

# **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, other licensed corporation or 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 circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker, licensed corporation or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)

### **NOTICE OF ANNUAL GENERAL MEETING PROPOSALS FOR ELECTION OF DIRECTORS GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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A notice convening the annual general meeting of Kinetana International Biotech Pharma Limited to be held at 10/F, Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Tuesday, 23rd November, 2004 at 11:00 a.m. (the "Annual General Meeting") is set out on pages 16 to 22 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. If you do not intend to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to Unit 1721, Park-in Commercial Centre, 56 Dundas Street, Mongkok, Kowloon, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment of it, if you so wish.

This circular will remain on the GEM website for 7 days from the day of its posting.

29th October, 2004

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# CONTENTS

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|  | <i>Page</i> |
|--|-------------|
| <b>DEFINITIONS</b> .....   | 1           |
| <b>LETTER FROM THE BOARD</b>   |             |
| Introduction .....   | 3           |
| Election of Directors .....  | 4           |
| General mandate to issue Shares .....  | 4           |
| General mandate to repurchase Shares .....   | 5           |
| Proposed amendments to the Articles of Association .....   | 5           |
| Right to demand poll .....   | 6           |
| Annual General Meeting .....   | 6           |
| Recommendation .....   | 7           |
| General information .....  | 7           |
| <b>APPENDIX I – Details of Directors proposed to be re-elected<br/>                  and elected at the Annual General Meeting</b> ..... | 8           |
| <b>APPENDIX II – Explanatory Statement</b> .....   | 13          |
| <b>NOTICE OF ANNUAL GENERAL MEETING</b> .....  | 16          |

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## CHARACTERISTICS OF GEM

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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.

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## **RESPONSIBILITY STATEMENT**

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This circular, for which the directors of the Company 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 circular 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 circular misleading; and (3) all opinions expressed in this circular 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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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

|                           |   |
|---------------------------|---|
| “Annual General Meeting”  | the annual general meeting of the Company to be held at 10/F, Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Tuesday, 23rd November, 2004 at 11:00 a.m.   |
| “Articles of Association” | the articles of association of the Company  |
| “Board”                   | the board of Directors of the Company   |
| “Company”                 | Kinetana International Biotech Pharma Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange   |
| “Companies Law”           | the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands   |
| “Directors”               | the directors of the Company  |
| “Exchange Agreement”      | the conditional share exchange offer agreement dated 5th November 2001 between (i) the Company; (ii) Kinetana Holdings (BVI) Limited, (iii) Kinetana Holdings (Barbados) Limited whereby the parties agreed, amongst things, to exchange common shares of Kinetana Group Inc. for Shares, as disclosed in the Company’s prospectus dated 22nd May, 2002 |
| “GEM”                     | the Growth Enterprise Market of the Stock Exchange  |
| “GEM Listing Rules”       | the Rules Governing the Listing of Securities on the GEM  |
| “Group”                   | the Company and its subsidiaries  |
| “HK\$”                    | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “KGI”                     | Kinetana Group Inc., a company incorporated in Alberta, Canada and an indirect wholly-owned subsidiary of the Company   |
| “KIBP”                    | Kinetana International Biotech Pharma Limited   |
| “KGI pre-IPO Options”     | options issued under the pre-IPO share option plan of KGI adopted on 20 March, 2000, as referred to in the Company’s prospectus dated 22nd May, 2002  |

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## DEFINITIONS

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| “KIBP pre-IPO Options”      | options issued under the pre-IPO share option plan of KIBP adopted on 7 May, 2002, as referred to in the Company’s prospectus dated 22nd May, 2002   |
| “Latest Practicable Date”   | 25th October, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein   |
| “Memorandum of Association” | the memorandum of association of the Company   |
| “Repurchase Mandate”        | a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares in the manner as set out in the notice of the Annual General Meeting   |
| “Share(s)”                  | ordinary share(s) of HK\$0.01 each in the share capital of the Company   |
| “SFO”                       | the Securities and Futures Ordinance (Cap. 571)  |
| “Share Issue Mandate”       | a general mandate proposed to be granted to the Directors at the Annual General Meeting to exercise the power of the Company to allot and issue Shares in the manner as set out in the notice of the Annual General Meeting herein |
| “Share Option Scheme”       | the share option scheme of the Company adopted by the Shareholders on 3rd June, 2002   |
| “Shareholder(s)”            | the holder(s) of the Shares  |
| “Stock Exchange”            | the GEM of The Stock Exchange of Hong Kong Limited   |
| “Takeovers Code”            | the Hong Kong Code on Takeovers and Mergers  |



**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)*

*Executive Directors:*

Dr. Tam Yun Kau  
Mr. Young Chiu Kit, Patrick  
Mr. Leung Yiu Cho Henry  
Mr. Foo Young Yer

*Non-executive Director:*

Mr. Tam Shong-Tak, David

*Independent Non-executive Directors:*

Mr. Chan Mo Po, Paul  
Mr. To Christopher  
Mr. Chan Francis Ping Kuen  
Mr. Hsu Shiu Foo, William

*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:*

Room 112  
Hong Kong Institute of Biotechnology  
2 Biotechnology Avenue  
Shatin, New Territories  
Hong Kong

29th October, 2004

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR ELECTION OF DIRECTORS,  
GENERAL MANDATES  
TO ISSUE NEW SHARES AND REPURCHASE SHARES  
AND AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION OF THE COMPANY**

**INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the proposed (i) election of Directors; (ii) Share Issue Mandate; (iii) Repurchase Mandate; and (iv) amendments to Articles of Association to enable you to make a properly-informed decision on whether to vote for or against the relevant resolutions at the forthcoming Annual General Meeting.

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## LETTER FROM THE BOARD

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### ELECTION OF DIRECTORS

In the annual report for the year ended 29th February, 2004, it was stated that other than Dr. Tam Yun Kau, all the then existing Directors namely Mr. Young Chiu Kit, Patrick, Dr. Antoine A. Noujaim, Mr. Lee Chiu Kang, Mr. Tam Shong-Tak, David, Mr. Yeung Sui Leung, Mr. Chan Mo Po, Paul and Dr. Chan Wai Kit, Albert would retire and being eligible, offer themselves for re-election at the Annual General Meeting. This has now changed.

Subsequent to a change in the single largest shareholder of the Company, on 15th September, 2004, Dr. Antoine A. Noujaim, Mr. Lee Chiu Kang and Mr. Yeung Sui Leung resigned as Directors and on 30th September, 2004, Dr. Chan Wai Kit, Albert resigned as a Director. The Directors have appointed Mr. Foo Young Yer as a new executive director and Mr. To Christopher and Mr. Chan Francis Ping Kuen as new independent non-executive directors of the Company on 30th September, 2004; and Mr. Leung Yiu Cho Henry as a new executive director and Mr. Hsu Shiu Foo, William as a new independent non-executive director of the Company on 25th October, 2004. Dr. Tam Yun Kau, Mr. Leung Yiu Cho Henry, Mr. Foo Young Yer, Mr. To Christopher, Mr. Chan Francis Ping Kuen and Mr. Hsu Shiu Foo, William will retire at the Annual General Meeting, and offer themselves for re-election at the Annual General Meeting. Mr. Young Chiu Kit, Patrick, Mr. Tam Shong-Tak, David and Mr. Chan Mo Po, Paul will retire at the Annual General Meeting and will not offer themselves for re-election.

Details of the above Directors required to be disclosed under Rule 17.50(2) of the GEM Listing Rules are set out in Appendix I to this circular.

### GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 11th July, 2003, a general mandate was granted to the Directors to exercise the powers of the Company to allot, issue and deal with Shares with a total nominal value not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant ordinary resolution approving such general mandate. Such general mandate will lapse at the conclusion of the forthcoming Annual General Meeting. The Directors propose to seek your approval of an ordinary resolution to renew the Share Issue Mandate, to be proposed at the Annual General Meeting.

In order to provide flexibility to the Directors to issue Shares in the event that it is desirable to do so quickly, approval will be sought at the Annual General Meeting (i) to grant to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the ordinary resolution in relation to the Share Issue Mandate; and (ii) for adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of Shares repurchased by the Company after the granting of the general mandate to repurchase up to a maximum of 10% of the issued share capital of the Company as at the date of passing the ordinary resolution in relation to the Repurchase Mandate.



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## LETTER FROM THE BOARD

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### GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 11th July, 2003, a general mandate was also given to the Directors to exercise the powers of the Company to repurchase Shares with a total nominal value not exceeding 10% of the total issued share capital of the Company as at the date of passing the relevant ordinary resolution approving such mandate. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting.

An ordinary resolution will be proposed at the Annual General Meeting to grant the Directors authority to repurchase Shares with a total nominal value not exceeding 10% of the share capital of the Company as at the date of the passing of the relevant resolution approving the Repurchase Mandate.

An explanatory statement as required under the GEM Listing Rules to provide the requisite information concerning the Repurchase Mandate is set out in Appendix II to this circular.

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the Annual General Meeting, it will also be proposed, by way of special resolution, that the Articles of Association be amended in light of recent changes to the GEM Listing Rules which became effective on 31 March 2004.

The following is a summary of the relevant changes proposed to the Articles arising out of the GEM Listing Rules:

- (1) A new definition for “associates” will be added to conform with the GEM Listing Rules.
- (2) A new Article will be added to make it clear that the votes of any Shareholder who is required, by virtue of the GEM Listing Rules, to abstain from voting on any resolution shall not be counted.
- (3) The existing Article requiring a Director to declare his interests, directly or indirectly, in any proposed contract or arrangement with the Company, at the meeting of the board of directors will be replaced by one which covers additionally the interests of Director’s associates such that a Director may not vote on board resolutions in which he or any of his associates has a material interest. Voting is, however, permitted in respect of certain exceptional matters as set out therein.
- (4) The existing Article on rotation of Directors will be replaced by one which additionally defines the period within which the notice of intention to propose a person for election to the office of Director at a general meeting and notice by such person of his or her willingness to be elected must be given to the Company. The provision is relevant where a Shareholder wishes to propose a person for election to the board of directors. It does not apply where existing board members retire at the general meeting and seek re-election nor does it apply in a situation where the board of directors itself is recommending the person for election. The relevant period for giving such notices will commence on (and include) the day after the dispatch of the notice of the general meeting and expire on (and exclude) the day falling seven days before the date of the general meeting.

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## LETTER FROM THE BOARD

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The full text of the proposed changes to the Articles of Association is set out in the notice of the Annual General Meeting.

### **RIGHT TO DEMAND POLL**

Pursuant to Article 66 of the Articles of Association, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Shareholder (or, in the case of a Shareholder being a corporation, by its duly authorised representative) shall be deemed to be the same as a demand by a Shareholder.

### **ANNUAL GENERAL MEETING**

The notice of the Annual General Meeting is set out in page 16 to page 22 to this Circular.

A form of proxy for use at the Annual General Meeting is enclosed. If you are not able to attend the Annual General Meeting, you are requested to complete the form of proxy and return it in accordance with the instructions printed thereon to Unit 1721, Park-in Commercial Centre, 56 Dundas Street, Mongkok, Kowloon, Hong Kong as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment of it, if you so wish.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the election of the Directors, the Share Issue Mandate, the Repurchase Mandate and the proposed amendments to the Articles of Association are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that the Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

### GENERAL INFORMATION

Your attention is drawn to the additional information as set out in the Appendices to this circular.

Yours faithfully,  
By Order of the Board

**KINETANA INTERNATIONAL BIOTECH PHARMA LIMITED**

**Dr. Tam Yun Kau**

*Executive Director*

Set out below are details of the Directors namely, Dr. Tam Yun Kau, Mr. Leung Yiu Cho Henry, Mr. Foo Young Yer, Mr. To Christopher, Mr. Chan Francis Ping Kuen and Mr. Hsu Shiu Foo, William who will retire from office at the Annual General Meeting and, being eligible, offer themselves for re-election.

Dr. Tam Yun Kau, aged 51, is the founder and Chairman of the Board of Directors. Dr. Tam obtained his Bachelor of Science degree from the University of Minnesota in 1975, his Master of Science (Pharmaceutical Sciences) degree in 1978 and his Ph.D. (Pharmaceutical Sciences) in 1981 from the University of British Columbia, Canada. Dr. Tam had held various teaching positions at the University of Alberta from 1981 to 2000. He is the co-inventor of the Group's patented invention "Simulated Biological Dissolution And Absorption System" known as "SimBioDAS®". Dr. Tam is also a co-inventor of an invention entitled "Composition For Prevention Of Hepatic Steatosis" in respect of which the Group has five patent applications pending in various countries and territories. Dr. Tam serves on the Editorial Advisory Board of the Journal of Pharmaceutical Sciences and Drug Metabolism and Disposition. Dr. Tam's interests in the Company within the meaning of Part XV of SFO is disclosed in this Appendix of the Circular. Dr. Tam does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Dr. Tam is a director of various subsidiaries of the Company. Save as disclosed above, Dr. Tam has not held any directorship in listed public companies in the last three years and does not have any other major appointments and qualifications. Save as disclosed, Dr. Tam does not hold any other positions in the Company or any of its subsidiaries. The service agreement entered into between Dr. Tam and the Company expired on 1st October, 2004 and has not been renewed. His term of office will be subject to his retirement by rotation in accordance with the Articles of Association. His emolument in connection with his position as executive director is HK\$99,000 per month. His emolument was determined by arm's length negotiation between the parties with reference to prevailing market conditions. Dr. Tam is not aware of any other matters that should be brought to the attention of the Stock Exchange or the Shareholders of the Company.

Mr. Leung Yiu Cho Henry, aged 31, was appointed as an executive director of the Company on 25th October, 2004 to represent Neurolink Limited ("Neurolink"), a substantial shareholder of the Company holding approximately 27.01% of the Shares in the Company at the Latest Practicable Date, following the change in substantial shareholder of the Company announced on 1st September, 2004. Neurolink is wholly-owned by Mr. Lee Wai Nung Kingson ("Mr. Lee"). In compliance with Article 86(3) of the Articles of Association, he is required to retire at the Annual General Meeting and being eligible, will offer himself for re-election at the Annual General Meeting. Mr. Leung presently practices as a sole practitioner under his own name and he has accumulated over 7 years of professional legal experience in company matters and litigations. Mr. Leung was appointed as a director of Mr. Lee's family business in 2003 and is responsible for the development of business in the herbal and pharmaceutical field. He was elected as a member of the District Council of Central & Western District as from 2000. Mr. Leung graduated with a bachelor's degree in law and was awarded the postgraduate certificate in laws from The University of Hong Kong. Mr. Leung will be responsible for the overall management and operational

activities of the Company. Mr. Leung does not have any interests in the Company within the meaning of Part XV of SFO. Save as being a director of Mr. Lee's family business as disclosed above, Mr. Leung does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Mr. Leung is a director of Starpilot International Limited, Jalinee Life Products Limited and Jalinee Herbal Limited, all of which are wholly owned subsidiaries of the Company. Save as disclosed above, Mr. Leung has not held any directorship in listed public companies in the last three years and does not have any other major appointments and qualifications. Save as disclosed, Mr. Leung does not hold any other positions in the Company or any of its subsidiaries.

Mr. Leung has entered into a service agreement with the Company for a period of one year commencing from 25th October, 2004. His emolument in connection with his position as executive director is HK\$45,000 per month plus a year-end discretionary bonus to be determined by the Board from time to time. His emolument is determined by arm's length negotiation between the parties with reference to prevailing market conditions. Mr. Leung is not aware of any other matters that should be brought to the attention of the Stock Exchange or the Shareholders of the Company.

Mr. Foo Young Yer, aged 45, was appointed as an executive director of the Company on 30th September, 2004. In compliance with Article 86(3) of the Articles of Association, he is required to retire at the Annual General Meeting and being eligible, will offer himself for re-election at the Annual General Meeting. Mr. Foo has extensive experience in information technology. He had worked for over 14 years for Nomura Group which is listed on major exchanges including Tokyo, Singapore and New York stock exchanges. Nomura Group engages in the provision of financial and investment consultation services to the global market. Mr. Foo was in charge of various functions in the group such as the review of information technology systems and risk management policies. Prior to his employment under the previously mentioned group, Mr. Foo had been an academic staff of the National University of Singapore for 5 years where he was involved in academic researches and consultation on artificial intelligence programmes and languages, and conducted computer and language courses. Mr. Foo holds a bachelor degree in computing science from the University of Essex, U.K. Mr. Foo has no interests in the shares of the Company within the meaning of Part XV of the SFO nor any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Save as disclosed above, Mr. Foo has not held any directorship in listed public companies in the last three years and does not have any other major appointments and qualifications. Save as disclosed, Mr. Foo does not hold any other positions in the Company or any of its subsidiaries.

Mr. Foo has entered into a service agreement with the Company for a period of one year commencing from 30th September 2004. His emolument in connection with his position as an executive director is HK\$45,000 per month plus a year-end discretionary bonus to be determined by the Board from time to time. His emolument is determined by arm's length negotiation between the parties with reference to prevailing market conditions. Mr. Foo is not aware of any other matters that should be brought to the attention of the Stock Exchange or the shareholders of the Company.

Mr. To Christopher, aged 37, was appointed as an independent non-executive director of the Company on 30th September, 2004. In compliance with Article 86(3) of the Articles of Association, he is required to retire at the Annual General Meeting and being eligible, will offer himself for re-election at the Annual General Meeting. Mr. To has over 10 years of experience in the field of arbitration. He is currently a director of the Hong Kong International Arbitration Centre and he is a fellow of the Hong Kong Institute of Directors. He was awarded the Director of Year 2001 in the category of public/not-for-profit organisation. Mr. To holds master's degrees in arbitration and alternative dispute resolution and in commercial law respectively. He also holds a bachelor's degree in manufacturing systems with electronics. In his spare time, Mr. To lectures at legal, business, computer and engineering courses at various local educational institutions and he is also a visiting lecturer of City University of Hong Kong. Mr. To has no interests in the shares of the Company within the meaning of Part XV of the SFO nor any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Save as disclosed above, Mr. To has not held any directorship in listed public companies in the last three years and does not have any other major appointments and qualifications. Save as disclosed, Mr. To does not hold any other positions in the Company or any of its subsidiaries.

Mr. To has entered into a service agreement with the Company for a period of one year commencing from 30th September 2004. His emolument in connection with his position as independent non-executive director is HK\$5,000 per month which is determined by arm's length negotiation between the parties with reference to prevailing market conditions. Mr. To is not aware of any other matters that should be brought to the attention of the Stock Exchange or the shareholders of the Company.

Mr. Chan Francis Ping Kuen, aged 45, was appointed as an independent non-executive director of the Company on 30th September, 2004. According to Article 86(3) of the Articles of Association, he is required to retire at the Annual General Meeting and being eligible, will offer himself for re-election at the Annual General Meeting. Mr. Chan is an associate member of The Institute of Chartered Accountants in Australia and also an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan holds a bachelor's degree in economics from the University of Sydney in Australia. Mr. Chan has over 20 years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of listed companies in Hong Kong and the United States. Mr. Chan is currently the independent non-executive director of China Elegance (Holdings) Limited and Grandy Corporation which are companies listed on the Main Board of the Stock Exchange and on GEM respectively. Mr. Chan has resigned as independent non-executive director of AGL MediaTech Holdings Limited which is also a company listed on GEM on 20th September 2004. Mr. Chan has no interests in the shares of the Company within the meaning of Part XV of the SFO nor any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Save as disclosed above, Mr. Chan has not held any directorship in listed public companies in the last three years and does not have any other major appointments and qualifications. Save as disclosed, Mr. Chan does not hold any other positions in the Company or any of its subsidiaries.

Mr. Chan has entered into a service agreement with the Company for a period of one year commencing from 30th September 2004. His emolument in connection with his position as independent non-executive director is HK\$5,000 per month which is determined by arm's length negotiation between the parties with reference to prevailing market conditions. Mr. Chan is not aware of any other matters that should be brought to the attention of the Stock Exchange or the shareholders of the Company.

Mr. Hsu Shiu Foo, William, aged 53, was appointed as an independent non-executive director of the Company on 25th October, 2004. According to Article 86(3) of the Articles of Association, he is required to retire at the Annual General Meeting and being eligible, will offer himself for re-election at the Annual General Meeting. Mr. Hsu has over 10 years of global business experience in tourism and service-oriented fields in various international corporations. He was a visiting fellow at the Faculty of Business of the City University of Hong Kong. Mr. Hsu holds a bachelor's degree in arts from Brigham Young University, Hawaii and a master's degree in hotel administration from Cornell University, New York. He was appointed as a visiting professor in the faculty of tourism at the Zhejiang University in 2001. Mr. Hsu is currently the independent non-executive director of Grandy Corporation which is a company listed on the GEM.

Mr. Hsu has no interests in the shares of the Company within the meaning of Part XV of the SFO nor any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). Save as disclosed above, Mr. Hsu has not held any directorship in listed public companies in the last three years and does not have any other major appointments and qualifications. Save as disclosed above, Mr. Hsu does not hold any other positions in the Company or any of its subsidiaries.

Mr. Hsu has entered into a service agreement with the Company for a period of one year commencing from 25th October, 2004. His emolument in connection with his position as independent non-executive director is HK\$5,000 per month which is determined by arm's length negotiation between the parties with reference to prevailing market conditions. Mr. Hsu is not aware of any other matters that should be brought to the attention of the Stock Exchange or the shareholders of the Company.

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XI of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or

**APPENDIX I                      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED  
AND ELECTED AT THE ANNUAL GENERAL MEETING**

which are required to be notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.61 of the GEM Listing Rules, are as follows: –

|                             |             |          | Number of Shares<br>in the Company<br>as at the Latest<br>Practicable Date |                   | Percentage of<br>the Company's<br>issued<br>share capital as<br>at the Latest<br>Practicable Date |
|-----------------------------|-------------|----------|--|-------------------|---|
|                             |             |          | Long<br>position   | Short<br>position |   |
| Dr. Tam Yun Kau             | the Company | Family   | 500,000  | –                 | 0.10  |
| Mr. Young Chiu Kit, Patrick | the Company | Personal | 2,114,150  | –                 | 0.41  |
| Mr. Chan Mo Po, Paul        | the Company | Family   | 2,800,000  | –                 | 0.54  |

**No. of underlying shares of the Company  
in respect of share options granted under  
Exchange**

| Name of Director            | KIBP<br>pre-IPO<br>Options | Agreement for<br>KGI pre-IPO<br>Options | Share Option<br>Scheme | Total     |
|-----------------------------|----------------------------|---|------------------------|-----------|
| Mr. Young Chiu Kit, Patrick | 1,222,841                  | 440,223                                 | 5,200,000              | 6,863,064 |
| Mr. Chan Mo Po, Paul        | 1,222,841                  | –                                       | 520,000                | 1,742,841 |
| Mr. Tam Shong-Tak, David    | 1,222,841                  | –                                       | 5,200,000              | 6,422,841 |



This appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide requisite information for shareholders of the Company to consider the Repurchase Mandate.

### **1. STOCK EXCHANGE RULES FOR REPURCHASES OF SHARES**

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

The GEM Listing Rules provide that all proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved by shareholders in advance by an ordinary resolution either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be repurchased must be fully paid up.

The Repurchase Mandate may only continue in force until:–

- (a) the conclusion of the first annual general meeting of the Company following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) revoked or varied by ordinary resolution of the shareholders in general meeting,

whichever occurs first.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 521,048,170 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to purchase a maximum of 52,104,817 Shares.

### **3. REASONS FOR REPURCHASES**

The Directors believe that the Repurchase Mandate is in the best interest of the Company and its shareholders. Repurchases of Shares made under the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the Company's net assets and will only be made when the Directors consider that such repurchases will benefit the Company and its shareholders.

#### 4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Articles of Association and the applicable laws of the Cayman Islands. The Companies Laws provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or out of funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company before the shares are repurchased.

There might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements for the year ended 29 February 2004) in the event that the Repurchase Mandate was to be exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse affect on the working capital requirements of the Company or the 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 of the Company were traded on the Stock Exchange during each of last twelve months preceding the Latest Practicable Date were as follows:

|  | Shares Prices         |                        |
|--|-----------------------|------------------------|
|  | Lowest<br><i>HK\$</i> | Highest<br><i>HK\$</i> |
| October 2003                                     | 0.054                 | 0.070                  |
| November 2003                                    | 0.054                 | 0.068                  |
| December 2003                                    | 0.055                 | 0.066                  |
| January 2004                                     | 0.057                 | 0.086                  |
| February 2004                                    | 0.068                 | 0.080                  |
| March 2004                                       | 0.082                 | 0.082                  |
| April 2004                                       | 0.058                 | 0.080                  |
| May 2004   | 0.065                 | 0.078                  |
| June 2004  | 0.059                 | 0.070                  |
| July 2004  | 0.040                 | 0.058                  |
| August 2004                                      | 0.042                 | 0.047                  |
| September 2004                                   | 0.045                 | 0.073                  |
| October 2004 (up to the Latest Practicable Date) | 0.040                 | 0.054                  |

#### 6. UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the GEM Listing Rules and all applicable laws of the Cayman Islands and in accordance with the regulations set out in the Memorandum of Association and Articles of Association of the Company.

## 7. EFFECT OF THE TAKEOVERS CODE

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, according to the register of interests kept by the Company under Section 336 of the SFO and so far as is known to the Directors of the chief executive of the Company, the only substantial Shareholder of the Company and the number of Shares held by it was:

| <b>Name of Shareholder</b> | <b>No. of Shares</b> | <b>Approx. percentage</b> | <b>If Repurchase Mandate exercised in full</b> |
|----------------------------|----------------------|---------------------------|--|
| Neurolink Limited          | 140,749,015          | 27.01%                    | 30.01%   |

In the event that the Directors should exercise in full the power to repurchase Shares and assuming there is no issue of new Shares, the interest of Neurolink Limited would be increased to 30.01% and an obligation to make a mandatory offer under Rule 26 of the Takeovers Code may be triggered.

Any purchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of Shares then in issue could only be implemented with the agreement of the Stock Exchange to waive the requirements of the GEM Listing Rules regarding the public float. It is believed that a waiver of this provision would not be given other than in exceptional circumstances. The Directors do not have any present intention for the Company to repurchase Shares to an extent which will result in the amount of Shares held by the public being reduced to less than 25%.

## 8. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, their respective associates (as defined in the GEM Listing Rules), have a present intention, in the event that the proposal is approved by the shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the GEM Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of Shares.

## 9. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the last six months preceding the Latest Practicable Date.

# 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)*

(Stock Code: 8031)

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Kinetana International Biotech Pharma Limited (the “Company”) will be held at 10/F, Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Tuesday, 23rd November, 2004 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 29th February, 2004;
2. To elect Directors and to authorise the board of directors of the Company to fix their remuneration;
3. To re-appoint the auditors and to authorise the board of directors of the Company to fix their remuneration;

#### ORDINARY RESOLUTIONS

4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions, which will be proposed as ordinary resolutions:

A. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (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 capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the Directors be and are hereby authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or 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 an option or otherwise) by the Directors pursuant to the approval in paragraphs (a) and (b) above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the time of passing this resolution; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the time 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 memorandum and articles of association of the Company or the applicable laws of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions 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 any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

## NOTICE OF ANNUAL GENERAL MEETING

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B. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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 and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange, be and is hereby, generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (c) the aggregate nominal amount of share capital of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the time of passing this resolution; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the time 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 memorandum and articles of association of the Company or the applicable laws of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- C. **“THAT** conditional upon the passing of the ordinary resolutions designated 4(A) and (B) respectively in the notice convening the meeting of the Company dated 29th October, 2004, the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to and in accordance with the ordinary resolution designated 4(B) be added to the aggregate nominal amount of the share capital of the



## NOTICE OF ANNUAL GENERAL MEETING

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ending on the day that falls seven days before the date of the general meeting (both days inclusive). The notice shall give the particulars of that person which would, if he was so appointed or reappointed, be required to be included in the Company's register of directors."

- (D) By deleting the existing Article 103 in its entirety and replacing it with the following new Article 103:

"103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director and/or his associate(s) is/are beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or



## NOTICE OF ANNUAL GENERAL MEETING

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- (vi) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.
- (3) Where a company in which a Director and/or his associate(s) holds five (5) per cent or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (or which such chairman shall not vote) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”

## NOTICE OF ANNUAL GENERAL MEETING

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- (E) By adding the words “or the website of the Designated Stock Exchange” immediately after the words “by placing it on the Company’s website” in Article 161.
- (F) By adding the words “or the website of the Designated Stock Exchange” immediately after the words “A notice placed on the Company’s website” in Article 162(b).

By Order of the Board

**KINETANA INTERNATIONAL BIOTECH PHARMA LIMITED**

**Dr. Tam Yun Kau**

*Executive Director*

Hong Kong, 29th October, 2004

*Notes:*

1. Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation is entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, if the appointor is a corporation, either its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to Unit 1721, Park-in Commercial Centre, 56 Dundas Street, Mongkok, Kowloon, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the Board comprises of (i) Dr. Tam Yun Kau, Mr. Young Chiu Kit, Patrick, Mr. Leung Yiu Cho Henry and Mr. Foo Young Yer who are executive Directors; (ii) Mr. Tam Shong-Tak, David who is a non-executive Director; and (iii) Mr. Chan Mo Po, Paul, Mr. To Christopher, Mr. Chan Francis Ping Kuen and Mr. Hsu Shiu Foo, William who are independent non-executive Directors.