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## DEFINITIONS

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

“associate”	the same meaning ascribed to in the GEM Listing Rules
“Beshabar (BVI)”	Beshabar Trading Limited, a company incorporated in BVI on 22nd April, 1997, a wholly-owned subsidiary of the Company
“Beshabar (HK)”	Beshabar Trading Limited (formerly known as Wise Shine Limited), a company incorporated in Hong Kong on 25th August, 2000, a wholly-owned subsidiary of the Company
“Bright Future”	Bright Future Pharmaceutical Laboratories Limited, a company incorporated in Hong Kong on 2nd September, 1993 and an independent third party not connected with the Company, the Directors, the chief executive, Initial Management Shareholders and substantial shareholders of the Company or any of their respective associates. The company is engaged in the sub-contracting and manufacture of pharmaceutical products. The company was a registered joint venture partner of Tianao holding 90% interest in the registered capital of Tianao for and on behalf of Yugofoil pursuant to a trust arrangement, the particulars of which are more particularly described in the sections headed “Risk factors” and “Business” of this prospectus
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of part of certain sums standing to the credit of the share premium account of the Company referred to in the paragraph headed “Resolutions in writing of all shareholders of the Company passed on 26th January, 2002” in the section headed “Further information about the Company and its subsidiaries” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by Hongkong Clearing
“Companies Law”	Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Vital BioTech Holdings Limited 維奧生物科技控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 30th May, 2001
“Covenantors”	the executive Directors and the Initial Management Shareholders

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“CPY” or “Sponsor”	Core Pacific - Yamaichi Capital Limited, an investment adviser and dealer registered under the Securities Ordinance, the global co-ordinator of the Placing and the Sponsor to the Company
“CPY International”	Core Pacific - Yamaichi International (H.K.) Limited, an investment adviser and dealer registered under the Securities Ordinance, the lead manager of the Placing
“Director(s)”	the director(s) of the Company
“Ever Power”	Ever Power Holding Inc., a company incorporated in BVI on 25th May, 2001, a wholly-owned subsidiary of the Company
“Farthinghoe”	Farthinghoe Enterprises Limited, a company incorporated in BVI on 1st September, 1997, a wholly-owned subsidiary of the Company
“GEM Listing Committee”	the listing committee of the Stock Exchange with responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Gainful Plan”	Gainful Plan Limited, a company incorporated in BVI on 25th May, 2001, a wholly-owned subsidiary of the Company
“Goldfield”	Goldfield Farming Agents Limited, a company incorporated in BVI on 29th April, 1997 and the entire issued share capital of which is owned by Mr. Ip Yu Chak
“Group”	the Company and its subsidiaries or any of them or, where the context requires in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongkong Clearing”	Hong Kong Securities Clearing Company Limited
“Initial Management Shareholders”	Perfect Develop, Mr. Ko, Mr. Au Yeung, Mr. Liu, Mr. Tao and Dr. Wong Tuen Yee, Elizabeth, details of their respective shareholdings are described under the section headed “Substantial and Initial Management Shareholders” of this prospectus
“Latest Practicable Date”	25th January, 2002, being the latest practicable date before the printing of this prospectus for ascertaining certain information of this prospectus

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“Listing Date”	the date on which dealings in the Shares on GEM commence
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Maxsun”	Maxsun International Limited, a company incorporated in Hong Kong on 29th March, 2000, a subsidiary owned as to 51% by the Company
“Mr. Au Yeung”	Mr. Au Yeung Ping Yuen, Terence, an executive Director and an Initial Management Shareholder
“Mr. Ko”	Mr. Ko Sai Ying, Thomas, the Chairman, an executive Director and an Initial Management Shareholder
“Mr. Liu”	Mr. Liu Jin, James, an executive Director and an Initial Management Shareholder
“Mr. Tao”	Mr. Tao Lung, an executive Director and an Initial Management Shareholder
“New Issue”	the issue of the New Shares for subscription under the Placing
“New Shares”	the 240,000,000 new Shares to be issued at the Placing Price and where relevant, any additional new Shares to be issued pursuant to the exercise of the Over-allotment Option
“Offer for Sale”	the offer for sale of the Sale Shares by the Vendors for cash at the Placing Price pursuant to the Placing
“Over-allotment Option”	the option granted by the Company to the Underwriters exercisable by CPY International on behalf of the Underwriters pursuant to the Underwriting Agreement under which the Company may be required to issue at the Placing Price up to an additional 45,000,000 Shares, representing approximately 15% of the number of the Placing Shares being offered under the Placing solely to cover over-allocations in the Placing
“Perfect Develop”	Perfect Develop Holding Inc., a company incorporated in BVI on 3rd August, 2001 the entire issued share capital of which is owned as to 49% by Mr. Tao, 33% by Mr. Ko, 12% by Mr. Liu and 6% by Mr. Au Yeung. Perfect Develop is an investment holding company

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“Pernanga”	Pernanga Agents Limited, a company incorporated in BVI on 29th April, 1997 and the entire issued share capital of which is owned by Mr. Yeung Wing Sang
“Pharmco”	Pharmco International Inc., a corporation carrying on business under the name of IMAX International, was founded in 1989 in Dallas, Texas, U.S.A. and engaged in the trading of pharmaceutical products. For pharmaceutical products that are distributed in US the products are subject to the control and/or approval of the FDA. Pharmco is the sole supplier of the materials of Osteoform to the Group. The entire issued capital of Pharmco is owned by Ms. Betty Wei Bai and Mr. Tze-Rou Kuo. Save and except it is an associate (as defined in the GEM Listing Rules) of Ms. Betty Wei Bai and Mr. Tze-Rou Kuo, Pharmco is independent of and not connected with the Company, the Directors, the chief executive, Initial Management Shareholders and substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules). Ms. Betty Wei Bai and Mr. Tze-Rou Kuo are currently holding 24 and 25 shares of HK\$1 each in Maxsun. Save and except for their beneficial interests in Maxsun, each of Ms. Betty Wei Bai and Mr. Tse-Rou Kuo is independent of and not connected with the Company, the Directors, the chief executive, Initial Management Shareholders and substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules)
“Placing Shares”	the 240,000,000 New Shares and the 60,000,000 Sales Shares being offered for subscription or purchase under the Placing
“Placing”	the conditional placing of the Placing Shares, (subject to Overallotment Option at the Placing Price and subject to the terms and conditions described in this prospectus), as further described under the section headed “Structure and conditions of the Placing” of this prospectus
“Placing Price”	the price (not more than HK\$0.50 but not less than HK\$0.40) per Placing Share at which Shares shall be offered under the Placing and is determined by agreement between CPY International and the Company on or before the Price Determination Time
“PRC” or “China mainland”	the People’s Republic of China, and except where the context requires, references in this prospectus to the PRC or China mainland do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Relevant Securities”	has the meaning ascribed thereto in Rule 13.15 of the GEM Listing Rules

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“Price Determination Date”	the date, expected to be around 30th January, 2002, on which the Placing Price will be fixed for the purpose of the Placing
“Price Determination Time”	5:00 p.m. on 30th January, 2002, at which time the Placing Price will be fixed for the purpose of the Placing or such later time as the Company and CPY International (on behalf of the Underwriters) may agree, but in any event not later than 5:00 p.m. on 1st February, 2002
“Sale Shares”	the 60,000,000 existing Shares being offered for sale by the Vendors for cash at the Placing Price under the Placing
“SDA”	State Drug Administration (國家藥品監督管理局), the PRC (being the authority under the State Council, which (i) monitors and supervises the administration of pharmaceutical industry, (ii) formulates administrative rules and policies concerning the pharmaceutical industry, (iii) evaluates, registers and approves new medicine; and (iv) approves and permits the manufacture and export of pharmaceutical products and establishment of pharmaceutical manufacturers)
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)
“Securities Lending Agreement”	the securities lending agreement dated 30th January, 2002 and entered into between Perfect Develop and CPY International
“SFC”	the Securities and Futures Commission of Hong Kong
“Share Option Scheme”	the share option scheme approved and conditionally adopted by the Company on 26th January, 2002, the principal terms of which are summarised in the section headed “Share Option Scheme” in Appendix IV to this prospectus
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianao”	Wuhan Tianao Pharmaceuticals Co., Ltd. (武漢天奧製藥有限公司), a sino-foreign equity joint venture established in the PRC on 30th October, 1996 and a subsidiary owned as to 95% by the Company
“Track Record Period”	the period of the two years ended 31st December, 2000 and the six months ended 30th June, 2001
“UK”	the United Kingdom

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“Underwriters”	CPY International, Guotai Junan Securities (Hong Kong) Limited, GC Capital (Asia) Limited, SBI E2-Capital Securities Limited, Taiwan Securities (Hong Kong) Company Limited, First Shanghai Securities Limited, Sun Hung Kai International Limited, Celestial Capital Limited and YF Securities Company Limited
“Underwriting Agreement”	the underwriting agreement dated 30th January, 2002 made between the Company, the Vendors, the Initial Management Shareholders, the executive Directors, the Sponsor, CPY International and the Underwriters relating to the Placing
“US”	the United States of America
“Vendors”	Goldfield and Pernanga
“Vital BioTech (Hong Kong)”	Vital BioTech (Hong Kong) Company Limited, a company incorporated in Hong Kong on 17th November, 2000, a wholly-owned subsidiary of the Company
“Vitapharm Research”	Vitapharm Research Pty. Ltd, a company incorporated in the State of Victoria, Australia on 1st April, 1998, a wholly-owned subsidiary of the Company
“Vital (Sichuan)”	Vital (Sichuan) Biotech Co., Ltd. (維奧(四川)生物技術有限公司), a wholly foreign owned enterprise established in the PRC on 25th July, 2001, a wholly-owned subsidiary of the Company
“WTO”	World Trade Organisation
“Weiao”	Sichuan Weiao Pharmacy Co., Ltd. (四川維奧製藥有限公司), (formerly known as Sichuan Kangbai Pharmacy Co., Ltd.) a sino-foreign equity joint venture established in the PRC on 8th January, 1998, a subsidiary owned as to 76.7% by the Company
“Yugofoil”	Yugofoil Holdings Limited, a company incorporated in BVI on 11th May, 1993, a wholly-owned subsidiary of the Company
“AUD” or “Australian dollars”	Australian dollars, the lawful currency of Australia
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“USD”, “US\$” or “US dollars”	United States dollars, the lawful currency of the US
“sq. m.”	square metres

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“sq. ft.” square feet

“%” per cent.

*Unless otherwise specified in this prospectus, amounts denominated in AUD, RMB or USD have been translated, for the purpose of illustration only, into HK\$ at the following rates:*

*AUD 1.00 = HK\$4.00*

*RMB 106 = HK\$100*

*US\$ 1.00 = HK\$7.80*

*No representation and warranty is made that any amounts in AUD, RMB or USD could have been or could be converted at the above rates or at any other rates or at all.*