

If you are in doubt about this supplementary prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

This is an supplementary prospectus issued by Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd., which supplements the prospectus issued by it on 31st July, 2002 in connection with the placing of 198,000,000 H Shares, including 18,000,000 H Shares to be converted from Domestic Shares, on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. A copy of this supplementary prospectus having attached thereto a certified copy of (1) a Notice of Consent to Reduction of Indicative Range of Offer Price dated 5th August, 2002 by the Company and the Selling Shareholders to the Joint Lead Managers and (2) the Price Determination Agreement dated 5th August, 2002 between the Joint Lead Managers (on behalf of the Underwriters), the Company and the Selling Shareholders have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this supplementary prospectus.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this supplementary prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this supplementary prospectus.



上海復旦張江生物醫藥股份有限公司
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. *

(a joint stock limited company incorporated in the People's Republic of China)

**LISTING ON
THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF PLACING OF H SHARES**

**Number of Placing Shares: 198,000,000 H Shares, including 18,000,000
H Shares to be converted from Domestic Shares**

Nominal value : RMB0.10 per H Share

Stock Code : 8231

Sponsor



Guotai Junan Capital Limited

Financial Adviser



Barits Securities (Hong Kong) Limited

Joint Lead Managers



Barits Securities (Hong Kong) Limited



Guotai Junan Securities (Hong Kong) Limited

Co-Lead Manager

Nomura International (Hong Kong) Limited

Co-Managers

**CAF Securities Company Limited
First Shanghai Securities Limited
Hantec Capital Limited
Phoenix Capital Securities Limited
Shun Loong Securities Company Limited
Toyo Securities Asia Limited**

**Core Pacific-Yamaichi International (H.K.) Limited
Grand Cathay Securities (Hong Kong) Limited
Kingsway SW Securities Limited
Shenyin Wanguo Capital (H.K.) Limited
Tai Fook Securities Company Limited
Wintech Securities Ltd**

Terms used in this supplementary prospectus, unless defined herein, shall have the same meanings as those defined in the prospectus dated 31st July, 2002 (the “Prospectus”) issued by 上海復旦張江生物醫藥股份有限公司 Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (the “Company”).

SUMMARY:

- The lower end of the indicative Offer Price range has been adjusted downwards from HK\$1.13 per H Share to HK\$0.80 per H Share.
- The Offer Price has been fixed at HK\$0.80 per H Share.
- The board lot size has been changed to 4,000 H Shares.
- The Group intends to continue to pursue its business objectives as stated in the Prospectus, although the proceeds previously allocated for use during 1st January, 2004 to 31st December, 2004, which amounted to approximately HK\$50.5 million will now be funded from internally generated funds and bank borrowings rather than solely from the net proceeds of the Placing.
- Dealings in the H Shares are expected to commence on Tuesday, 13th August, 2002.

CHANGES IN INDICATIVE OFFER PRICE RANGE AND FIXING OF OFFER PRICE

The indicative range of the Offer Price as stated in the Prospectus was between HK\$1.13 and HK\$1.40 per H Share. With the prior written consent of the Company and the Selling Shareholders, the lower end of this range was reduced to HK\$0.80 per H Share on 5th August, 2002, by the Joint Lead Managers (for themselves and on behalf of the Underwriters), the Company and the Selling Shareholders. The revised indicative range of the Offer Price is therefore between HK\$0.80 and HK\$1.40 per H Share.

Based on the new indicative Offer Price range, the Offer Price has been fixed by the Joint Lead Managers (for themselves and on behalf of the Underwriters), the Company and the Selling Shareholders at HK\$0.80 per H Share, pursuant to a price determination agreement dated 5th August 2002 (the “Price Determination Agreement”).

CHANGE IN BOARD LOT SIZE

The Prospectus states that assuming the Offer Price is HK\$1.40 per H Share, the amount to be paid by investors will be HK\$2,828.34 per board lot of 2,000 H Shares. As a result of the reduction of the lower end of the indicative range of the Offer Price and the fixing of the Offer Price at HK\$0.80 per H Share, the amount for each board lot will be HK\$1,616.19 which is less than HK\$2,000 per board lot. Accordingly, the board lot size will be revised to 4,000 H Shares.

Investors subscribing for or purchasing the H Shares at the Offer Price are still required to pay a 1.0% brokerage, a 0.005% Stock Exchange trading fee and a 0.007% Securities and Futures Commission transaction levy. Accordingly, the amount to be paid by investors will be HK\$3,232.38 per board lot of 4,000 H Shares.

PROCEEDS OF THE PLACING

The Prospectus assumes that, based on an indicative Offer Price of HK\$1.13 per H Share (being the minimum price of the original indicative price range in respect of the Offer Price), the net proceeds of the Placing payable to the Company, after deducting related expenses, are approximately HK\$203.7 million. The net proceeds receivable by the Company after deducting the net proceeds payable to the National Social Security Fund pursuant to the sale of the H Shares by the Selling Shareholders were estimated to be approximately HK\$185.2 million.

As the Offer Price has been fixed at HK\$0.80 per H Share pursuant to the Price Determination Agreement, the net proceeds of the Placing, after deducting related expenses, are estimated to amount to approximately HK\$140.4 million. The net proceeds receivable by the Company after deducting the net proceeds payable to the National Social Security Fund pursuant to the sale of the H Shares by the Selling Shareholders are now estimated to be approximately HK\$127.6 million, being approximately HK\$57.6 million less than the amount of HK\$185.2 million originally anticipated in the Prospectus.

The Company will not receive any proceeds from the sale of H Shares by the Selling Shareholders in the Placing, the net aggregate amount of which is revised to be approximately HK\$12.8 million, being HK\$5.7 million less than the amount of HK\$18.5 million originally anticipated in the Prospectus. All net proceeds from the sale of H Shares by the Selling Shareholders, after payment of the Selling Shareholders' share of the costs and expenses of the Placing, will be turned over to the National Social Security Fund in accordance with the requirements of the relevant PRC laws and regulations.

It is intended that the revised resulting net proceeds to the Company of approximately HK\$127.6 million will be applied as follows:

Event (HK\$ million)	Latest Practicable Date to		1st July, 2003 to 31st December, 2003 (Note)	1st January, 2004 to 30th June, 2004		1st July, 2004 to 31st December, 2004		Total	
	31st December, 2002 (Note)	1st January, 2003 to 30th June, 2003 (Note)		(original)	(revised)	(original)	(revised)	(original)	(revised)
R&D and commercialisation of genetic engineering drugs									
- recombinant human lymphotoxin- α derivatives (rhLT)	4.0	8.0	17.3	7.0	—	3.0	—	39.3	29.3
- recombinant human parathyroid hormone derivatives (rhPTH)	3.0	5.0	11.0	8.5	—	5.0	—	32.5	19.0
- purchase of production and quality control facilities	—	—	23.7	—	—	—	—	23.7	23.7
R&D and commercialisation of photodynamic therapy drugs									
- Hemoporfin	2.0	2.0	3.5	3.5	—	6.0	—	17.0	7.5
- deuteroporphyrin	1.0	1.5	3.0	3.5	—	6.0	—	15.0	5.5
R&D and commercialisation of medical diagnostic products									
- HLA genotyping chips	2.0	11.0	—	—	—	—	—	13.0	13.0
- purchase of production facilities	14.5	—	—	—	—	—	—	14.5	14.5
Enhance of the Group's capability on R&D and screening of new drugs	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>—</u>	<u>4.0</u>	<u>—</u>	<u>20.0</u>	<u>12.0</u>
Total	<u><u>30.5</u></u>	<u><u>31.5</u></u>	<u><u>62.5</u></u>	<u><u>26.5</u></u>	<u><u>—</u></u>	<u><u>24.0</u></u>	<u><u>—</u></u>	<u><u>175.0</u></u>	<u><u>124.5</u></u>

Note: No change from the original application of net proceeds as stated in the Prospectus.

The balance of the revised net proceeds of approximately HK\$3.1 million will be used as general working capital of the Group.

The Group intends to continue to pursue its business objectives as stated in the Prospectus. However, the proceeds previously allocated for use during 1st January, 2004 to 31st December, 2004, which amounted to approximately HK\$50.5 million, will now be funded from internally generated funds and bank borrowings rather than solely from the net proceeds of the Placing.

Taking into account the Group's existing internal resources, fixed assets available as security for mortgage or charge (in particular, the property interest held and occupied by the Group of RMB26 million (equivalent to HK\$24.5 million as at 31st May, 2002) in the PRC as set out in Appendix II to the Prospectus) and additional banking facilities to be obtained by the Group, the Directors consider that the Group will have sufficient working capital for its future requirements and that the revised net proceeds from the Placing together with the Group's internal and external resources will be sufficient to finance the business plan of the Company as described in the section headed "Business objectives" of the Prospectus.

REVISED PLACING STATISTICS

As a result of the reduction of the lower end of the indicative range of the Offer Price and the setting of the Offer Price at HK\$0.80 per H Share, the Placing statistics are now as follows:

Market capitalisation of the H Shares (<i>Note 1</i>)	HK\$158.4 million
Pro forma fully diluted price/earnings multiple (<i>Note 2</i>)	approximately 51.3 times
Adjusted net tangible asset value per Share (<i>Note 3</i>)	HK\$0.26

Notes:

1. The calculation of the market capitalisation of the H Shares is based on 198,000,000 H Shares in issue immediately after completion of the Placing and the Offer Price being fixed at HK\$0.80 per H Share.
2. The calculation of the pro forma fully diluted price/earnings multiple is based on the pro forma fully diluted earnings per Share for the year ended 31st December, 2001 of approximately HK1.56 cents as stated in the Prospectus.
3. The adjusted net tangible asset value per Share has been arrived at after making the adjustments to the adjusted net tangible assets of the Company as at 31st December, 2001 referred to in the paragraph headed "Revised adjusted net tangible assets" of this supplementary prospectus and based on estimated net proceeds from the Placing of approximately HK\$127,636,000 (equivalent to approximately RMB136,571,000) instead of approximately HK\$185,218,000 (equivalent to approximately RMB198,183,000 as stated in the Prospectus) and on the basis of 710,000,000 Shares in issue immediately after completion of the Placing.

REVISED ADJUSTED NET TANGIBLE ASSETS

The following revised pro forma statement of adjusted net tangible assets of the Group is based on the Offer Price of HK\$0.80 per H Share and the consolidated net assets of the Group as at 31st December, 2001 as set out in Appendix I to the Prospectus, adjusted as described below:

	<i>RMB'000</i>
Audited consolidated net assets of the Group as at 31st December, 2001	67,031
Less: deferred development costs as at 31st December, 2001	(6,870)

Less: capitalised cost of technical know-how as at 31st December, 2001	(1,479)
Audited consolidated net tangible assets as at 31st December, 2001	58,682
Unaudited results of the Group for the five months ended 31st May, 2002	30
Surplus arising on revaluation of leasehold land and building (<i>Note 1</i>)	220
Estimated net proceeds from the Placing (<i>Note 2</i>)	<u>136,571</u>
Adjusted net tangible assets value	<u>195,503</u>
Adjusted net tangible asset value per Share (<i>Note 3</i>), based on 710,000,000 Shares in issue immediately after completion of the Placing	<u>RMB0.28</u>

Notes:

1. The Group's leasehold land and building is stated at cost less accumulated depreciation in the accountants' report. The surplus arising on the revaluation of the Group's leasehold and land and building, representing approximately 0.1% of the adjusted net tangible assets of the Group based on the final Offer Price being fixed at HK\$0.80, will not be incorporated in the financial statements of the Group for the year ending 31st December, 2002. If the surplus of approximately RMB220,000 is being incorporated in the Group's financial statements for the year ending 31st December, 2002, the annual depreciation charge of the Group would increase by no more than RMB11,000.
2. The estimated net proceeds from the Placing are based on 180,000,000 H Shares to be issued by the Company pursuant to the Placing and the Offer Price being fixed at HK\$0.80 per H Share.
3. The adjusted net tangible asset value per Share is arrived at after the adjustments referred to in this paragraph.

INVESTORS UNDER THE PLACING

Potential investors in the Placing have already been advised of the change in the lower end of the indicative Offer Price range, the setting of the Offer Price at HK\$0.80 per H Share, the change in the board lot size and the impact on the Placing statistics. Potential investors will have access to the public announcement of the Company regarding the changes to be posted on the website of the Growth Enterprise Market on 5th August, 2002.

STRUCTURE OF THE PLACING

For the avoidance of doubt, save for the change in the lower end of the indicative Offer Price range from HK\$1.13 per H Share to HK\$0.80 per H Share, there is no change in the structure of the Placing as described in the Prospectus.

UNDERWRITING AGREEMENT

For the avoidance of doubt, the terms and conditions of the Underwriting Agreement do not require amendment and remain valid and binding. The obligations of the Underwriters under the Underwriting Agreement to procure subscribers and purchasers to subscribe for or purchase the H Shares, or failing which the Underwriters will themselves subscribe for or purchase the H Shares are subject to termination if certain events occur at any time prior to 12:00 noon on the business day immediately preceding the date on which dealings in the H Shares commence on the Stock Exchange.

EXPECTED TIMETABLE

The expected timetable of the listing of the H Shares of the Company on GEM will remain unchanged and is summarised as follows:

2002

Announcement of the results of the Placing to be
published on the GEM website on or beforeMonday, 12th August

Deposit of H Share certificates into
CCASS on or beforeMonday, 12th August

Dealings in H Shares on the GEM
to commence onTuesday, 13th August

COMMENCEMENT OF DEALINGS

Application has been made to the Stock Exchange for the listing of and permission to deal in the H Shares, to be issued as described in the Prospectus. Dealings in the H Shares on the Stock Exchange are expected to commence at 9:30 a.m. on Tuesday, 13th August, 2002.

Copies of the Prospectus required by the GEM Listing Rules together with the supplementary prospectus are available, for information purposes only, during normal office hours (9:00 a.m. — 5:00 p.m.) from Barites Securities (Hong

Kong) Limited at Rooms 3403-3407, 34/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong, and Guotai Junan Securities (Hong Kong) Limited at 27th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong for a period of 14 days from 31st July, 2002 to 13th August, 2002 (both days inclusive).

Application for the H Shares will only be considered on the basis of the terms and conditions of the prospectus as supplemented by this supplementary prospectus.

Subject to the granting of listing, permission to deal in the H Shares on GEM and the compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on GEM or on any other date HKSCC chooses. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

By order of the board
上海復旦張江生物醫藥股份有限公司
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.*
Wang Hai Bo
Managing Director

Hong Kong, 6th August, 2002

This supplementary prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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, (i) the information contained in this supplementary prospectus is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this supplementary prospectus misleading; and (iii) all opinions expressed in this supplementary prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This supplementary prospectus will remain on the GEM website (www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

** For identification purpose only*