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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 or transferred all your shares of Sino Biopharmaceutical Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(STOCK CODE: 1177)

PROPOSED SUBDIVISION OF SHARE CAPITAL, PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

A notice convening an extraordinary general meeting of Sino Biopharmaceutical Limited to be held at 2:30 p.m. (or as soon as thereafter as the annual general meeting of Sino Biopharmaceutical Limited convened for the same day and at the same place shall have concluded or been adjourned), on Tuesday, 27 April, 2004, at 8th Floor, Crown Room, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong is set out on page 14 to page 19 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tengis Limited, at Ground Floor, 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 the holding such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

31 March, 2004

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DEFINITIONS

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

“Articles”	the articles of association of the Company;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and a public holiday) on which banks in Hong Kong, are generally open for business;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Company”	Sino Biopharmaceutical Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Convertible Bonds”	(i) the one per cent. convertible bonds due 2006 in the aggregate principal amount of US\$6,000,000 constituted by the Convertible Bond Instrument and issued by the Company on 22 October, 2002; and (ii) the one per cent. convertible bonds due 2006 in the aggregate principal amount of US\$4,000,000 constituted by the Convertible Bond Instrument and issued by the Company on 31 March, 2003;
“Directors”	directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at 2:30 p.m. on Tuesday, 27 April, 2004 to consider and, if thought fit, to approve, among other things, the proposal of the Subdivision, amendments to the Articles and the grant of the Share Issue Mandate and the Repurchase Mandate;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“Latest Practicable Date”	29 March, 2004, being the latest practicable date for the purpose of ascertaining certain information referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Old Share Option Scheme”	the share option scheme of the Company adopted on 19 September, 2000 which was terminated on 26 April, 2002;
“Registrar”	the branch share registrar of the Company, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong;
“Repurchase Mandate”	a general mandate proposed to be given to the Directors to repurchase the shares of the Company not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date on which the Subdivision is to become effective;
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holders of Shares or Subdivided Shares;
“Share Issue Mandate”	a general mandate proposed to be given to the Directors to allot, issue and deal with additional shares of the Company not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date on which the Subdivision is to become effective;
“Share Option Scheme”	the existing share option scheme of the Company conditionally adopted on 24 November, 2003;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subdivided Share(s)”	share(s) of HK\$0.025 each in the share capital of the Company upon the Subdivision becoming effective;
“Subdivision”	the subdivision of each issued and unissued Share into four Subdivided Shares; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

EXPECTED TIMETABLE

2004

Latest time for lodging of form of proxy in respect of the EGM	2:30 p.m. on Sunday, 25 April
EGM to approve, among others, the Subdivision	2:30 p.m. on Tuesday, 27 April
Effective date of the Subdivision and change in board lot size	Wednesday, 28 April
Original counter for trading in the existing Shares in board lots of 2,000 Shares closes	9:30 a.m. on Wednesday, 28 April
Temporary counter for trading in the Subdivided Shares in board lots of 8,000 Subdivided Shares (in the form of existing share certificates) opens	9:30 a.m. on Wednesday, 28 April
First day for free exchange of certificates for existing Shares for new certificates for the Subdivided Shares	Wednesday, 28 April
Original counter for trading in Subdivided Shares in board lots of 4,000 Subdivided Shares (in the form of new certificates for the Subdivided Shares) re-opens	9:30 a.m. on Wednesday, 12 May
Parallel trading in the Subdivided Shares (in the form of new certificates for the Subdivided Shares and certificates for existing Shares) commences	9:30 a.m. on Wednesday, 12 May
Temporary counter for trading in the Subdivided Shares in board lots of 8,000 Subdivided Shares (in the form of existing share certificates) closes	4:00 p.m. on Thursday, 3 June
Parallel trading in the Subdivided Shares (in the form of new certificates for the Subdivided Shares and certificates for existing Shares) ends	4:00 p.m. on Thursday, 3 June
Last day for free exchange of certificates for existing Shares for new certificates for the Subdivided Shares	4:00 p.m. on Tuesday, 8 June

LETTER FROM THE BOARD



SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Mr. Tse Ping (*Chairman*)

Mr. Tao Huiqi

Mr. Wang Jinyu

Non-executive Director:

Ms. Josephine Price

Independent non-executive Directors:

Ms. Zheng Qun, Grace

Mr. Hu Ximing

Registered office:

Codan Trust Company

(Cayman) Limited

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681GT

George Town

Grand Cayman

British West Indies

*Head office and principal
place of business:*

Unit 09, 41st Floor

Office Tower

Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

31 March, 2004

To the Shareholders,

Dear Sirs,

**PROPOSED SUBDIVISION OF SHARE CAPITAL,
PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION AND
GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES**

INTRODUCTION

The Board announced on 18th March, 2004 that it intends to put forward proposals for approval of the Shareholders for the Subdivision and amendments to the Articles.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information relating to, and to give you notice of the EGM at which resolutions will be proposed for the approval of the Subdivision, certain amendments to the Articles and the granting of the Share Issue Mandate and Repurchase Mandate.

THE SUBDIVISION

The Board proposes that each of the existing issued and unissued Shares of HK\$0.10 each be divided into 4 Subdivided Shares. The existing authorised share capital is HK\$100,000,000 divided into 1,000,000,000 Shares of HK\$0.10 each, of which 332,000,000 Shares are issued and fully paid or credited as fully paid. Immediately following completion of the Subdivision, the authorised share capital of the Company will be HK\$100,000,000 comprising 4,000,000,000 Subdivided Shares of HK\$0.025 each, of which 1,328,000,000 Subdivided Shares will be in issue and fully paid or credited as fully paid.

Board lot size

The Board also proposes to change the board lot of shares from 2,000 Shares to 4,000 Subdivided Shares upon the Subdivision becoming effective.

Ranking of the Subdivided Shares

The Subdivided Shares will rank pari passu with each other and the Subdivision will not result in any relative rights of the Shareholders.

Reasons for the Subdivision

The Board considers that the Subdivision should improve liquidity of the trading in the Shares in the market and will enable the Company to attract more investors and widen its shareholder base. The Board believes that the Subdivision is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The table below sets out the average monthly trading volume of the Shares for the last six months quoted from the Bloomberg:

Month	Average monthly trading volume of the Shares
September 2003	53,524
October 2003	28,000
November 2003	29,900
December 2003	72,571
January 2004	15,789
February 2004	94,825

Effects of the Subdivision

Other than the expenses incurred relating to the Subdivision, implementation of the Subdivision will not, of itself, alter the underlying assets, business operations, and management of financial position of the Company or the interests of the Shareholders. The estimated expenses relating to the Subdivision are approximately HK\$150,000. The Board believes that the Subdivision will not have a material adverse effect on the financial position of the Company and its subsidiaries.

Conditions of the Subdivision

The Subdivision is conditional upon, among others, (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Subdivision; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares.

If the conditions set out above are fulfilled, it is expected that the Subdivision will become effective on the Business Day immediately following the date of the EGM. Further announcement will be made following the Subdivision becoming effective.

ARRANGEMENTS FOR TRADING AND EXCHANGE OF SHARE CERTIFICATES

Exchange of share certificate

Subject to the Subdivision becoming effective, Shareholders may, during business hours from Wednesday, 28 April, 2004 to Tuesday, 8 June, 2004 (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 a 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

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subdivided Shares upon the Subdivision taking effect.

As at the Latest Practicable Date, 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.

The Subdivision will not give rise to any odd lot.

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

- (i) with effect from Wednesday, 28 April, 2004, 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 green colour 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 Wednesday, 28 April, 2004 to Thursday, 3 June, 2004, for Subdivided Shares in the amount equal to four times that number of existing Shares. The existing share certificates for the Shares in green colour can only be traded at this temporary counter;
- (ii) with effect from Wednesday, 12 May, 2004, 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 in red colour can be traded at this counter;
- (iii) with effect from Wednesday, 12 May, 2004 to Thursday, 3 June, 2004 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 green colour in board lots of 8,000 Subdivided Shares will be closed after the close of trading on Thursday, 3 June, 2004. Thereafter, trading will only be in Subdivided Shares represented by new share certificates in red colour in board lots of 4,000 Subdivided Shares and the existing share certificates for the Shares in green colour will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such certificates 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.

LETTER FROM THE BOARD

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.

ADJUSTMENTS TO THE EXERCISE PRICE OF THE OPTIONS GRANTED UNDER THE OLD SHARE OPTION SCHEME AND THE CONVERSION PRICE OF THE CONVERTIBLE BONDS

Old Share Option Scheme

As at the Latest Practicable Date, 18,000,000 Shares were subject to the outstanding options granted under the Old Share Option Scheme. The exercise price of the options and the number of shares subject to the options will be adjusted in accordance with the rules of the Old Share Option Scheme and Rule 17.03(13) of the Listing Rules with effect from the date on which the Subdivision becomes effective, subject to the fulfillment of conditions set out above.

Save as follows, there will be no alterations to the rights of the holders of the outstanding options:

Original exercise price per Share and number of Shares subject to the outstanding options

18,000,000 Shares exercisable
at HK\$0.74 each

New exercise price per Subdivided Share and number of Subdivided Shares subject to the outstanding options

72,000,000 Subdivided Shares exercisable
at HK\$0.185 each

No option under the Share Option Scheme has been granted as at the Latest Practicable Date.

Convertible Bonds

The Subdivision constitutes an event giving rise to an adjustment to the conversion price of the Convertible Bonds pursuant to the instrument constituting the Convertible Bonds, pursuant to which, it is expected that the conversion price of the Convertible Bonds shall be adjusted from HK\$2.85 per Share to HK\$0.7125 per Subdivided Share with effect from the close of business in Hong Kong on the business day (being any day (other than a Saturday, Sunday and a public holiday) on which banks in Hong Kong and New York are open for business) immediately preceding the date on which the Subdivision becomes effective, subject to the fulfillment of conditions set out above.

LETTER FROM THE BOARD

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange published amendments to the Listing Rules on 30 January, 2004. Subject to specific transitional arrangements in respect of some of the new provisions, the revised Listing Rules will become effective on 31 March, 2004. The revised Listing Rules have imposed certain new requirements which have to be reflected in the articles of association/byelaws of all issuers.

To align the Articles with the revised Listing Rules, the Board proposes that certain provisions in the Articles be amended to comply with the revised Listing Rules. Full details of the proposed amendments to the Articles are set out in resolution no.5 of the notice convening the EGM set out on pages 14 to 19 of this Circular.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the EGM, ordinary resolutions will be proposed to seek the approval of the Shareholders to grant to the Directors, conditional upon the Subdivision becoming effective, general mandates to:–

- (i) allot, issue and deal with additional shares of the Company not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company immediately following the Subdivision becoming effective and to allot and issue further shares of the Company purchased by the Company pursuant to the Repurchase Mandate referred to in (ii) below; and
- (ii) repurchase the shares of the Company not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company immediately following the Subdivision becoming effective.

An explanatory statement as required by the Listing Rules to be sent to Shareholders in connection with the Repurchase Mandate is set out in the Appendix to this circular.

EGM

At the EGM, resolutions will be proposed for the Shareholders to consider and, if thought fit, approve the Subdivision, certain amendment to the Articles and the granting of the Share Issue Mandate and Repurchase Mandate.

The notice convening the EGM is set out on page 14 to page 19 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not prevent you from attending and voting at the EGM or any adjourned meeting if you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the Subdivision, the proposed amendments to the Articles and the granting of the general mandates to issue new shares and to repurchase shares are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to approve the above matters to be proposed at the EGM.

RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

Yours faithfully,
For and on behalf of the Board
SINO BIOPHARMACEUTICAL LIMITED
Tse Ping
Chairman

This appendix serves as an explanatory statement as required by the Listing Rules to provide the requisite information to you for your consideration of the proposal to permit the granting to the Directors of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$33,200,000 comprising 332,000,000 Shares. Immediately upon the Subdivision becoming effective, the issued share capital of the Company will be HK\$33,200,000 comprising 1,328,000,000 Subdivided Shares.

Subject to the passing of the relevant ordinary resolutions at the EGM and assuming that no further Shares are issued and repurchased by the Company, the Directors will be authorised to purchase up to 132,800,000 Subdivided Shares pursuant to the Repurchase Mandate.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from the Shareholders to enable the Directors to purchase the shares of the Company in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets or its earnings per share of the Company or both and will only be made when the Directors believe that such purchases will benefit the Company and the Shareholders as a whole.

3. FUNDING OF REPURCHASES

In repurchasing the shares of the Company, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and articles of association and all applicable laws.

The Directors do not propose to exercise the Repurchase Mandate to such extent as could, in the circumstances, have a material adverse effect on the working capital or the gearing level of the Company which in the opinion of the Directors is from time to time appropriate for the Company.

4. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell the shares of the Company to the Company under the general mandate to repurchase the shares of the Company in the event that it is granted by the Shareholders at the EGM.

No connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell any shares of the Company to the Company, or that he has undertaken not to sell any shares of the Company held by him to the Company, in the event that the Repurchase Mandate is granted by the Shareholders at the EGM.

The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

6. EFFECT OF THE TAKEOVERS CODE

If, on the exercise of the power to repurchase the shares of the Company pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of such increase, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge of the Company, Mr. Tse Ping, who is a substantial shareholder of the Company through his own interest and interest in Conspicuous Group Limited, Remarkable Industries Limited and Validated Profits Limited, was interested in 234,120,000 shares, representing 70.52 per cent. of the issued share capital of the Company. In the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the shareholding of Mr. Tse Ping in the Company would be increased to 78.35 per cent. of the issued share capital of the Company. Such increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Code.

The Directors have no present intention to exercise the power to repurchase the shares of the Company to the extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25%.

7. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange as quoted in the Stock Exchange’s daily quotations sheets in each of the twelve months preceding the Latest Practicable Date are as follows:

	Shares	
	Highest	Lowest
	HK\$	HK\$
2003		
March	1.850	1.800
April	1.960	1.930
May	2.225	1.930
June	2.300	2.150
July	2.300	2.025
August	2.325	2.200
September	2.700	2.325
October	2.800	2.425
November	3.250	2.700
December	3.750	2.925
2004		
January	3.450	3.050
February	3.300	3.175



SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Sino Biopharmaceutical Limited (“the Company”) will be held at 2:30 p.m. (or as soon as thereafter as the annual general meeting of Sino Biopharmaceutical Limited convened for the same day and at the same place shall have concluded or been adjourned), on Tuesday, 27 April, 2004, at 8th Floor, Crown Room, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions which will be proposed as resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**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 and is hereby subdivided into four shares of HK\$0.025 each (the “Subdivision”) with effect from 9:00 a.m. on the business day (not being a Saturday) immediately following the date on which this resolution is passed and the directors of the Company be and is hereby authorised to execute or authorise such things and such documents as they may consider necessary or desirable in connection therewith.”
2. “**THAT**, conditional upon, and with effect from the date on which ordinary resolution numbered 1 set out in the notice of extraordinary general meeting of the Company dated 31 March, 2004 (the “Notice”) becoming unconditional and effective,
 - (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 additional shares in the capital of the Company and to make or grant offers, agreements, options and other securities, including warrants to subscribe for shares of the Company, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval of paragraph (a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements, options and other securities, including warrants to subscribe for shares of the Company, which might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the aggregate nominal value of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or any issue of shares of the Company on the exercise of the subscription or conversion rights attaching to any securities which may be issued by the Company from time to time or the exercise of the options granted under the share option scheme of the Company or any issue of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the Subdivision (as defined in ordinary resolution numbered 1 set out in the Notice), and the said approval shall be limited accordingly; and

- (d) for the purpose 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 meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
- (iii) the time of the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in this resolution.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares whose names 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, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

- 3. “**THAT**, conditional upon, and with effect from the date on which ordinary resolution numbered 1 set out in the notice of extraordinary general meeting of the Company dated 31 March, 2004 (the “Notice”) becoming unconditional and effective,

- (a) subject to paragraph (b) 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 repurchase securities of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject

NOTICE OF EXTRAORDINARY GENERAL MEETING

to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal value of securities authorized 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 value of the issued share capital of the Company immediately following the Subdivision (as defined in ordinary resolution numbered 1 set out in the Notice) and the said approval shall be limited accordingly; and
- (c) for the purpose 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 meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and
 - (iii) the time of the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in this resolution.”
4. **“THAT**, conditional upon the resolutions numbered 2 and 3 of the notice convening this meeting being duly passed, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares in the capital of the Company pursuant to the resolution numbered 2 of the notice convening this meeting be and is hereby extended by the addition thereon of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution numbered 3 of the notice convening this meeting provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of the Company in issue at the date of passing of the said resolution.”

SPECIAL RESOLUTION

5. **“THAT** the articles of association of the Company be amended as follows:

- (A) By inserting the following new definition of “associate” in Article 2:

““associate”	the meaning attributed to it in the rules of the Designated Stock Exchange.”
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NOTICE OF EXTRAORDINARY GENERAL MEETING

- (B) By deleting the existing definition of “Subsidiary and Holding Company” in Article 2 and replacing therewith the following new definition:

“Subsidiary and Holding Company” the meanings attributed to them in the rules of the Designated Stock Exchange.

- (C) B re-numbering existing Article 76 as Article 76(1);

- (D) By inserting the following as new Article 76(2):

“(2) Where any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

- (E) By deleting the existing Article 88 in its entirety and replacing therewith the following new Article 88:

“88. No person other than a Director retiring at an annual general meeting pursuant to Article 86(3) shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

- (F) By deleting the existing Article 103 in its entirety and replacing therewith 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;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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 any third company through which his interest or that of any of his associates is derived); or
- (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 to the employees to which such scheme or fund relates.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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/their 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 and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is/are 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 his associate(s) 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 and/or his associate(s) 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 (for which purpose such chairman shall not vote thereon) 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.”

By Order of the Board

Tse Ping

Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

Head office and principal

place of business:

Unit 09, 41st Floor

Office Tower

Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority not less than 48 hours before the time appointed for the holding of the meeting.



SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “Company”)

Form of Proxy for use at the Extraordinary General Meeting (or any adjournment thereof)

I/We ^(Note 1) _____
of _____
being the registered holders(s) of _____ shares^(Note 2) of
HK\$0.10 each in the share capital of the Company (the “Shares”) HEREBY APPOINT^(Note 3) _____ of

or failing him, the chairman of the meeting as my/our proxy/proxies to attend and vote and act for me/us and on my/our behalf at the Extraordinary General Meeting (or at any adjournment thereof) of the Company to be held at 8/F., Crown Room, The Dynasty Club Ltd., South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 27 April, 2004 at 2:30 p.m. for the purpose of considering and. if thought fit, passing the ordinary resolutions and special resolution set out in the notice convening such meeting and at such meeting (or at any adjournment thereof) to vote for me/us in my/our name(s) in respect of the said resolutions as hereunder indicated or, if no such indication is given, as my/our proxy thinks fit.

RESOLUTIONS	FOR ^(Note 4)	AGAINST ^(Note 4)
1. To pass the ordinary resolution No. 1 as set out in the Notice of Extraordinary General Meeting;		
2. To pass the ordinary resolution No. 2 as set out in the Notice of Extraordinary General Meeting;		
3. To pass the ordinary resolution No. 3 as set out in the Notice of Extraordinary General Meeting;		
4. To pass the ordinary resolution No. 4 as set out in the Notice of Extraordinary General Meeting; and		
5. To pass the special resolution No. 5 as set out in the Notice of Extraordinary General Meeting.		

Dated this _____ day of _____ 2004.

Signed ^(Note 2) _____

Notes:

- Full name(s) and address(es) to be inserted in BLOCK CAPITALS.
- Please insert the number of Shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the Shares registered in your name(s).
- Please insert the name and address of the proxy desired. IF NO NAME IS INSERTED. THE CHAIRMAN OF THE MEETING WILL ACT TO YOUR PROXY. The proxy need not be a member of the Company but must attend the meeting in person to represent you. ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED BY THE PERSON WHO SIGNS IT.
- IMPORTANT: IF YOU WISH TO VOTE FOR ANY RESOLUTIONS, PUT A TICK IN THE APPROPRIATE BOXES MARKED “FOR”. IF YOU WISH TO VOTE AGAINST ANY RESOLUTIONS, PUT A TICK IN THE APPROPRIATE BOXES MARKED “AGAINST”. Failure to do so will entitle your proxy to cast his votes at his discretion. Your proxy will also be entitled to vote at his discretion on any amendment to the resolutions referred to in the notice convening the meeting and on any resolutions which have been properly put to the meeting other than those referred to in the notice convening the meeting.
- This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be signed under the hand of an officer duly authorised on that behalf together with a company chop.
- In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose, seniority will be determined by the order in which the names stand in the register of members.
- To be valid, this form of proxy, together with any power of attorney of other authority (if any under which is signed, or a notarially certified copy or such power of authority must be deposited at the principal office of the Company at Unit 09, 41st Floor, Office Tower Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting (as the case may be).
- Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.