UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 20-F/A

Amendment No. 2

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report . . . . . .

Commission file number: 001-32371

SINOVAC BIOTECH LTD.
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Antigua, West Indies
(Jurisdiction of incorporation or organization)

No.39 Shangdi Xi Road,
Haidian District, Beijing 100085
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(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, par value $0.001 per share	NYSE Amex (to November 13, 2009) NASDAQ Global Market (from November 16, 2009)

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

42,893,928 common shares as of December 31, 2008.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

☐ Yes ☐ No

Explanatory Note

We are filing this amendment to the Sinovac Biotech Ltd. Annual Report on Form 20-F for the year ended December 31, 2008, originally filed on May 1, 2009, as amended on August 20, 2009 (the "2008 20-F"), for the purposes of correcting typographical and clerical errors and conforming the numbers in the forepart to our financial report included in the 2008 20-F. Specifically,

- On Page 6 of the 2008 20-F, under "Item 3A. Selected Financial Data—Balance sheet data," total current liabilities as of December 31, 2007 should be $20,445,000.

- On page 8 of the 2008 20-F, under "Item 3D. Risk Factors—Risks Related to Our Company—We currently have limited revenue sources. A reduction in revenues of Healive would cause our revenues to decline and could materially harm our business," the percentage of sales attributable to Healive in 2008 should be 88%.

- On Page 43 of the 2008 20-F, under "Item 5A. Operating Results—SARS and Pandemic Influenza," government funding received and recognized in income for 2008 should be $383,497 and $310,022, respectively.

- On Page 44 of the 2008 20-F, under "Item 5A. Operating Results—Critical Accounting Policies and Estimates—Amortization of intangible assets," income for the year and earnings per share as reported should be $8,010,223 and $0.19, respectively.

- On Page 44 of the 2008 20-F, under "Item 5A. Operating Results—Critical Accounting Policies and Estimates—Allocation of intangible assets," the percentage of interest the Company acquired in Sinovac Beijing in February 2005 should be 20.56%. Also, in the table summarizing cost of intangible assets, the cost of Inactive Hepatitis A and Recombinant Hepatitis A and B should be $3,082,293 and $443,225, respectively. Total intangible assets should be $3,525,518.

- On Page 46 of the 2008 20-F, under "Item 5A. Operating Results—Results of Operations," Income (loss) before income taxes and minority interest for 2008 should be $15,170,000.

- On Page 48 of the 2008 20-F, under "Item 5A. Operating Results—Results of Operations—Year Ended December 31, 2008 Compared to Year Ended December 31, 2007—Gross Profit," the subsection should read, "Gross profit increased 35.2% to $36,561,000 in 2008 from $27,039,000 in 2007. Gross profit margin was stable at 78.6% and 80.6% for 2008 and 2007, respectively. After deducting depreciation of land use rights and amortization of licenses and permits from our gross profit, our gross profit margin was stable at 77.7% and 79.5% for 2008 and 2007, respectively."

- On Page 49 of the 2008 20-F, under "Item 5A. Operating Results—Results of Operations—Year Ended December 31, 2007 Compared to Year Ended December 31, 2006—Gross Profit," the subsection should read, "Gross profit increased 143.1% to $27,039,000 in 2007 from $11,123,000 in 2006. Gross profit margin was 80.6% and 72.4% for 2007 and 2006, respectively. After deducting depreciation of land use rights and amortization of licenses and permits from our gross profit, our gross profit margin was 79.5% and 70.1% for 2007 and 2006, respectively."

- On Page 50 of the 2008 20-F, under "Item 5B. Liquidity and Capital Resources—Operating activities," provision for inventory in 2008 should be $963,000.

- On Page 51 of the 2008 20-F, under "Item 5B. Liquidity and Capital Resources—Financing activities," long-term interest bearing loans and short-term borrowings at December 31, 2008 should be $2.2 million and $8.0 million, respectively.

- On Page 53 of the 2008 20-F, under "Item 5F. Tabular Disclosure of Contractual Obligations," total R&D expenses should be $58,000. Also, operating lease obligations for less than 1 year and for 1-3 years should be $494,000 and $989,000, respectively. Contractual obligations for total, less than 1 year and 1-3 years should be $10,786,000, $494,000, and $3,235,000, respectively.

- On Page 55 of the 2008 20-F, under "Item 6B. Compensation of Directors and Executive Officers," options outstanding to purchase common shares as of December 31, 2008 should be 325,900.

- On Page 56 of the 2008 20-F, under "Item 6B. Compensation of Directors and Executive Officers—2003 Stock Option Plan—Size of plan," common shares that have been issued pursuant to options issued under the Stock Option Plan as of December 31, 2008 should be 2,270,600.

- On Page 61 of the 2008 20-F, under "Item 7B. Related Party Transactions—Transactions with Certain Other Directors and Affiliates," the annual lease payment for an operating lease agreement entered in June 2007 with China Bioway should be $293,478.

- On Page 73 of the 2008 20-F, under "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk," the weighted effective interest rate on the Company's outstanding loans for the years ended December 31, 2008 and 2007 should be 6.85% and 6.87%, respectively.

This amendment does not change the previously reported financial statements and other financial disclosures included in the 2008 20-F. No other information in the 2008 20-F as originally filed is amended hereby, and accordingly, this amendment does not reflect events

occurring after the original filing date or modify or update those disclosures affected by subsequent events. Accordingly, this amendment should be read in conjunction with our other filings with the Securities and Exchange Commission.

Capitalized terms in this amendment shall have the meanings set forth in the 2008 20-F.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following selected consolidated statements of operations data for the fiscal years ended December 31, 2006, 2007 and 2008 and consolidated balance sheet data as of December 31, 2007 and 2008 have been derived from our audited consolidated financial statements that are included in this annual report beginning on page F-1. The following selected consolidated statements of operations data for the fiscal years ended December 31, 2004 and 2005 and consolidated balance sheet data as of December 31, 2004, 2005 and 2006 have been derived from our audited consolidated financial statements that are not included in this annual report.

Our historical results do not necessarily indicate results expected for any future periods. The selected consolidated financial data should be read in conjunction with our audited consolidated financial statements and related notes and Item 5 "Operating and Financial Review and Prospects" below. Our audited consolidated financial statements are prepared and presented in accordance with US GAAP.

	Year ended December 31,				
	2004	2005	2006	2007	2008
	(in thousands of U.S. dollars, except for share and per share data)				
Statement of operations data					
Sales	6,454	8,608	15,355	33,541	46,497
Cost of sales	1,938	2,346	4,232	6,502	9,936
Gross profit	4,516	6,262	11,123	27,039	36,561
Operating expenses:					
Selling, general and administrative expenses	8,843	10,278	9,753	11,958	17,463
Research and development expenses	286	234	325	965	2,767
Purchased in process research and development	—	233	—	—	—
Depreciation of property, plant and equipment and amortization of licenses and permits	334	555	605	641	750
Total operating expenses	9,462	11,299	10,683	13,564	20,980
Operating income (loss)	(4,946)	(5,037)	440	13,475	15,581
Interest and financing expenses	(369)	(229)	(319)	(478)	(702)
Interest and other income	321	235	285	191	291
Income (loss) before income taxes and minority interest	(4,994)	(5,031)	406	13,187	15,170
Income taxes (recovery)	(767)	212	101	1,974	2,954
Minority interest share of (earnings) loss	(440)	132	(1,001)	(3,563)	(4,205)
Net earnings (loss) for the year	(4,667)	(5,111)	(696)	7,650	8,010
Earnings (loss) per share — basic and diluted	(0.14)	(0.14)	(0.02)	0.19	0.19
Weighted average number of common shares outstanding					
– basic	32,742,837	36,353,149	38,229,944	40,254,192	42,426,703
– diluted	32,742,837	36,353,149	38,229,944	40,637,876	42,450,606

	As of December 31,				
	2004	2005	2006	2007	2008
			(in thousands)		
Balance sheet data					
Cash and cash equivalents	$ 2,605	$ 7,354	$ 9,249	$ 17,071	32,894
Restricted cash	391	149	24	1	—
Total assets	22,420	31,299	37,009	57,448	83,203
Short-term loans	2,605	2,418	2,661	6,836	8,024
Total current liabilities	6,656	8,844	11,864	20,445	21,279
Long-term debts	202	2,664	3,838	1,367	2,188
Net assets	12,437	18,023	19,245	30,004	49,714
Minority interest	3,125	1,769	2,063	2,898	7,185
Total stockholders' equity	$ 12,437	$ 18,023	$ 19,245	$ 30,004	49,714

D. Risk Factors

Risks Related to Our Company

We currently have limited revenue sources. A reduction in revenues of Healive would cause our revenues to decline and could materially harm our business.

We generate all of our revenues from sales of our vaccine products. 97% of our sales in 2006, 85% of our sales in 2007 and 88% of our sales in 2008 were attributable to Healive. Revenue from sales of Healive was $14.8 million, $28.6 million and $40.7 million in 2006, 2007 and 2008, respectively. We began marketing and selling Bilive in 2005, but sales of this product were limited before 2007. In 2008, revenue from sales of Bilive was $1.66 million. Because Bilive is a combination hepatitis A and B vaccine, and Healive is a hepatitis A vaccine, an increase in Bilive sales may result in a decrease in Healive sales as customers substitute Bilive for Healive. We expect sales of Healive to continue to comprise a substantial portion of our revenues in the near future. Since Healive and Bilive compete with each other to a certain degree, this could reduce our revenues and margins, and any increase in pricing pressure on these products could also adversely affect our financial results. Because of this relative lack of product diversification, an investment in our company would be more risky than investments in companies that offer a wider variety of products or services.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results

SARS and Pandemic Influenza

We commenced the study and research of a SARS vaccine after the SARS outbreak in 2003. In 2004, we became the first company in the world approved to commence a human clinical trial of a SARS vaccine. On May 22, 2004, the commencement of the Phase I clinical trial was announced when the first clinical trial volunteer received his first inoculation. A research grant from the PRC Ministry of Science and Technology and other PRC government agencies on behalf of the PRC provided sufficient funding for the Phase I clinical trial.

The PRC government has provided grants to us, which are accounted for as income in the period in which the research and development expenses are recorded and the conditions imposed by government authorities are fulfilled. We received government funding in the amount of $739,000, $905,648 and $ 383,497 for 2006, 2007 and 2008, respectively. In 2008, we recognized $80,000 in income from the government grant for expansion of our pandemic influenza production capacity. We also recognized government research grant income of $845,122, $843,910 and $310,022 in 2006, 2007 and 2008, respectively.

Critical Accounting Policies and Estimates

Amortization of intangible assets

We have amortized the value of intangible assets, being licenses and permits, over an estimated 10-year useful life. The estimated life of intangible assets is inevitably subjective, however, at least once per year, we evaluate impairment and reevaluate the market opportunities for the intangible assets' products and determine whether the remaining useful life estimate is still reasonable. In 2008, we found no impairment of intangible assets.

The following table shows the effect of a change in the estimated useful life of licenses and permits of 10% for 2008:

Useful life	Changes from reported amount based on hypothetical 10% Decrease in Useful Life 9 years	As Reported 10 years	Changes from reported amount based on hypothetical 10% Increase in Useful Life 11 years
Amortization expense	$ 52,692	$ 390,949	$ (41,026)
Income for the year	$ (52,692)	$ 8,010,223	$ 41,026
Earning per share	$ —	$ 0.19	$ —

Given the nature of estimating the useful life of long-term assets, it is not yet possible to provide a meaningful assessment of historical accuracy of the useful life estimates employed. It is very likely that the useful life of the licenses and permits will be different from the estimate employed, and the changes could be material. Changes in the estimated life of the licenses and permits will not have a bearing on the total amount charged to operations over the life of the assets, but could change the results of operations and financial position in any given period.

Allocation of intangible assets

When we acquired our additional 20.56% interest in Sinovac Beijing in February 2005, we had to allocate the purchase price over the fair value of the net assets acquired. We based such allocation upon a third party's appraisal reports as well as the projected cash flows to be earned from each product.

Given the nature of estimating the relative value of long-term assets, it is not possible to provide a meaningful assessment of historical accuracy of the valuation allocation estimates employed. It is very likely that the actual values of the licenses and permits will be different from the estimates employed and the changes could be material. Changes in the relative value of each of the licenses and permits will not have a bearing on the total amount charged to operations over the life of the assets, but could change the results of operations and financial position in any given period.

The following table summarizes the amortization expense for each component of licenses and permits, allowing investors to draw inferences regarding the sensitivity of earnings to different allocation models.

	Cost	Amortization Expense in the Year Ended December 31, 2008
Asset		
Inactive hepatitis A	$ 3,082,293	$ 346,948
Recombinant hepatitis A and B	$ 443,225	$ 40,001
Total	$ 3,525,518	$ 390,949

The cost of the influenza virus vaccine was written off as in-process research and development expenses at the date of acquisition.

RESULTS OF OPERATIONS

	2006		2007		2008	
	$	% of net revenues	$	% of net revenues	$	% of net revenues
	(in thousands, except for percentages)					
Statement of operations data						
Sales	15,355	100.0	33,541	100.0	46,497	100.0
Cost of sales	4,232	27.6	6,502	19.4	9,936	21.4
Gross profit	11,123	72.4	27,039	80.6	36,561	78.6
Operating expenses:						
Selling, general and administrative expenses	9,753	63.5	11,958	35.7	17,463	37.6
Research and development expenses	325	2.1	965	2.9	2,767	6.0
Purchased in process research and development	—	—	—	—		
Depreciation of property, plant and equipment and amortization of licenses and permits	605	3.9	641	1.9	750	1.6
Total operating expenses	10,683	69.6	13,564	40.4	20,980	45.1
Operating income (loss)	440	2.9	13,475	40.2	15,581	33.5
Interest and financing expenses	(319)	(2.1)	(478)	(1.4)	(702)	(1.5)
Interest and other income	285	1.9	191	0.6	291	0.6
Income (loss) before income taxes and minority interest	406	2.6	13,187	39.3	15,170	32.6
Income taxes expenses	101	0.7	1,974	5.9	(2,954)	(6.4)

Minority interest share of (earnings) loss	(1,001)	(6.5)	(3,563)	(10.6)	(4,205)	(9.0)
Net earnings (loss) for the year	(696)	(4.5)	7,650	22.8	8,010	17.2

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Sales . Sales increased 38.7% to $46,497,000 in 2008 from $33,541,000 in 2007. Our sales in 2008 comprised sales of Healive, Bilive and Anflu. We generated $40,706,000 and $28,612,000 in sales of Healive in 2008 and 2007, respectively. We generated $1,657,000 and $133,000 in sales of Bilive in 2008 and 2007, respectively. We also generated $4,064,000 and $4,796,000 in sales of Anflu in 2008 and 2007, respectively. The total number of doses sold increased from 6.7 million in 2007 to 8.6 million in 2008. Revenue growth in 2008 was mainly attributed to 1) government purchases of Healive and Bilive after an earthquake in Sichuan province on May 12, 2008 and 2) increased market share of hepatitis A vaccines in the private vaccine market in China.

Cost of Sales. Cost of sales increased 52.9% to $9,936,000 in 2008 from $6,502,000 in 2007. For Healive, cost of sales increased 48.5% compared to a 42.5% increase in sales, primarily because of higher utility and direct labor costs, and higher packaging material costs related to our new filling and packaging line. For Anflu, cost of sales increased 53.3% compared to a sales decrease of 15.2%, primarily due to the failure of one batch of Anflu produced in 2008 to pass the batch approval process and increased inventory write-offs at year end.

Gross Profit . Gross profit increased 35.2% to $36,561,000 in 2008 from $27,039,000 in 2007. Gross profit margin was stable at 78.6% and 80.6% for 2008 and 2007, respectively. After deducting depreciation of land use rights and amortization of licenses and permits from our gross profit, our gross profit margin was stable at 77.7% and 79.5% for 2008 and 2007, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses, or SG&A expenses, include non-production related wages and salaries, stock-based compensation, consulting fees, travel, occupancy, advertising, public company costs and professional fees. Our SG&A expenses increased 46.0% to $17,463,000 from $11,958,000 in 2007. Our selling expenses increased 40.2% in 2008 to $10,484,000 from $7,480,000 in 2007. The increase in selling expenses was due to 1) greater numbers of, and increased compensation to, sales personnel; 2) increased transportation costs due to the shipment of vaccines by air to earthquake areas and 3) increased Anflu sales promotion efforts. Our general and administrative expenses increased 55.8% to $6,978,000 in 2008 from $4,478,000 in 2007 due to 1) increased payroll and bonuses and 2) increased professional fees.

We recorded stock-based compensation of $67,000 in 2008 compared to $180,000 in 2007. We did not grant any stock options in 2007 and 2008. In 2006, 100,000 stock options were granted to the directors at an exercise price of $2.64 per share and 15,000 stock options to the employees at an exercise price of $2.69 per share. The stock options granted to our directors and employees in 2006 had a weighted average estimated fair value of $1.39 and $1.51 per share, respectively. We granted options with different vesting schedules. As a result, as at December 31, 2008, we had unrecognized compensation costs of $14,000. This unearned component will be recognized over a period of 15 months.

Research and Development Expenses . Research and development expenses increased by 186.8% to $2,767,000 in 2008 from $965,000 in 2007, primarily representing amounts spent researching and developing vaccines for pandemic influenza, rabies in humans, Japanese encephalitis, EV71 and rabies in animals, net of government grants to fund these activities. The PRC government provided grants to us that are brought into income in the period in which the research and development expenses are recorded and the conditions imposed by government authorities are fulfilled. In 2008, we received universal influenza and pandemic influenza research grants of $143,632 and $150,813, respectively. In 2008, we recognized government research grant income of $310,000 compared to $844,000 in the prior year.

Interest and Financing Expenses. Interest and financing expenses increased by 46.7% to $702,000 in 2008 from $478,000 in 2007, mainly resulting from a higher loan payable balance.

Income Taxes . We incurred an income tax expense of $2,954,000 in 2008 compared to $1,974,000 in 2007. In 2008, we incurred a $3,441,000 liability for income taxes on profits in Sinovac Beijing and recorded a $487,000 deferred tax recovery that offset this expense. Our taxable income in China is subject to Chinese income tax regulations for its reported statutory income

declaration at a tax rate in accordance with the relevant income tax laws and regulations applicable to Sino-foreign joint ventures. In 2008 and 2007, Tangshan Yian had a net loss.

Net Income (Loss) . Net income increased to $8,010,000 in 2008 from a net income of $7,650,000 in 2007.

Year ended December 31, 2007 Compared to Year Ended December 31, 2006

Sales . Sales increased 118.4% to $33,541,000 in 2007 from $15,355,000 in 2006. Our sales in 2007 comprised sales of Healive, Bilive and Anflu. We generated $28,612,000 and $14,878,000 in sales of Healive in 2007 and 2006, respectively. We generated $133,000 and $231,000 in sales of Bilive in 2007 and 2006, respectively. We also generated $4,796,000 and $246,000 in sales of Anflu in 2007 and 2006, respectively. The total number of doses sold increased from 2.7 million in 2006 to 6.7 million in 2007. Revenue growth in 2007 was mainly attributed to 1) increased demand for Hepatitis A vaccination after its inclusion in the government vaccine plan; 2) local CDCs' reevaluation of the Hepatitis A vaccination rate and providing the vaccination to population groups who will not be covered by the government vaccination plan; 3) our gaining further market share after the phasing out of the liquid formulation of live attenuated hepatitis A vaccine as mandated by the Chinese government at the end of 2006, which previously accounted for 80% of China's hepatitis A vaccine market; and 4) our co-promotion strategy with another pharmaceutical company with regard to Anflu vaccines that significantly increased our Anflu sales.

Cost of Sales. Cost of sales increased 53.7% to $ 6,502,000 in 2007 from $4,232,000 in 2006. For Healive, cost of sales increased 38.5% compared to a 92.3% increase in sales, primarily because of the achievement of economic scale of production. For Anflu, cost of sales increased 85.5% compared to a sales increase of 1852.8%. In 2007, we have normalized our influenza production process and experienced no charge in excessive fixed production overhead and abnormal wasted material to the cost of goods sold compared to and $902,000 in 2006.

Gross Profit . Gross profit increased 143.1% to $27,039,000 in 2007 from $11,123,000 in 2006. Gross profit margin was 80.6% and 72.4% for 2007 and 2006, respectively. After deducting depreciation of land use rights and amortization of licenses and permits from our gross profit, our gross profit margin was 79.5% and 70.1% for 2007 and 2006, respectively. The increase in gross profit margin was due to the achievement of economic scale of Healive and Anflu production.

Selling, General and Administrative Expenses. Selling, general and administrative expenses, or SG&A expenses, include non-production related wages and salaries, stock-based compensation, consulting fees, travel, occupancy, advertising, public company costs and professional fees. Our SG&A expenses increased 22.6% to $11,958,000 from $ 9,753,000 in 2006. Our selling expenses increased 107.8% in 2007 to $7,502,000 from 3,610,000 in 2006, in line with increased sales. Our general and administrative expenses decreased by 27.5 % to $4,456,000 in 2007 from $6,143,000 in 2006 due to decreased stock based compensation, and consulting fees. We incurred professional fees, financing fees and Sarbanes-Oxley 404 consulting fees of $1,001,000 in 2007 compared to $2,494,000 in 2006.

We recorded stock-based compensation of $180, 000 in 2007 compared to $707,000 in 2006. We did not grant any stock options in 2007. In 2006, 100,000 stock options were granted to the directors at an exercise price of $2.64 per share and 15,000 stock options to the employees at an exercise price of $2.69 per share. The stock options granted to our directors and employees in 2006 had a weighted average estimated fair value of $1.39 and $1.51 per share, respectively. We granted options with different vesting schedules. As a result, as at December 31, 2007, we had unrecognized compensation costs of $80,000. This unearned component will be recognized over a period of 27 months.

Research and Development Expenses . Research and development expenses increased by 197% to $965,000 in 2007 from $325,000 in 2006, primarily representing amounts spent on pandemic influenza vaccines, SARS vaccines, and Japanese encephalitis vaccines, net of government grants to fund these activities. The PRC government provided grants to us that are brought into income in the period in which the research and development expenses are recorded and the conditions imposed by government authorities are fulfilled. In 2007, we received SARS and pandemic influenza research grants of $0 and $906,000, respectively. In 2007, we recognized government research grant income of $844,000 compared to $845,000 in the prior year.

Interest and Financing Expenses. Interest and financing expenses increased by 49.9% to $478,000 in 2007 from $320,000 in 2006, mainly resulting from a higher loan payable balance.

Income Taxes . We incurred an income tax expense of $1,974,000 in 2007 compared to $101,000 in 2006. In 2007, we incurred a $2,203,000 liability for income taxes on profits in Sinovac Beijing and recorded a $229,000 deferred tax recovery that offset this expense. Our taxable income in China is subject to Chinese income tax regulations for its reported statutory income declaration at a tax rate in accordance with the relevant income tax laws and regulations applicable to Sino-foreign joint ventures. In 2007 and 2006, Tangshan Yian had a net loss.

Net Income (Loss) . Net income increased to $ 7,650,000 in 2007 from a net loss of $696,000 in 2006.

B. Liquidity and Capital Resources

Operating activities

Net cash provided by operating activities was $10,505,000 in 2008, compared to $4,316,000 in 2007. Net cash provided by operating activities in 2008 was primarily the result of our growing business which yielded a net income of $8,010,000, decreased by $310,000 by cash paid for research and development expenditures qualified for government grants, and adjusted by a minority interest of $4,205,000 and certain non-cash charges including stock-based compensation ($67,000), a provision for doubtful debt ($24,000), a provision for inventory ($963,000), a provision for fixed asset of ($126,000) and depreciation of property, plant and equipment and amortization of licenses and permits ($1,689,000).

Net cash provide by operating activities was $4,316,000 in 2007, compared to cash used of $1,635,000 in 2006. Net cash provided by operating activities in 2007 was a result of a net income of $7,650,000, decreased by $844,000 by cash paid for research and development expenditures qualified for government grants, and adjusted by a minority interest of $3,563,000 and certain non-cash charges including stock-based compensation ($180,000), a provision for doubtful debts ($456,000), a provision for inventory ($373,000) and depreciation of property, plant and equipment and amortization of licenses and permits ($1,402,000).

Net cash used in operating activities was $1,635,000 in 2006. Net cash used in operating activities in 2006 was a result of a net loss of $696,000, increased by $845,000 cash paid for research and development expenditures qualified for government grants, and adjusted by a minority interest of $1,001,000 and certain non-cash charges including stock-based compensation ($707,000), a provision for doubtful debts ($581,000), a provision for inventory (1,320,000) and depreciation of property, plant and equipment and amortization of licenses and permits ($1,268,000).

Financing activities

Net cash provided by financing activities was $8,318,000 in 2008 compared to $5,565,000 in 2007. In 2008, net cash provided by our financing activities included proceeds of $9,815,000 from issuance of common shares and proceeds of $383,000 from government funding, offset by payments of $368,000 for the repurchase of common shares. We also received loan proceeds of $8,618,000 and made loan payments of $7,182,000. We paid dividends of $2,948,000 to minority shareholders in Sinovac Beijing in 2008.

Net cash provided by financing activities was $5,565,000 in 2007 compared to $3,984,000 in 2006. In 2007, net cash provided by our financing activities included proceeds of $214,000 from issuance of common shares, proceeds of $9,000 from shares subscribed, and proceeds of $3,531,000 from government funding. We received $1,394,000 from a related party on releasing escrowed shares. We also received loan proceeds of $3,938,000 and made loan payments of $2,731,000. We paid dividends of $839,000 to minority shareholders in Sinovac Beijing in 2007.

Net cash provided by financing activities was $3,984,000 in 2006. In 2006, net cash provided by our financing activities included proceeds of $882,000 from issuance of common shares, $26,000 proceeds from shares subscribed, $1,765,000 of advances from related parties and $739,000 proceeds from government funding. We paid $570,000 as dividends to minority shareholders in Sinovac Beijing. We also received loan proceeds of $3,758,000 and made loan payments of $2,560,000 in 2006.

At December 31, 2008, we had $2.2 million in long-term interest bearing loans and $8.0 million in short-term borrowings, offset by $32.9 million in cash, resulting in a liquid assets balance of $22.7 million, compared with $8.89 million at the end of 2007. We hold our cash and cash equivalents in interest-bearing dollar and RMB denominated accounts at registered banks. The following table summarizes our borrowings as of December 31, 2008:

Type	Amount	Interest Rate	Maturity Date
Bank loan	RMB10,000,000 ($1,458,959)	floating rate (7.47% from December 13, 2007 to December 12, 2008	December 12, 2009
Bank loan	RMB10,000,000 ($1,458,959)	7.20% fixed rate	October 15, 2009
Bank loan	RMB10,000,000 ($1,458,959)	5.85% fixed rate	December 15, 2009
Bank loan	RMB15,000,000	7.47% fixed rate	July 23, 2009

	($2,188,441)		
Bank loan	RMB10,000,000 ($1,458,959)	5.58% fixed rate	November 27, 2009
Bank loan	RMB15,000,000 ($2,188,439)	floating rate (7.56% for the 12 months ending August 25, 2009)	August 25, 2010

Our weighted average effective interst rate was 6.85%, 6.87% and 5.97% for the years ended December 31, 2008, 2007 and 2006, respectively. We believe that we will continue to be able to obtain loans and access the capital markets on terms and in amounts that will be satisfactory to us.

We are a holding company, and we rely on dividends paid by our subsidiaries, Sinovac Beijing and Tangshan Yian, for our cash needs, mainly our operating expenses. The payment of dividends in China is subject to limitations. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Our subsidiary is also required to set aside at least a portion of its after-tax profit based on PRC accounting standards each year to fund certain reserve funds. These reserves can be used to recoup previous years' losses, if any, and, subject to the approval of the relevant PRC government authority, may be converted into share capital in proportion to their existing shareholdings, or by increasing the par value of the shares currently held by them. Such reserves, however, are not distributable as cash dividends. In addition, at discretion of their board of directors, our subsidiaries may allocate a portion of its after-tax profits based on PRC accounting standards to its enterprise development funds and employee welfare and bonus funds. These funds also are not distributable as cash dividends. In addition, if Sinovac Beijing or Tangshan Yian incurs debt on its own behalf in the future, the instruments governing the debt may restrict Sinovac Beijing's or Tangshan Yian's ability, as the case may be, to pay dividends or make other distributions to us.

The ability of our subsidiary to convert Renminbi into U.S. dollars and make payments to us is subject to PRC foreign exchange regulations. Under these regulations, the Renminbi is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct investment, loan, security investment and repatriation of investment, however, is still subject to the approval of the SAFE. See "Item 10D. Exchange Controls."

F. Tabular Disclosure of Contractual Obligations

The following table summarizes our contractual obligations and commitments as of December 31, 2008 for the periods indicated:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in thousands)		
Contractual obligations					
R&D Expenses	$ 58	—	$ 58	—	—
Long-Term Debt	$ 2,188	—	$ 2,188	—	—
Operating Lease Obligations	$ 8,540	$ 494	$ 989	$ 989	$ 6,068
Total	$ 10,786	$ 494	$ 3,235	$ 989	$ 6,068

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

B. Compensation of Directors and Executive Officers

In 2008, the aggregate cash compensation paid to our directors and executive officers was approximately $444,697. No executive officer is entitled to any severance benefits upon termination of his or her employment with our company. For options granted to officers and directors, see "2003 Stock Option Plan."

Our board of directors and shareholders approved the issuance of up to 5,000,000 common shares upon exercise of options granted under our 2003 stock option plan. As of December 31, 2008, options to purchase 325,900 common shares were outstanding. The following table summarizes, as of December 31, 2008, the outstanding options that we granted to several of our directors,

executive officers, principal shareholders and to other individuals as a group under our 2003 stock option plan.

Name	Ordinary Shares Underlying Outstanding Options	Exercise Price ($/Share)	Grant Date	Expiration Date
Simon Anderson	150,000	3.20	November 4, 2005	November 3, 2010
Yuk Lam Lo	50,000	2.64	September 14, 2006	September 13, 2011
Chuphung Mok	50,000	2.64	September 14, 2006	September 13, 2011
Other individuals as a group	136,000	From 2.4 to 3.36	April 20, 2005 earliest	November 3, 2010 latest

2003 STOCK OPTION PLAN

Our board of directors adopted a stock option plan on November 1, 2003. The purpose of the plan is to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentive to employees, directors and consultants and promote the success of our business. Our board of directors believes that our company's long-term success is dependent upon our ability to attract and retain superior individuals who, by virtue of their ability, experience and qualifications, make important contributions to our business.

Set forth below is a summary of the principal terms of our stock option plan.

- **Size of plan.** We have reserved an aggregate of 5,000,000 of our common shares for issuance under our 2003 stock option plan. As of December 31, 2008, options to purchase an aggregate of 325,900 of our common shares were issued and outstanding and an aggregate 2,270,600 common shares have been issued pursuant to options issued under the plan.

- **Administration** . Our stock option plan is administered by our board of directors. The board will determine the provisions, terms and conditions of each option grant, including without limitation the option vesting schedule or exercise installment, the option exercise price, payment contingencies and satisfaction of any performance criteria.

- **Vesting schedule** . The vesting schedules of options granted will be specified in the applicable option agreements.

- **Option agreement.** Options granted under our stock option plan are evidenced by option agreements that contain, among other things, provisions concerning exercisability and forfeiture upon termination of employment or consulting arrangements by reason of death or otherwise, as determined by our board. In addition, the option agreement also provides no option shares will be issued under the plan unless the Securities Act has been fully complied with.

- **Option term.** The term of options granted under the 2003 stock option plan may not exceed ten years from the date of grant.

- **Termination of options.** Where the option agreement permits the exercise of the options granted for a certain period of time following the recipient's termination of services with us, the options will terminate to the extent any is not exercised or purchased on the last day of the specified period or the last day of the original term of the options, whichever occurs first.

- **Change of control.** If a third-party acquires us through the purchase of all or substantially all of our assets, a merger or other business combination, all outstanding stock options will become fully vested and exercisable immediately prior to such transaction.

- **Termination of plans.** Unless terminated earlier, the 2003 stock option plan will expire in 2023. Our board of directors has the authority to terminate our stock option plan prior to the expiry of the plan provided that such early termination shall not affect the options then outstanding under the plan.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

B. Related Party Transactions

Transactions with Certain Other Directors and Affiliates

We entered into two operating leases with China Bioway Biotech Group Co., Ltd., the current minority shareholder of Sinovac Beijing, in 2004, with respect to Sinovac Beijing's production plant and laboratory in Beijing for total annual lease payment of $204,061. The leases commenced on August 12, 2004 and have a term of 20 years. We made payments of $212,498 pursuant to these leases on the plant and the laboratory in 2008.

We entered into another operating lease agreement with China Bioway in June 2007 with respect to Sinovac Beijing's production plant in Beijing, China for an annual lease payment of $293,478. The lease commenced in June 2007 and has a term of 20 years. As of December 31, 2008, we had prepaid a total of $677,312 to this related party.

In 2006, 2007 and 2008, we paid $13, 977, $20,858 and $39,937, respectively, to our directors for consulting services.

In 2006, 2007 and 2008, the we paid director fees of $25,944, $18,408 and nil, respectively, to a management services company that is 50% owned by one of our directors.

We entered into a license agreement with a corporation related with China Bioway (a non-controlling interest of Sionvac Beijing) in respect to the trademark used on our products for zero consideration. This license agreement is non-exclusive and has been extended to August 20, 2011.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk relates primarily to the interest expenses associated with our short-term and/or long-term bank borrowings as well as interest income provided by excess cash invested in demand and term deposits. Such borrowing and interest-earning instruments carry a degree of interest rate risk. We have not historically used, and do not expect to use in the future, any derivative financial instruments to manage our exposure to interest risk. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates. The weighted effective interest rate on our outstanding loans was 6.85% and 6.87% for the years ended December 31, 2008 and 2007. A hypothetical increase in interest rates of 1% would increase our annual interest and financing expenses by $102,000 based on our outstanding indebtedness as of December 31, 2008.

ITEM 19 . EXHIBITS

Exhibit Number	Description of Document
12.1	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

SINOVAC BIOTECH LTD.

By: /s/ Weidong Yin
Name: Weidong Yin
Title: Chairman and Chief Executive Officer

Date: January 20, 2010

EXHIBIT 12.1

Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Weidong Yin, certify that:

1. I have reviewed this annual report on Form 20-F of Sinovac Biotech Ltd. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of Company's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: January 20, 2010

By: /s/ Weidong Yin
Name: Weidong Yin
Title: Chief Executive Officer

EXHIBIT 12.2

Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jinling Qin , certify that:

1. I have reviewed this annual report on Form 20-F of Sinovac Biotech Ltd. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of Company's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: January 20, 2010

By: /s/ Jinling Qin
Name: Jinling Qin
Title: Acting Chief Financial Officer