.0446 per Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date
“Sale Shares”	an aggregate of 140,749,015 Shares, as to 118,737,854 Shares by 9AL and 22,011,161 Shares by Dr. Tam
“Shares”	shares of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.
“HK\$”	Hong Kong dollars

As at the date of this announcement, the executive Directors are Dr. Tam Yun Kau and Mr. Young Chiu Kit, Patrick, the non-executive Directors are Dr. Antoine A. Noujaim, Mr. Lee Chiu Kang, Mr. Tam Shong-Tak, David and Mr. Yeung Sui Leung and the independent non-executive Directors are Mr. Chan Mo Po, Paul and Dr. Chan Wai-Kit, Albert.

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

Hong Kong, 1st September 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 of Hong Kong Limited 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 date of its posting and on the website of the Company at www.kinetana.com.