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If you are in any doubt as to any aspect of this circular, you should consult a licensed securities dealer or other bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares of Far East Pharmaceutical Technology Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser.

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FAR EAST PHARMACEUTICAL TECHNOLOGY COMPANY LIMITED **(遠東生物制藥科技有限公司)**

(Incorporated in the Cayman Islands with limited liability)

PROPOSAL FOR SUBDIVISION OF SHARES **AND** **CHANGE IN BOARD LOT SIZE OF SHARES**

A notice convening an extraordinary general meeting of the Company to be held at Prince III, 3/F, The Marco Polo Prince Hotel, Harbour City, 23 Canton Road, Kowloon, Hong Kong on Monday, 27 October 2003, at 3:00 p.m. is set out on pages 10 and 11 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding such meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

10 October 2003

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DEFINITIONS

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

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size from 2,000 Shares to 4,000 Subdivided Shares
“Company”	Far East Pharmaceutical Technology Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting”	an extraordinary general meeting of the Company to be held at Prince III, 3/F, The Marco Polo Prince Hotel, Harbour City, 23 Canton Road, Kowloon, Hong Kong on Monday, 27 October 2003 at 3:00 p.m., to consider and, if appropriate, to approve the resolution contained in notice of the meeting which is set out on pages 10 and 11 of this circular
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	7 October 2003, being the latest practicable date for the purpose of ascertaining certain information referred to in this circular
“Registrar”	the share registrar of the Company, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
“Share(s)”	existing share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Share Subdivision”	the proposed subdivision of each of the issued and unissued Shares into four Subdivided Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	share(s) of HK\$0.025 each in the capital of the Company which will result from the Share Subdivision
“HK\$”	Hong Kong dollars

EXPECTED TIMETABLE

Year 2003

Latest time for lodging of form of proxy for the Extraordinary General Meeting	3:00 p.m. on Saturday, 25 October
Extraordinary General Meeting to approve the Share Subdivision	3:00 p.m. on Monday, 27 October
Effective date of the Share Subdivision	Tuesday, 28 October
Dealing in Subdivided Shares commences	9:30 a.m. on Tuesday, 28 October
Original counter for trading in existing Shares in board lots of 2,000 Shares closes	9:30 a.m. on Tuesday, 28 October
Temporary counter for trading in Subdivided Shares in board lots of 8,000 Subdivided Shares (in the form of existing share certificates) opens	9:30 a.m. on Tuesday, 28 October
First day for free exchange of certificates for existing Shares for new certificates for Subdivided Shares	Tuesday, 28 October
Original counter for trading in Subdivided Shares in board lots of 4,000 Subdivided Shares (in the form of new certificates for Subdivided Shares) re-opens	9:30 a.m. on Tuesday, 11 November
Parallel trading in Subdivided Shares (in the form of (a) new certificates for Subdivided Shares and (b) certificates for existing Shares) commences	9:30 a.m. on Tuesday, 11 November
Temporary counter for trading in Subdivided Shares in board lots of 8,000 Subdivided Shares (in the form of existing share certificates) closes	4:00 p.m. on Tuesday, 2 December

EXPECTED TIMETABLE

Year 2003

Parallel trading in Subdivided Shares (in the form
of (a) new certificates for Subdivided Shares and
(b) certificates for existing Shares) ends 4:00 p.m. on Tuesday, 2 December

Latest time for free exchange of certificates
for existing Shares for new certificates
for Subdivided Shares 4:30 p.m. on Friday, 5 December

LETTER FROM THE BOARD



FAR EAST PHARMACEUTICAL TECHNOLOGY COMPANY LIMITED (遠東生物制藥科技有限公司)

(Incorporated in the Cayman Islands with limited liability)

Executive Directors :

CAI Chong Zhen (*Chairman*)

CHEN Ching Ken (*Vice Chairman*)

TSO Ming Sing, Barton (*Managing Director*)

CAI Cong Yi

CHEN Wei

WONG Sui Kwong

Registered office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681GT

George Town

Grand Cayman

British West Indies

Independent Non-executive Directors:

HU Ling Po

YU Er Feng

Principal Place of Business:

Suite 2305, 23/F

CMG Asia Tower

The Gateway

Tsimshatsui

Kowloon

Hong Kong

10 October 2003

To the Shareholders

Dear Sir or Madam,

PROPOSAL FOR SUBDIVISION OF SHARES AND CHANGE IN BOARD LOT SIZE OF SHARES

I. INTRODUCTION

The Board announced on 7 October 2003 a proposal for Share Subdivision and Change in Board Lot Size.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with details of the Share Subdivision and Change in Board Lot Size and the arrangements for trading and exchange of share certificates and to set out the notice convening the Extraordinary General Meeting at which an ordinary resolution will be proposed to consider and, if thought fit, to approve the Share Subdivision.

II. PROPOSED SHARE SUBDIVISION AND CHANGE IN BOARD LOT SIZE

The Board proposes that each of the existing issued and unissued Shares be subdivided into four Subdivided Shares. Currently, the Shares are traded in board lots of 2,000 Shares. Following the implementation of the Share Subdivision, the board lot size will be changed to 4,000 Subdivided Shares for the purpose of trading on the Stock Exchange. Based on the closing price of the Share of HK\$3.55 as quoted on the Stock Exchange as at the Latest Practicable Date, each board lot of 2,000 Shares was worth HK\$7,100 and immediately after the Share Subdivision becomes effective, each board lot of 4,000 Subdivided Shares is expected to be worth HK\$3,550.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 which was divided into 1,000,000,000 Shares, of which 508,935,600 Shares were in issue. Immediately following the implementation of the Share Subdivision, (i) the authorised share capital of the Company will be HK\$100,000,000 which is divided into 4,000,000,000 Subdivided Shares and (ii) 2,035,742,400 Subdivided Shares will be in issue assuming that no Shares are issued or purchased by the Company prior to the implementation of the Share Subdivision.

Conditions

The Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution approving the Share Subdivision by the Shareholders at the Extraordinary General Meeting; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares in issue and any new Subdivided Shares which may fall to be issued pursuant to the exercise of options granted under the Company's share option scheme.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subdivided Shares in issue and any new Subdivided Shares which may fall to be issued pursuant to the exercise of options granted under the Company's share option scheme.

LETTER FROM THE BOARD

Reasons for the Share Subdivision

The Board considers that upon the Share Subdivision having become effective, the monetary value of each board lot of the Subdivided Shares will be less than the value of the existing board lot of the Shares. The Board believes a lower board lot value would make the shares of the Company more assessable to a wider range of investors and would in turn improve the liquidity in trading of the Subdivided Shares. Such improvement would enable the Shareholders to acquire or dispose of their shareholdings in the Company more efficiently which, in general, is regarded as advantageous to the Shareholders.

Effects of the Share Subdivision

The Subdivided Shares will rank *pari passu* in all respects with each other and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

Save for the expenses to be incurred in relation to the Share Subdivision of approximately HK\$150,000, the Board believes that the implementation of the Share Subdivision will not, by itself, alter the net asset value, business operations, management or financial position of the Group or the proportionate interest of Shareholders in the Company.

Adjustment to the outstanding share options

As at the Latest Practicable Date, the Company had 52,000,000 outstanding share options. In accordance with the terms of the share option schemes of the Company, Share Subdivision may result in adjustments to the subscription price and/or the number of shares of the Company to be subscribed for in relation to the outstanding share options. A notice regarding such adjustments will be served on holders of the outstanding share options when the Share Subdivision becomes effective.

III. ARRANGEMENTS FOR TRADING AND EXCHANGE OF SHARE CERTIFICATES

Exchange of share certificate

Subject to the Share Subdivision becoming effective, Shareholders may, during business hours from Tuesday, 28 October 2003 to Friday, 5 December 2003 (both dates inclusive), submit their certificates for the Shares to the Registrar in exchange for certificates for the Subdivided Shares (on the basis of every one Share for four Subdivided Shares) free of charge. Thereafter, share certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new certificate issued for the Subdivided Shares or each old share certificate submitted, whichever number of share certificate involved is higher.

LETTER FROM THE BOARD

Listing and dealings

No part of the share capital of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is currently proposed to be sought from any other stock exchange.

Dealings in the Subdivided Shares will be subject to Hong Kong stamp duty.

The Share Subdivision will not give rise to any odd lot.

The trading arrangements proposed for dealings in the Subdivided Shares, subject to the fulfillment of the conditions of the Share Subdivision referred to above, are as follows:

- (i) with effect from Tuesday, 28 October 2003, the original counter for trading in Shares in existing board lots of 2,000 Shares will be closed temporarily. A temporary counter for trading in Subdivided Shares represented by existing share certificates in board lots of 8,000 Subdivided Shares will be established. Every existing certificate for whatever number of Shares will be deemed to be a certificate, and will be effective as a document of title valid for settlement and delivery for trading transacted from Tuesday, 28 October 2003 to Tuesday, 2 December 2003 inclusive, for Subdivided Shares in the amount equal to four times that number of existing Shares. The existing share certificates for the Shares can only be traded at this temporary counter;
- (ii) with effect from Tuesday, 11 November 2003, the original counter will be reopened for trading in Subdivided Shares in board lots of 4,000 Subdivided Shares. Only new share certificates for the Subdivided Shares can be traded at this counter;
- (iii) with effect from Tuesday, 11 November 2003 to Tuesday, 2 December 2003 inclusive, there will be parallel trading at the counters mentioned in (i) and (ii) above; and
- (iv) the temporary counter for trading in Subdivided Shares represented by existing share certificates in board lots of 8,000 Subdivided Shares will be closed after the close of trading on Tuesday, 2 December 2003. Thereafter, trading will only be in Subdivided Shares represented by new share certificates in board lots of 4,000 Subdivided Shares. Every existing certificate will only be valid for delivery and settlement purposes for the period up to 3:45 p.m. on 4 December 2003 and thereafter will not be accepted for settlement purposes. However, such certificates

LETTER FROM THE BOARD

will continue to be good evidence of legal title on the basis of one Share to four Subdivided Shares and may be lodged with the Registrar for exchange at any time on payment of a fee.

Subject to the granting of listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

IV. EXTRAORDINARY GENERAL MEETING

At the Extraordinary General Meeting, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Share Subdivision.

The notice convening the Extraordinary General Meeting is set out on page 10 and 11 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Registrar as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the Extraordinary General Meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the Extraordinary General Meeting if you so wish.

V. RECOMMENDATION

The Directors believe that the Share Subdivision is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to approve the Share Subdivision to be proposed at the Extraordinary General Meeting.

Yours faithfully,

For and on behalf of the Board

Far East Pharmaceutical Technology Company Limited

Cai Chong Zhen

Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



FAR EAST PHARMACEUTICAL TECHNOLOGY COMPANY LIMITED (遠東生物制藥科技有限公司)

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at Prince III, 3/F, The Marco Polo Prince Hotel, Harbour City, 23 Canton Road, Kowloon, Hong Kong on Monday, 27 October 2003 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendment, the following resolution which will be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of the Company in their subdivided form, every share of HK\$0.10 in the issued and unissued share capital of the Company be subdivided into four shares of HK\$0.025 each with effect from the business day immediately following the date on which this resolution is passed.”

By Order of the Board

Cai Chong Zhen

Chairman

Hong Kong, 9 October 2003

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (a) A shareholder of the Company, who is the holder of two or more shares of the Company, entitled to attend and vote at this meeting is entitled to appoint more than one proxy to attend and vote on his behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (b) To be valid, 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, must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.